



CITY OF BATTLE CREEK MICHIGAN



2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Fiscal Year Ending
JUNE 30, 2021**

**Prepared by the
Finance Department**

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City of Battle Creek, Michigan



For the Year Ended
June 30, 2021



Annual
Comprehensive
Financial Report

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CITY OF BATTLE CREEK, MICHIGAN

Table of Contents

	<u>Page</u>
Introductory Section	
Letter of Transmittal	1
GFOA Certificate of Achievement	5
Organizational Chart	6
List of Principal City Officials	7
Financial Section	
Independent Auditors' Report	11
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds	32
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Funds	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	34
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	35
Statement of Revenues, Expenditures and Change in Fund Balance	
Budget and Actual - General Fund	36
Statement of Revenues, Expenditures and Change in Fund Balance	
Budget and Actual - Major Street and Trunkline Maintenance Fund	39
Statement of Revenues, Expenditures and Change in Fund Balance	
Budget and Actual - Special Grants Fund	41
Statement of Net Position – Proprietary Funds	42
Reconciliation of Net Position of Enterprise Funds to Net Position of Business-type Activities	43
Statement of Revenues, Expenses and Changes in Fund	
Net Position – Proprietary Funds	44
Reconciliation of Change in Net Position of Enterprise Funds to Change in Net Position of Business-type Activities	45
Statement of Cash Flows – Proprietary Funds	46
Statement of Fiduciary Net Position - Fiduciary Funds	48
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	49
Combining Statement of Net Position – Component Units	52
Combining Statement of Activities – Component Units	54
Notes to Financial Statements	57

CITY OF BATTLE CREEK, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios -	
Police and Fire Retirement System	104
Schedule of Contributions - Police and Fire Retirement System	106
Schedule of Investment Returns - Police and Fire Retirement System	107
Schedule of Changes in Net Pension Liability and Related Ratios -	
Municipal Employees Retirement System of Michigan	108
Schedule of Contributions - Municipal Employees Retirement System of Michigan	109
Schedule of Changes in Net OPEB Liability and Related Ratios -	
Single-Employer Other Postemployment Benefit Plan	110
Schedule of Contributions - Single-Employer Other Postemployment Benefit Plan	111
Schedule of Investment Returns - Single-Employer Other Postemployment Benefit Plan	112
Notes to Required Supplementary Information	113
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Nonmajor Governmental Funds	119
Combining Balance Sheet – Nonmajor Special Revenue Funds	120
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Nonmajor Special Revenue Funds	121
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Final Budget and Actual – Nonmajor Special Revenue Funds	122
Combining Balance Sheet – Nonmajor Debt Service Funds	132
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Nonmajor Debt Service Funds	134
Combining Balance Sheet – Nonmajor Capital Projects Funds	136
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balance – Nonmajor Capital Projects Funds	137
Combining Balance Sheet – Nonmajor Permanent Funds	138
Combining Statement of Revenues, Expenditures and Changes in	
Balances – Nonmajor Permanent Funds	139
Combining Statement of Net Position - Nonmajor Enterprise Funds	140
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position – Nonmajor Enterprise Funds	142
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	144
Combining Statement of Net Position – Internal Service Funds	146
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position – Internal Service Funds	147
Combining Statement of Cash Flows – Internal Service Funds	148
Combining Statement of Fiduciary Net Position -	
Pension and Other Employee Benefits Trust Funds	149
Combining Statement of Changes in Fiduciary Net Position -	
Pension and Other Employee Benefits Trust Funds	150
Combining Statement of Fiduciary Net Position - Custodial Funds	151
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	152

CITY OF BATTLE CREEK, MICHIGAN

Table of Contents

	<u>Page</u>
Statistical Section (Unaudited)	
Net Position by Component	156
Changes in Net Position	158
Fund Balances - Governmental Funds	162
Changes in Fund Balances - Governmental Funds	164
Changes in Fund Balances - General Fund	166
Assessed and Taxable Value of Property	168
Direct and Overlapping Property Tax Rates	170
Principal Property Taxpayers	172
Property Tax Levies and Collections	175
Number of Water System Customers by User Class	176
Number of Water System Customers by User Class as a Percent of Total	178
Water System Revenues by User Class	180
Water System Revenues by User Class as a Percent of Total Revenue	182
Water System Sales Volume by User Class (Cubic Feet)	184
Water System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)	186
Water Pumped and Sold (Cubic Feet)	188
Water Revenues and Usage – Major Customers	189
Current Water Rates	190
Number of Wastewater System Customers by User Class	192
Wastewater System Customers by User Class as a Percent of Total	194
Wastewater System Revenues by User Class	196
Wastewater System Revenues by User Class as a Percent of Total Revenue	198
Wastewater System Ten Year History of Volumes	201
Wastewater System Sales Volume by User Class (Cubic Feet)	202
Wastewater System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)	204
Wastewater Revenue and Usage – Major Customers	206
Largest Wastewater Customers	207
Current Wastewater Rates (Beginning as of July 1, 2009)	208
Ratios of Total Outstanding Debt	212
Ratios of General Bonded Debt Outstanding	214
Computation of Net Direct and Overlapping Debt	215
Legal Debt Margin	216
Water and Wastewater System Revenue Bond Coverage	217
Demographic and Economic Statistics	219
Principal Employers	220
Full-time Equivalent Employees by Function/Program	222
Operating Indicators by Function/Program	224
Capital Asset Statistics by Function/Program	226
Schedule of Insurance	228
Continuing Disclosure Filing (Unaudited)	230



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INTRODUCTORY SECTION

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CITY OF BATTLE CREEK

OFFICE OF THE CITY MANAGER

December 21, 2021

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

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Battle Creek, Michigan (the "City") for the fiscal year ended June 30, 2021.

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, 2021 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, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Battle Creek, incorporated as a City in 1859 and as a Home Rule City in 1913, is located in southwest Michigan, approximately 115 miles west of Detroit and 160 miles northeast of Chicago. It is the largest city in Calhoun County, encompassing an area of 44 square miles, with a current population of 52,721. The City is well known as the breakfast food capital of the world.

The government has operated under the commission-manager form of government since 1961. Policymaking and legislative authorities are vested in the City Commission, which is comprised of nine members including the mayor. The governing commission is responsible, among other things, for passing ordinances and resolutions, making public policy decisions, adopting the budget, appointing boards, commissions, and committees, approving contracts, authorizing real estate transactions, awarding bids, selling property, and hiring the government's manager and attorney. Four Commissioners are elected at-large for two-year terms and five Commissioners are elected from the five wards representing various geographic areas within the City, also serving two-year terms. The vice mayor is selected by the City Commissioners from among themselves, and effective with the November 2020 election the Mayor is elected by popular vote for a two-year term.

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

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

Factors Affecting Financial Condition

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

Local economy. The City's economy is diverse with a sizable, mature tax base valued at almost \$2.7 billion for the year ended June 30, 2021. 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, II Stanley, Duncan Aviation, and Bronson Hospital. Downtown Battle Creek features unique residential, commercial, and retail spaces; activities include the annual Cereal Festival, Spring and Fall into the Arts art walks, a Farmers Market, and free outdoor concerts. Battle Creek's general aviation airport and industrial park are diversifying the economy and attracting worldwide business for military, aviation, logistics, aerospace and alternative energy.

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

Along with efforts to ensure a future growth in tax revenue, the City has developed a Capital Improvements Program (CIP) to identify its long-term capital needs and ability to fund the program. Identified in the CIP for the six years 2022-2027 are over \$332 million in capital needs including airport development and maintenance projects as well as fire station/apparatus replacements. During the fiscal year ended June 30, 2021, almost \$4 million in improvements at the Verona Pumping Station and RIM (Radon, Iron & Manganese) plant were completed as well as \$2.7 million for the sanitary sewer interceptor rehabilitation. The prioritization of projects included in the CIP continues to guide what new projects will be evaluated for inclusion in the budget in the near term.

From an operational perspective, the City's general fund revenue profile is diverse but has been severely impacted by the COVID-19 pandemic. Income tax revenue accounted for 30.9% of total general fund revenues for the year ending June 30, 2021 and has declined \$2.3 million from the prior year. This reduction was offset by \$2.9 million one time federal Coronavirus Relief funding in the general fund for public safety payroll expenditure reimbursement, local government grants, and hazard pay. Property tax revenue makes up another 32.8% of general fund revenues for the year ending June 30, 2021, and the City has 1.375-mill (12.1%) margin available under the Headlee rollback limit for operation. This could generate approximately \$1.5 million in additional property tax revenue.

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

The priority based budgeting methodology has been fully implemented with an update during the fiscal year ending June 30, 2021 to the community results and definitions and basic program attributes. Updates to program identification and costing, prioritization by departments and scoring teams, and analysis of mandated programs and partnership opportunities, to identify potential savings, is on-going. This strategic tool has assisted in the identification of actionable opportunities.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Rebecca L. Fleury
City Manager

Linda A. Morrison
Revenue Services Director

[Signatures omitted for security purposes.]

CITY OF BATTLE CREEK, MICHIGAN

GFOA Certificate of Achievement



Government Finance Officers Association

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

Presented to

**City of Battle Creek
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

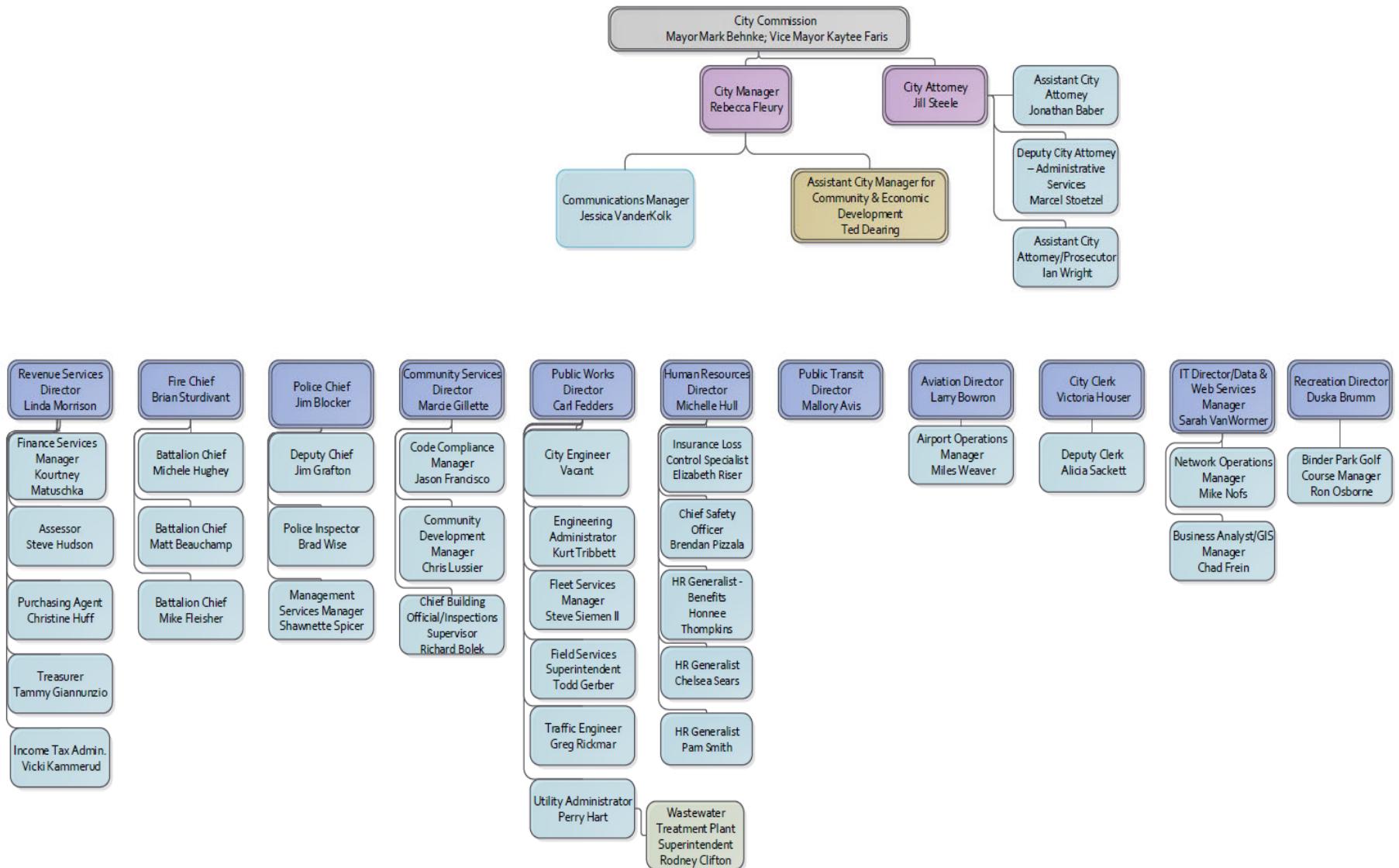
June 30, 2020

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

Kaytee Faris
Vice Mayor

Kristin Blood
Jenasia Morris
Boonikka Herring
Kathy Szenda Wilson
Jim Lance
Carla Reynolds
Sherry Sofia

Administration

Rebecca L. Fleury
City Manager

Jill Humphreys Steele
City Attorney

Linda A. Morrison
Revenue Services Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 21, 2021

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, 2021, 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, 2021, 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.

Implementation of GASB Statement No. 84

As described in Note 23, the City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. Accordingly, beginning net position of the fiduciary funds were restated. Our opinion is not modified with respect to this matter.

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, 2021, 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 Lohman LLC". The signature is fluid and cursive, with "Rehmann" on the top line and "Lohman 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, 2021. 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	\$ 170,932,618
· Change in total net position	4,959,802
· Fund balances, governmental funds	25,390,357
· Change in fund balances, governmental funds	4,733,556
· Unassigned fund balance, general fund	12,193,420
· Change in fund balance, general fund	4,617,517
· General obligation and revenue bonds outstanding	42,020,000
· Change in general obligation and revenue bonds outstanding	(4,000,000)

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, and the Cereal City Development Corporation. The Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its wastewater, water, public transit, solid waste collection and other operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment center, self-insurance, information services and reproduction services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater system, Battle Creek Transit System, and Battle Creek Executive Airport/FAA which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Battle Creek, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$170,932,618 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	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 66,936,792	\$ 44,448,510	\$ 44,147,425	\$ 40,425,500	\$ 111,084,217	\$ 84,874,010
Capital assets	216,669,681	224,667,520	102,643,800	107,151,072	319,313,481	331,818,592
Total assets	283,606,473	269,116,030	146,791,225	147,576,572	430,397,698	416,692,602
Deferred outflows of resources	18,196,354	14,736,317	6,343,382	5,325,519	24,539,736	20,061,836
Liabilities						
Other liabilities	24,022,552	7,367,162	3,465,686	4,477,006	27,488,238	11,844,168
Long-term debt	43,545,056	46,113,994	15,129,160	16,569,172	58,674,216	62,683,166
Other liabilities due in more than one year:						
Net pension liability	66,229,355	88,338,491	28,630,708	27,903,318	94,860,063	116,241,809
Net other postemployment benefit liability	43,415,156	41,851,310	21,480,443	20,706,702	64,895,599	62,558,012
Total liabilities	177,212,119	183,670,957	68,705,997	69,656,198	245,918,116	253,327,155
Deferred inflows of resources	33,311,649	12,861,792	4,775,051	4,592,675	38,086,700	17,454,467
Net position						
Net investment in capital assets	185,862,504	191,520,117	88,369,618	91,403,421	274,232,122	282,923,538
Restricted	20,375,257	18,202,625	-	-	20,375,257	18,202,625
Unrestricted (deficit)	(114,958,702)	(122,403,144)	(8,716,059)	(12,750,203)	(123,674,761)	(135,153,347)
Total net position	\$ 91,279,059	\$ 87,319,598	\$ 79,653,559	\$ 78,653,218	\$ 170,932,618	\$ 165,972,816

An additional portion of the City's net position (11.9 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 increased by \$4,959,802 from the prior year net position. This is an improvement from the prior year's \$2,983,294 decrease. Compared to the prior year, the current year improvement can be attributed to a significant reduction of \$4.5 million in expense for the adjustment to the net pension liability and related deferrals for the police & fire pension plan as a result of the outstanding investment performance of the fund (including \$33.7 million in net appreciation in fair value of investments) for the fiscal year as well as changes over time of benefits in an effort to reduce legacy costs. Additionally, the City received \$2.9 million in one-time federal Coronavirus grants in the current year which offset reductions in income tax revenue, and total government activities operating grants and contributions included increases from the prior year in Act51 (street) revenues as well as community development grants specific to the coronavirus. All combining to result in a net position increase of almost \$5 million (a positive change of approximately \$8 million from the prior year's reduction). More detailed descriptions of changes are in the following sections.

	Changes in Net Position					
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 8,159,657	\$ 8,062,848	\$ 35,495,990	\$ 33,221,837	\$ 43,655,647	\$ 41,284,685
Grants and contributions -						
Operating	22,383,284	16,942,788	8,676,463	8,866,555	31,059,747	25,809,343
General revenues:						
Property taxes	18,116,070	17,730,992	262,590	331,350	18,378,660	18,062,342
Income taxes	15,367,014	17,655,425	-	-	15,367,014	17,655,425
Grants and contributions not restricted to specific programs	6,647,453	5,801,172	-	-	6,647,453	5,801,172
Unrestricted investment earnings (loss)	(482,855)	304,794	(5,524)	590,823	(488,379)	895,617
Total revenues	70,190,623	66,498,019	44,429,519	43,010,565	114,620,142	109,508,584
Expenses						
General government	10,896,106	10,686,689	-	-	10,896,106	10,686,689
Public safety	26,917,782	34,220,728	-	-	26,917,782	34,220,728
Public works	3,044,775	2,674,653	-	-	3,044,775	2,674,653
Highways and streets	15,516,910	15,801,903	-	-	15,516,910	15,801,903
Recreation	3,972,724	4,357,976	-	-	3,972,724	4,357,976
Community development	4,421,780	2,881,623	-	-	4,421,780	2,881,623
Interest on long-term debt	1,394,090	1,506,833	-	-	1,394,090	1,506,833
Water and wastewater	-	-	28,255,466	26,172,350	28,255,466	26,172,350
Public transit	-	-	5,214,313	5,084,066	5,214,313	5,084,066
Solid waste collection	-	-	4,026,661	3,665,768	4,026,661	3,665,768
Airport	-	-	3,198,782	3,050,388	3,198,782	3,050,388
Parking	-	-	1,102,095	1,324,223	1,102,095	1,324,223
Economic development	-	-	1,235,819	950,621	1,235,819	950,621
Intermodal facility	-	-	463,037	114,057	463,037	114,057
Total expenses	66,164,167	72,130,405	43,496,173	40,361,473	109,660,340	112,491,878
Change in net position, before transfers	4,026,456	(5,632,386)	933,346	2,649,092	4,959,802	(2,983,294)
Transfers	(66,995)	(809,450)	66,995	809,450	-	-
Change in net position	3,959,461	(6,441,836)	1,000,341	3,458,542	4,959,802	(2,983,294)
Net position, beginning of year	87,319,598	93,761,434	78,653,218	75,194,676	165,972,816	168,956,110
Net position, end of year	\$ 91,279,059	\$ 87,319,598	\$ 79,653,559	\$ 78,653,218	\$ 170,932,618	\$ 165,972,816

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net position by \$3,959,461 (as compared to a prior year decrease of \$6,441,836). Key elements of this increase and the change from the prior year include:

The total revenue increase of \$3,692,604 is primarily due to the \$2,926,142 federal coronavirus CARES grant revenue received in the current year. On the expense side, the decrease of \$5,966,238 is primarily the result of expense reductions for the net pension liability and related deferral adjustments for the police and fire pension plan.

Business-type activities. Business-type activities increased the City's net position by \$1,000,341 as compared to an increase of \$3,458,542 in the prior year. Key elements of this change from the prior year include:

Revenues declined for investment earnings \$585,299 due to the poor interest rate environment throughout the year. For the Intermodal Fund, transfers in declined \$742,455 due to the one time transfer in the prior year to move the Intermodal Facility operations from the general fund to an enterprise fund as well the current year depreciation of assets. This results in the fund reflecting a net expense in the fund of \$342,523 in the current year versus net revenue in the prior year of \$25,439. Current year economic development activities in response to the COVID-19 environment increased expenses \$285,198 from the prior year, and there was a change in the residential solid waste contract in the current year along with the adoption of new residential garbage rates. These current year changes included a deliberate spend-down of solid waste fund balance to spread rate increases out over the five year adoption period resulting in the \$284,871 decrease in net position year over year.

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 \$25,390,357 an increase of \$4,733,556. The nonspendable portion of fund balance decreased from \$1,126,719 to \$1,084,720. 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 (\$204,811).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance (which is only reported in the general fund) was \$12,193,420, while total fund balance was \$14,264,639. 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, 2021 is 25.8%.

The fund balance of the City's general fund increased by \$4,617,517 during the current fiscal year compared to a \$20,509 use of fund balance in the prior year. This fluctuation is primarily the result of the \$2,926,142 federal coronavirus CARES act grant received in the current year as well as a \$853,756 increase in state shared revenue over the prior year. Additionally, there was \$1,769,896 in expenditure reductions from the prior year to help offset the \$2,288,411 decline in income tax revenue attributed to the remote work environment due to COVID-19.

The major street and trunkline maintenance special revenue fund has a restricted fund balance of \$4,245,978 at year end. The fund is used to account for the repair and maintenance of streets and sidewalks. The fund experienced an increase of \$1,226,815 in fund balance in the current year compared with a budgeted use of fund balance of \$809,209. Budgeted revenues and expenditures were conservative, and a not-so-harsh winter contributed to the positive variance from budget as did a \$698,715 increase in gas and weight tax revenue passed through the State of Michigan.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

The special grants special revenue fund was created to account for various grants received by the City and has a committed fund balance of \$869,333 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 prior years). This multi-year project has been funded through the W.K. Kellogg Foundation and the excess promissory note proceeds are being held for future expenditures. The balance sheet (cash and unearned revenue) reflects the receipt of half of the City's allocation of American Rescue Plan Act funds in May 2021 in the amount of \$15,272,670. At year end, none had been expended.

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 \$10,080,215. 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 \$2,639,964. 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 \$7,963,807. The fund reported a decrease in net position of \$199,657. 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 \$11,503,696. The fund reported a decrease in net position of \$734,311. The net position decrease is a result of depreciation on capital assets and relatively small increases in the liabilities for pension and other postemployment benefits.

General Fund Budgetary Highlights

The general fund ended the year with a positive net change in fund balance of \$4,617,517. This is an extraordinary turn around compared to the general fund original adopted budget with expenditures in excess of revenues and a use of fund balance of \$4,975,825. The City had budget adjustments totaling \$4,498,399 which resulted in a final budgeted use of fund balance in the amount of \$477,426. As noted above, the general fund Intergovernmental federal revenue includes the one-time coronavirus relief grant of \$2,926,142 which was included as part of the budget amendment. Income tax revenues far exceeded the conservative budget (which assumed a 20% reduction in revenues from the prior year) by \$1,827,014. There were general fund position eliminations included in the budget amendment, and reductions in personnel-related expenses were realized sooner than expected due to movement of personnel throughout the organization. In general, departments delayed expenditures and training/travel was halted during the pandemic.

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, 2021, amounted to \$319,313,481 (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 3.6%, and for business-type activities increased by 4.2%.

	City of Battle Creek's Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land and land improvements	\$ 10,441,512	\$ 12,165,248	\$ 5,242,678	\$ 5,310,272	\$ 15,684,190	\$ 17,475,520
Construction in progress	342,939	111,838	1,437,761	7,275,277	1,780,700	7,387,115
Buildings	37,275,554	39,261,883	34,436,444	31,956,027	71,711,998	71,217,910
Vehicles	6,740,004	6,903,882	1,229,178	1,433,162	7,969,182	8,337,044
Equipment	3,304,507	2,628,728	923,606	833,059	4,228,113	3,461,787
Infrastructure	158,565,165	163,595,941	-	-	158,565,165	163,595,941
Systems	-	-	59,374,133	60,343,275	59,374,133	60,343,275
Total	\$ 216,669,681	\$ 224,667,520	\$ 102,643,800	\$ 107,151,072	\$ 319,313,481	\$ 331,818,592

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 police interceptor vehicles as well as front end loaders. The Airport completed the Federal Aviation building rehabilitation, body cameras for the police and breathing apparatus equipment for fire were purchased.
- 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. Verona Pumping Station Improvements and RIM (Radon, Iron, and Manganese) facility improvements were completed and added to the water/wastewater system's assets.

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 \$42,020,000. Of this amount, \$28,390,000 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 28,390,000	\$ 30,985,000	\$ -	\$ -	\$ 28,390,000	\$ 30,985,000
Revenue bonds	-	-	13,630,000	15,035,000	13,630,000	15,035,000
Total	\$ 28,390,000	\$ 30,985,000	\$ 13,630,000	\$ 15,035,000	\$ 42,020,000	\$ 46,020,000

The City's total bonded debt decreased by \$4,000,000 (8.7 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 \$145,938,633.

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

Economic Factors

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

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 2021/22 fiscal year:

- Due to anticipated COVID-19 related negative impacts to income taxes and state shared revenues in the general fund, the fiscal year 2022 adopted budget reflected a use of fund balance in the amount of \$3,630,579. A mid-year adjustment is anticipated as American Rescue Plan Act funds are allocated and expenditure reductions are extended. The impact of the elimination of 26 positions in fiscal years 2020 and 2021 continues into the new year, 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. The positive effects of changes to Police and Fire pension liabilities can be seen in a reduction of the millage needed to generate the actuarially calculated contribution.
- The property tax millage rate was reduced from the prior year, with a .169 decrease in the police & fire pension component and no 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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Pooled cash and investments	\$ 51,891,442	\$ 21,840,547	\$ 73,731,989	\$ 10,670,445
Receivables	14,514,199	9,759,195	24,273,394	866,127
Receivables, long-term portion	3,434,773	6,775,390	10,210,163	3,243,824
Internal balances	(3,848,256)	3,848,256	-	-
Inventories and prepaid items	944,634	1,924,037	2,868,671	26,459
Capital assets not being depreciated	2,393,272	4,998,215	7,391,487	15,149,830
Capital assets being depreciated, net	214,276,409	97,645,585	311,921,994	7,864,714
Total assets	283,606,473	146,791,225	430,397,698	37,821,399
Deferred outflows of resources				
Deferred charge on refunding	735,367	-	735,367	1,091,484
Deferred pension amounts	12,251,893	3,766,088	16,017,981	-
Deferred other postemployment benefit amounts	5,209,094	2,577,294	7,786,388	-
Total deferred outflows of resources	18,196,354	6,343,382	24,539,736	1,091,484
Liabilities				
Accounts payable and accrued liabilities	7,725,408	2,954,700	10,680,108	3,233,614
Accrued interest payable	581,045	56,289	637,334	189,202
Unearned revenue	15,716,099	454,697	16,170,796	17,510
Long-term debt:				
Due within one year	6,442,201	2,282,947	8,725,148	2,078,688
Due in more than one year	37,102,855	12,846,213	49,949,068	31,802,133
Other liabilities due in more than one year:				
Net pension liability	66,229,355	28,630,708	94,860,063	-
Net other postemployment benefit liability	43,415,156	21,480,443	64,895,599	-
Total liabilities	177,212,119	68,705,997	245,918,116	37,321,147
Deferred inflows of resources				
Deferred pension amounts	26,247,576	1,279,970	27,527,546	-
Deferred other postemployment benefit amounts	7,064,073	3,495,081	10,559,154	-
Total deferred inflows of resources	33,311,649	4,775,051	38,086,700	-
Net position				
Net investment in capital assets	185,862,504	88,369,618	274,232,122	22,978,218
Restricted for:				
Debt service	11,628,208	-	11,628,208	3,681
Endowment - nonexpendable	879,909	-	879,909	-
Endowment - expendable	106,991	-	106,991	-
Other purposes	7,760,149	-	7,760,149	1,243,824
Unrestricted (deficit)	(114,958,702)	(8,716,059)	(123,674,761)	(22,633,987)
Total net position (deficit)	\$ 91,279,059	\$ 79,653,559	\$ 170,932,618	\$ 1,591,736

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, 2021

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	\$ 10,896,106	\$ 4,678,274	\$ 4,705,777	\$ -	\$ (1,512,055)
Public safety	26,917,782	1,495,221	3,568,271	-	(21,854,290)
Public works	3,044,775	41,676	83,794	-	(2,919,305)
Highways and streets	15,516,910	12,805	9,578,759	-	(5,925,346)
Recreation	3,972,724	1,848,686	8,456	-	(2,115,582)
Community development	4,421,780	82,995	4,438,227	-	99,442
Interest on long-term debt	1,394,090	-	-	-	(1,394,090)
Total governmental activities	<u>66,164,167</u>	<u>8,159,657</u>	<u>22,383,284</u>	<u>-</u>	<u>(35,621,226)</u>
Business-type activities:					
Water and wastewater	28,255,466	30,518,398	1,061,370	-	3,324,302
Public transit	5,214,313	251,862	4,612,245	-	(350,206)
Solid waste collection	4,026,661	3,769,920	-	-	(256,741)
Airport	3,198,782	168,459	2,316,786	-	(713,537)
Parking	1,102,095	776,968	-	-	(325,127)
Economic development	1,235,819	-	575,931	-	(659,888)
Intermodal facility	463,037	10,383	110,131	-	(342,523)
Total business-type activities	<u>43,496,173</u>	<u>35,495,990</u>	<u>8,676,463</u>	<u>-</u>	<u>676,280</u>
Total primary government	<u>\$ 109,660,340</u>	<u>\$ 43,655,647</u>	<u>\$ 31,059,747</u>	<u>\$ -</u>	<u>\$ (34,944,946)</u>
Component units					
Community development	<u>\$ 9,616,701</u>	<u>\$ 650,319</u>	<u>\$ 3,935,351</u>	<u>\$ 1,523,631</u>	<u>\$ (3,507,400)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2021

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position				
Net (expense) revenues	\$ (35,621,226)	\$ 676,280	\$ (34,944,946)	\$ (3,507,400)
General revenues:				
Property taxes	18,116,070	262,590	18,378,660	5,508,561
Income taxes	15,367,014	-	15,367,014	-
Grants and contributions not restricted to specific programs	6,647,453	-	6,647,453	-
Unrestricted investment earnings (loss)	(482,855)	(5,524)	(488,379)	213,901
Transfers	(66,995)	66,995	-	-
Total general revenues and transfers	39,580,687	324,061	39,904,748	5,722,462
Change in net position				
	3,959,461	1,000,341	4,959,802	2,215,062
Net position, beginning of year	87,319,598	78,653,218	165,972,816	(623,326)
Net position, end of year	\$ 91,279,059	\$ 79,653,559	\$ 170,932,618	\$ 1,591,736

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, 2021

	General	Major Street and Trunkline Maintenance	Special Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 13,761,391	\$ 3,114,030	\$ 16,219,583	\$ 6,113,314	\$ 39,208,318
Receivables:					
Interest	1,169	-	-	30,095	31,264
Accounts	1,031,479	48,254	3,979	1,542	1,085,254
Special assessments	156,126	-	-	96,486	252,612
Due from other governments	1,234,300	1,128,006	309,358	589,110	3,260,774
Taxes	400,576	-	-	-	400,576
Loans	-	-	8,173,706	623,567	8,797,273
Loans, long-term portion	-	-	-	3,434,773	3,434,773
Inventories	110,245	-	-	-	110,245
Prepaid items	82,068	-	9,992	2,506	94,566
Interfund receivable	2,414,976	-	-	-	2,414,976
Total assets	\$ 19,192,330	\$ 4,290,290	\$ 24,716,618	\$ 10,891,393	\$ 59,090,631
Liabilities					
Accounts payable	\$ 1,259,871	\$ 42,527	\$ 149,526	\$ 372,683	\$ 1,824,607
Accrued payroll	3,589,505	-	-	-	3,589,505
Retentions, deposits and other liabilities	-	-	-	225,185	225,185
Interfund payable	-	-	-	116,313	116,313
Unearned revenue	9,732	1,785	15,524,053	34,772	15,570,342
Total liabilities	4,859,108	44,312	15,673,579	748,953	21,325,952
Deferred inflows of resources					
Unavailable revenue:					
Special assessments	68,583	-	-	96,486	165,069
Loans, grants and related interest	-	-	8,173,706	4,035,547	12,209,253
Total deferred inflows of resources	68,583	-	8,173,706	4,132,033	12,374,322
Fund balances					
Nonspendable	192,313	-	9,992	882,415	1,084,720
Restricted	246,617	4,245,978	-	3,374,545	7,867,140
Committed	1,522,791	-	859,341	1,329,601	3,711,733
Assigned	109,498	-	-	423,846	533,344
Unassigned	12,193,420	-	-	-	12,193,420
Total fund balances	14,264,639	4,245,978	869,333	6,010,407	25,390,357
Total liabilities, deferred inflows of resources and fund balances	\$ 19,192,330	\$ 4,290,290	\$ 24,716,618	\$ 10,891,393	\$ 59,090,631

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, 2021

Fund balances - total governmental funds	\$ 25,390,357
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	2,393,272
Capital assets being depreciated, net	214,276,409
Less: capital assets being accounted for in internal service funds	(6,946,941)
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Net position of governmental internal service funds	16,142,093
Portion of internal service funds cumulative net operating income attributed to business-type funds	(3,848,256)
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	165,069
Loans receivable related to the sale of capital assets and other loans	12,209,253
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	735,367
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	(40,025,401)
Accrued interest on bonds and notes from direct borrowings and direct placements payable	(581,045)
Net pension liability	(66,229,355)
Deferred outflows related to the net pension liability	12,251,893
Deferred inflows related to the net pension liability	(26,247,576)
Net other postemployment benefit liability	(43,415,156)
Deferred outflows related to the net other postemployment benefit liability	5,209,094
Deferred inflows related to the net other postemployment benefit liability	(7,064,073)
Compensated absences	<u>(3,135,945)</u>
Net position of governmental activities	<u>\$ 91,279,059</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, 2021

	General	Major Street and Trunkline Maintenance	Special Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 31,702,548	\$ -	\$ -	\$ 1,780,536	\$ 33,483,084
Licenses and permits	1,097,170	-	-	-	1,097,170
Intergovernmental:					
Federal	2,966,087	-	1,617,940	1,366,207	5,950,234
State	7,871,682	7,704,065	8,141	1,938,963	17,522,851
Local	2,229,448	-	-	854,436	3,083,884
Charges for services	3,196,560	-	-	867,573	4,064,133
Fines and forfeitures	58,055	-	-	-	58,055
Investment earnings (loss)	45,958	(1,387)	1,508	(3,597)	42,482
Contributions	5,629	-	632,384	3,250	641,263
Rents and leases	56,261	19,556	-	44,531	120,348
Other	408,035	25,821	-	106,475	540,331
Total revenues	49,637,433	7,748,055	2,259,973	6,958,374	66,603,835
Expenditures					
Current expenditures:					
General government	4,653,682	-	396,513	1,268,595	6,318,790
Public safety	31,253,817	-	652,853	80,000	31,986,670
Public works	2,565,138	-	-	-	2,565,138
Highway and streets	-	4,502,240	-	4,853,910	9,356,150
Recreation	2,092,693	-	-	-	2,092,693
Community development	564,752	-	2,987,666	1,386,491	4,938,909
Inspections	-	-	-	840,235	840,235
Non-departmental	1,120,340	-	-	-	1,120,340
Debt service:					
Principal	195,000	-	-	2,893,186	3,088,186
Interest	43,191	-	-	1,244,918	1,288,109
Total expenditures	42,488,613	4,502,240	4,037,032	12,567,335	63,595,220
Revenue over (under) expenditures	7,148,820	3,245,815	(1,777,059)	(5,608,961)	3,008,615
Other financing sources (uses)					
Proceeds from installment obligation	-	-	-	737,299	737,299
Transfers in	62,711	-	49,145	5,714,557	5,826,413
Transfers out	(2,594,014)	(2,019,000)	-	(225,757)	(4,838,771)
Total other financing sources (uses)	(2,531,303)	(2,019,000)	49,145	6,226,099	1,724,941
Net change in fund balances	4,617,517	1,226,815	(1,727,914)	617,138	4,733,556
Fund balances, beginning of year	9,647,122	3,019,163	2,597,247	5,393,269	20,656,801
Fund balances, end of year	\$ 14,264,639	\$ 4,245,978	\$ 869,333	\$ 6,010,407	\$ 25,390,357

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, 2021

Net change in fund balances - total governmental funds	\$ 4,733,556
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	4,790,865
Less: acquisition/construction of capital assets being accounted for in internal service funds	(2,034,067)
Depreciation expense	(12,734,972)
Less: depreciation expense being accounted for in internal service funds	2,028,424
Loss on disposal of capital assets	(51,162)
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	(94,576)
Change in unavailable revenues related to loans and grants receivable	1,819,888
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on long-term debt	3,088,186
Proceeds from issuance of installment obligations	(737,299)
Amount received from other entities for their share of debt principal	(535,000)
Amortization of bond premium	130,573
Amortization of bond discount	(8,657)
Amortization of deferred charge on refunding	(72,697)
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	1,660,529
Less: net operating income from business-type activities in internal service funds	(615,230)
Interest earnings from governmental internal service funds	9,663
Loss on disposal of capital assets from governmental internal service funds	(2,570)
Transfers received in governmental internal service funds	419,157
Transfers made from governmental internal services funds	(1,473,794)
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	(155,200)
Change in the net pension liability and related deferred amounts	3,511,946
Change in net other postemployment benefit liability and related deferred amounts	116,221
Change in the accrual for compensated absences	<u>165,677</u>
Change in net position of governmental activities	<u><u>\$ 3,959,461</u></u>

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
City income	\$ 13,540,000	\$ 13,540,000	\$ 15,367,014	\$ 1,827,014
Real estate	14,020,187	14,020,187	13,652,915	(367,272)
Personal property	1,734,224	1,734,224	1,911,707	177,483
Administration fees	700,127	700,127	701,531	1,404
Other	66,208	66,747	69,381	2,634
 Total taxes	 30,060,746	 30,061,285	 31,702,548	 1,641,263
 Licenses and permits	 856,731	 876,731	 1,097,170	 220,439
 Intergovernmental:				
Federal	40,000	2,963,043	2,966,087	3,044
State	5,493,548	7,183,216	7,871,682	688,466
Local	2,167,120	2,244,120	2,229,448	(14,672)
 Total intergovernmental	 7,700,668	 12,390,379	 13,067,217	 676,838
 Charges for services:				
Recreation	1,938,092	1,938,092	1,791,292	(146,800)
Police services	1,350,126	1,350,126	1,405,268	55,142
 Total charges for services	 3,288,218	 3,288,218	 3,196,560	 (91,658)
 Fines and forfeitures	 110,000	 110,000	 58,055	 (51,945)
 Investment earnings	 20,000	 20,000	 45,958	 25,958
 Contributions	 4,722	 4,722	 5,629	 907
 Rent and leases	 51,751	 51,751	 56,261	 4,510
 Other	 283,378	 390,553	 408,035	 17,482
 Total revenues	 42,376,214	 47,193,639	 49,637,433	 2,443,794

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CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
General government:				
Administration:				
Mayor and city commission	\$ 129,603	\$ 129,603	\$ 124,687	\$ (4,916)
City clerk and elections	641,819	641,819	553,607	(88,212)
City manager	923,947	923,947	881,638	(42,309)
Neighborhood code compliance	295,633	299,633	295,105	(4,528)
Labor relations	292,158	294,158	287,587	(6,571)
Human resources	367,953	367,953	293,415	(74,538)
Legal department	1,132,603	1,132,603	1,048,044	(84,559)
Civil service	117,452	117,452	67,086	(50,366)
Administrative reimbursements	(2,473,059)	(2,431,769)	(2,437,975)	(6,206)
Total administration	<u>1,428,109</u>	<u>1,475,399</u>	<u>1,113,194</u>	<u>(362,205)</u>
Revenue services:				
Finance	1,126,024	1,087,484	1,017,153	(70,331)
Purchasing	333,079	333,079	321,789	(11,290)
Treasurer's office	358,311	343,883	342,792	(1,091)
Assessing	940,564	940,564	783,042	(157,522)
City hall maintenance	498,631	522,631	518,129	(4,502)
Income tax division	699,953	603,870	557,583	(46,287)
Total revenue services	<u>3,956,562</u>	<u>3,831,511</u>	<u>3,540,488</u>	<u>(291,023)</u>
Total general government	<u>5,384,671</u>	<u>5,306,910</u>	<u>4,653,682</u>	<u>(653,228)</u>
Public safety:				
Police department	19,523,467	19,469,303	18,679,063	(790,240)
Fire department	11,342,985	11,571,967	11,581,066	9,099
Dispatch	939,239	994,239	993,688	(551)
Total public safety	<u>31,805,691</u>	<u>32,035,509</u>	<u>31,253,817</u>	<u>(781,692)</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Public works -				
Street and storm sewers	\$ 2,771,458	\$ 2,827,458	\$ 2,565,138	\$ (262,320)
Recreation	2,863,563	2,676,274	2,092,693	(583,581)
Community development	774,547	669,592	564,752	(104,840)
Non-departmental:				
Special projects	99,000	153,000	145,147	(7,853)
AccessVision	322,795	342,795	321,427	(21,368)
Retiree health contributions	653,766	653,766	653,766	-
Total non-departmental	1,075,561	1,149,561	1,120,340	(29,221)
Debt service:				
Principal	195,000	195,000	195,000	-
Interest	43,191	43,191	43,191	-
Total debt service	238,191	238,191	238,191	-
Total expenditures	44,913,682	44,903,495	42,488,613	(2,414,882)
Revenue over (under) expenditures	(2,537,468)	2,290,144	7,148,820	4,858,676
Other financing sources (uses)				
Transfers in	-	-	62,711	62,711
Transfers out	(2,438,357)	(2,767,570)	(2,594,014)	(173,556)
Total other financing sources (uses)	(2,438,357)	(2,767,570)	(2,531,303)	(236,267)
Net change in fund balance	(4,975,825)	(477,426)	4,617,517	5,094,943
Fund balance, beginning of year	9,647,122	9,647,122	9,647,122	-
Fund balance, end of year	\$ 4,671,297	\$ 9,169,696	\$ 14,264,639	\$ 5,094,943

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state	\$ 6,216,000	\$ 6,216,000	\$ 7,704,065	\$ 1,488,065
Investment loss	-	-	(1,387)	(1,387)
Rents and leases	18,000	18,000	19,556	1,556
Other	500	500	25,821	25,321
Total revenues	6,234,500	6,234,500	7,748,055	1,513,555
Expenditures				
Current expenditures -				
Highways and streets	5,030,317	5,024,709	4,502,240	(522,469)
Revenues over expenditures	1,204,183	1,209,791	3,245,815	2,036,024
Other financing uses				
Transfers out	(2,019,000)	(2,019,000)	(2,019,000)	-
Net change in fund balances	(814,817)	(809,209)	1,226,815	2,036,024
Fund balance, beginning of year	3,019,163	3,019,163	3,019,163	-
Fund balance, end of year	\$ 2,204,346	\$ 2,209,954	\$ 4,245,978	\$ 2,036,024

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal	\$ -	\$ 7,907,019	\$ 1,617,940	\$ (6,289,079)
State	-	247,490	8,141	(239,349)
Investment earnings	-	1,508	1,508	-
Contributions	-	1,121,011	632,384	(488,627)
Other	-	12,729	-	(12,729)
Total revenues	<u>-</u>	<u>9,289,757</u>	<u>2,259,973</u>	<u>(7,029,784)</u>
Expenditures				
Current expenditures:				
General government	-	961,300	396,513	(564,787)
Public safety	-	3,571,239	652,853	(2,918,386)
Recreation	-	32,208	-	(32,208)
Community development	-	6,327,392	2,987,666	(3,339,726)
Total expenditures	<u>-</u>	<u>10,892,139</u>	<u>4,037,032</u>	<u>(6,855,107)</u>
Revenues under expenditures	-	(1,602,382)	(1,777,059)	(174,677)
Other financing sources				
Transfers in	<u>-</u>	<u>772,601</u>	<u>49,145</u>	<u>(723,456)</u>
Net change in fund balances	<u>-</u>	<u>(829,781)</u>	<u>(1,727,914)</u>	<u>(898,133)</u>
Fund balance, beginning of year	<u>2,597,247</u>	<u>2,597,247</u>	<u>2,597,247</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,597,247</u>	<u>\$ 1,767,466</u>	<u>\$ 869,333</u>	<u>\$ (898,133)</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, 2021

	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	\$ 20,639,865	\$ -	\$ 822,720	\$ 2,676,625	\$ 24,139,210	\$ 10,384,461	
Receivables:							
Interest	-	-	16,129	2,031	18,160	92,023	
Accounts	4,764,210	788	55,831	851,399	5,672,228	594,423	
Special assessments	152,337	-	-	-	152,337	-	
Due from other governments	-	2,854,082	388	-	2,854,470	-	
Loans, current portion	-	-	-	1,062,000	1,062,000	-	
Inventories	1,782,779	129,759	-	-	1,912,538	484,754	
Prepaid items	6,070	5,319	110	-	11,499	255,069	
Total current assets	<u>27,345,261</u>	<u>2,989,948</u>	<u>895,178</u>	<u>4,592,055</u>	<u>35,822,442</u>	<u>11,810,730</u>	
Noncurrent assets:							
Loans receivable, long-term portion	-	-	-	6,775,390	6,775,390	-	
Capital assets not being depreciated	1,663,036	66,499	1,763,555	1,505,125	4,998,215	48,823	
Capital assets being depreciated, net	81,327,307	1,866,207	12,340,314	2,111,757	97,645,585	6,898,118	
Total noncurrent assets	<u>82,990,343</u>	<u>1,932,706</u>	<u>14,103,869</u>	<u>10,392,272</u>	<u>109,419,190</u>	<u>6,946,941</u>	
Total assets	<u>110,335,604</u>	<u>4,922,654</u>	<u>14,999,047</u>	<u>14,984,327</u>	<u>145,241,632</u>	<u>18,757,671</u>	
Deferred outflows of resources							
Deferred pension amounts	2,611,521	833,854	284,059	36,654	3,766,088	-	
Deferred other postemployment benefit amounts	1,884,306	545,047	147,941	-	2,577,294	-	
Total deferred outflows of resources	<u>4,495,827</u>	<u>1,378,901</u>	<u>432,000</u>	<u>36,654</u>	<u>6,343,382</u>	<u>-</u>	
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	1,444,301	38,063	61,825	887,040	2,431,229	677,088	
Accrued payroll	-	-	15,972	1,439	17,411	-	
Retentions, deposits and other liabilities	408,212	-	-	97,848	506,060	-	
Accrued interest payable	56,289	-	-	-	56,289	-	
Interfund payable	-	2,226,124	-	72,539	2,298,663	-	
Unearned revenue	391,625	-	62,572	500	454,697	145,757	
Compensated absences, current portion	557,859	87,104	87,574	36,941	769,478	245,604	
Claims payable, current portion	-	-	-	-	-	1,031,916	
Lease payable, current portion	-	-	-	-	-	28,771	
Bonds payable, current portion	1,513,469	-	-	-	1,513,469	-	
Total current liabilities	<u>4,371,755</u>	<u>2,351,291</u>	<u>227,943</u>	<u>1,096,307</u>	<u>8,047,296</u>	<u>2,129,136</u>	
Noncurrent liabilities:							
Compensated absences	61,985	9,679	9,731	4,105	85,500	-	
Claims payable	-	-	-	-	-	377,107	
Lease payable	-	-	-	-	-	109,335	
Bonds payable	12,760,713	-	-	-	12,760,713	-	
Net pension liability	19,853,411	6,339,159	2,159,494	278,644	28,630,708	-	
Net other postemployment benefit liability	15,704,735	4,542,692	1,233,016	-	21,480,443	-	
Total noncurrent liabilities	<u>48,380,844</u>	<u>10,891,530</u>	<u>3,402,241</u>	<u>282,749</u>	<u>62,957,364</u>	<u>486,442</u>	
Total liabilities	<u>52,752,599</u>	<u>13,242,821</u>	<u>3,630,184</u>	<u>1,379,056</u>	<u>71,004,660</u>	<u>2,615,578</u>	
Deferred inflows of resources							
Deferred pension amounts	887,570	283,400	96,543	12,457	1,279,970	-	
Deferred other postemployment benefit amounts	2,555,316	739,141	200,624	-	3,495,081	-	
Total deferred inflows of resources	<u>3,442,886</u>	<u>1,022,541</u>	<u>297,167</u>	<u>12,457</u>	<u>4,775,051</u>	<u>-</u>	
Net position							
Net investment in capital assets	68,716,161	1,932,706	14,103,869	3,616,882	88,369,618	6,808,835	
Unrestricted (deficit)	(10,080,215)	(9,896,513)	(2,600,173)	10,012,586	(12,564,315)	9,333,258	
Total net position (deficit)	<u>\$ 58,635,946</u>	<u>\$ (7,963,807)</u>	<u>\$ 11,503,696</u>	<u>\$ 13,629,468</u>	<u>\$ 75,805,303</u>	<u>\$ 16,142,093</u>	

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

CITY OF BATTLE CREEK, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2021

Net position - total enterprise funds	\$ 75,805,303
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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>\$ 79,653,559</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, 2021

	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	\$ 30,518,398	\$ 251,862	\$ 168,459	\$ 4,557,271	\$ 35,495,990	\$ 20,967,727	
Rents and leases	226,720	-	1,269,209	106,711	1,602,640	1,760,600	
Other	428,773	1,408	37,061	61,746	528,988	353,076	
Total operating revenues	31,173,891	253,270	1,474,729	4,725,728	37,627,618	23,081,403	
Operating expenses							
Personnel services	10,223,176	3,885,064	1,249,612	953,834	16,311,686	3,302,352	
Materials and supplies	2,413,521	490,499	151,330	92,174	3,147,524	1,544,228	
Contractual and other	9,221,610	558,306	749,369	5,118,165	15,647,450	14,545,870	
Depreciation	6,684,219	359,890	1,069,049	672,101	8,785,259	2,028,424	
Total operating expenses	28,542,526	5,293,759	3,219,360	6,836,274	43,891,919	21,420,874	
Operating income (loss)	2,631,365	(5,040,489)	(1,744,631)	(2,110,546)	(6,264,301)	1,660,529	
Nonoperating revenues (expenses)							
Property taxes	-	-	-	262,590	262,590	-	
Intergovernmental subsidies:							
Federal	405,877	2,262,138	-	-	2,668,015	-	
State	-	2,348,699	667	391,605	2,740,971	-	
Local	-	-	1,009,849	126,000	1,135,849	-	
Investment earnings (loss)	(5,794)	-	(196)	466	(5,524)	9,663	
Interest expense	(216,446)	-	-	-	(216,446)	-	
Loss on disposal of capital assets	(3,038)	-	-	-	(3,038)	(2,570)	
Total nonoperating revenues	180,599	4,610,837	1,010,320	780,661	6,582,417	7,093	
Income (loss) before transfers	2,811,964	(429,652)	(734,311)	(1,329,885)	318,116	1,667,622	
Transfers in	-	229,995	-	9,000	238,995	419,157	
Transfers out	(172,000)	-	-	-	(172,000)	(1,473,794)	
Change in net position	2,639,964	(199,657)	(734,311)	(1,320,885)	385,111	612,985	
Net position (deficit), beginning of year	55,995,982	(7,764,150)	12,238,007	14,950,353	75,420,192	15,529,108	
Net position (deficit), end of year	\$ 58,635,946	\$ (7,963,807)	\$ 11,503,696	\$ 13,629,468	\$ 75,805,303	\$ 16,142,093	

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, 2021

Change in net position - total enterprise funds	\$ 385,111
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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.

615,230

Change in net position of business-type activities	<u>\$ 1,000,341</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, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Battle Creek Executive Airport / FAA	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Receipts from customers and users	\$ 30,695,853	\$ 233,855	\$ 1,674,183	\$ 4,645,018	\$ 37,248,909	\$ -
Receipts from interfund services	-	-	-	-	-	23,081,403
Payments to suppliers and contractors	(11,331,595)	(1,392,035)	(1,343,264)	(5,132,850)	(19,199,744)	(16,253,265)
Payments to employees	(9,743,136)	(3,516,095)	(1,172,047)	(941,311)	(15,372,589)	(3,262,505)
Payments for interfund services	(506,544)	(79,446)	(20,578)	(8,662)	(615,230)	-
Net cash provided by (used in) operating activities	9,114,578	(4,753,721)	(861,706)	(1,437,805)	2,061,346	3,565,633
Cash flows from noncapital financing activities						
Transfers in	-	229,995	-	9,000	238,995	419,157
Transfers out	(172,000)	-	-	-	(172,000)	(1,473,794)
Property taxes	-	-	-	262,590	262,590	-
Intergovernmental subsidies	405,877	4,610,837	1,010,516	517,605	6,544,835	-
Net cash provided by (used in) noncapital financing activities	233,877	4,840,832	1,010,516	789,195	6,874,420	(1,054,637)
Cash flows from capital and related financing activities						
Principal and interest paid on debt	(1,701,050)	-	-	-	(1,701,050)	-
Principal paid on capital lease	-	-	-	-	-	(120,186)
Issuance of capital lease	-	-	-	-	-	149,882
Purchase of capital assets	(3,910,923)	(87,111)	(282,991)	-	(4,281,025)	(2,034,067)
Net cash used in capital and related financing activities	(5,611,973)	(87,111)	(282,991)	-	(5,982,075)	(2,004,371)
Cash flows from investing activities						
Investment earnings (loss)	(5,794)	-	83	48,724	43,013	12,165
Net change in pooled cash and investments	3,730,688	-	(134,098)	(599,886)	2,996,704	518,790
Pooled cash and investments, beginning of year	16,909,177	-	956,818	3,276,511	21,142,506	9,865,671
Pooled cash and investments, end of year	\$ 20,639,865	\$ -	\$ 822,720	\$ 2,676,625	\$ 24,139,210	\$ 10,384,461

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2021

	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)	\$ 2,631,365	\$ (5,040,489)	\$ (1,744,631)	\$ (2,110,546)	\$ (6,264,301)	\$ 1,660,529	
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation	6,684,219	359,890	1,069,049	672,101	8,785,259	2,028,424	
Changes in assets and liabilities:							
Accounts receivable	(431,513)	(474)	74,854	(79,721)	(436,854)	22,795	
Special assessments receivable	(16,094)	-	-	-	(16,094)	-	
Due from other governments	18,618	(18,941)	157,051	-	156,728	-	
Loans receivable	-	-	-	4,830	4,830	-	
Inventories	(49,471)	(6,936)	-	-	(56,407)	(173,124)	
Prepaid items	(2,220)	(5,319)	-	450	(7,089)	(20,524)	
Accounts payable and accrued liabilities	(337,162)	(393,541)	(463,143)	54,186	(1,139,660)	(233,469)	
Compensated absences	20,630	15,617	26,321	5,486	68,054	39,847	
Retentions, deposits and other liabilities	185,845	-	-	1,522	187,367	-	
Claims payable	-	-	-	-	-	193,572	
Interfund payable	-	188,519	-	7,839	196,358	-	
Unearned revenue	(49,049)	-	(32,451)	(989)	(82,489)	47,583	
Net pension liability	504,395	161,052	54,864	7,079	727,390	-	
Deferred outflows related to the net pension liability	(713,301)	17,921	(77,587)	(10,012)	(782,979)	-	
Deferred inflows related to the net pension liability	710,356	(18,861)	77,267	9,970	778,732	-	
Net other postemployment benefit liability	565,696	163,631	44,414	-	773,741	-	
Deferred outflows related to the net other postemployment benefit liability	7,890	55,536	620	-	64,046	-	
Deferred inflows related to the net other postemployment benefit liability	(615,626)	(231,326)	(48,334)	-	(895,286)	-	
Net cash provided by (used in) operating activities	\$ 9,114,578	\$ (4,753,721)	\$ (861,706)	\$ (1,437,805)	\$ 2,061,346	\$ 3,565,633	

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, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Assets		
Pooled cash and investments	\$ -	\$ 144,837
Cash and cash equivalents	5,252,776	-
Investments:		
Fixed income:		
Corporate bonds	17,799,844	-
Foreign bonds	1,712,209	-
U.S. government securities	38,532,251	-
Mutual funds	130,953,642	-
Interest receivable	162,643	-
Pension contributions receivable	140,820	-
Delinquent taxes receivable	-	556,941
Total assets	<u>194,554,185</u>	<u>701,778</u>
Liabilities		
Due to other governments	331,308	-
Undistributed receipts	-	564,628
Total liabilities	<u>331,308</u>	<u>564,628</u>
Net position		
Restricted for:		
Pension	185,763,214	-
Other postemployment healthcare benefits	8,459,663	-
Individuals, organizations, and other governments	-	137,150
Total net position	<u>\$ 194,222,877</u>	<u>\$ 137,150</u>

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Additions		
Investment income:		
Net appreciation in fair value of investments	\$ 33,699,729	\$ -
Interest and dividends	4,255,351	-
Less investment expenses	<u>(652,050)</u>	<u>-</u>
 Total net investment income	 <u>37,303,030</u>	 <u>-</u>
Contributions:		
Employer	7,687,219	-
Employee	<u>1,964,355</u>	<u>-</u>
 Total contributions	 <u>9,651,574</u>	 <u>-</u>
Fire insurance collections	-	726,933
Taxes collected for other governments	<u>-</u>	<u>71,722,555</u>
 Total additions	 <u>46,954,604</u>	 <u>72,449,488</u>
 Deductions		
Benefit payments and refunds	13,824,094	-
Administrative expenses	178,003	-
Fire insurance distributions	-	732,574
Payments of taxes to other governments	<u>-</u>	<u>71,722,555</u>
 Total deductions	 <u>14,002,097</u>	 <u>72,455,129</u>
 Change to net position	 <u>32,952,507</u>	 <u>(5,641)</u>
Net position, beginning of year, as restated	<u>161,270,370</u>	<u>142,791</u>
 Net position, end of year	 <u>\$ 194,222,877</u>	 <u>\$ 137,150</u>

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

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COMPONENT UNITS FINANCIAL STATEMENTS

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Component Units

June 30, 2021

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Assets				
Pooled cash and investments	\$ 1,709,857	\$ 118,161	\$ 6,777,685	\$ 1,696,797
Receivables, net	348,028	2,273	77,593	-
Inventories	-	-	-	-
Prepaid items	2,316	-	-	-
Loans receivable, net:				
Due within one year	219,000	-	-	-
Due in more than one year	493,962	-	2,749,862	-
Capital assets not being depreciated	-	-	15,149,830	-
Capital assets being depreciated, net	-	-	7,828,388	-
Total assets	<u>2,773,163</u>	<u>120,434</u>	<u>32,583,358</u>	<u>1,696,797</u>
Deferred outflows of resources				
Deferred charge on refunding	<u>1,091,484</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Accounts payable and accrued liabilities	59,404	-	2,802,022	267,825
Accrued interest payable	176,883	-	12,319	-
Unearned revenue	675	-	-	-
Long-term debt:				
Due within one year	1,729,484	-	349,204	-
Due in more than one year	<u>25,928,452</u>	<u>-</u>	<u>3,123,819</u>	<u>2,749,862</u>
Total liabilities	<u>27,894,898</u>	<u>-</u>	<u>6,287,364</u>	<u>3,017,687</u>
Net position				
Investment in capital assets	-	-	22,978,218	-
Restricted for debt service	-	-	3,681	-
Restricted for loan commitments and lending activity	1,243,824	-	-	-
Unrestricted (deficit)	<u>(25,274,075)</u>	<u>120,434</u>	<u>3,314,095</u>	<u>(1,320,890)</u>
Total net position (deficit)	<u>\$ (24,030,251)</u>	<u>\$ 120,434</u>	<u>\$ 26,295,994</u>	<u>\$ (1,320,890)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Component Units

June 30, 2021

	Local Development Finance Authority	Cereal City Development Corporation	Total
Assets			
Pooled cash and investments	\$ 16,951	\$ 350,994	\$ 10,670,445
Receivables, net	11	219,222	647,127
Inventories	-	19,048	19,048
Prepaid items	-	5,095	7,411
Loans receivable, net:			
Due within one year	-	-	219,000
Due in more than one year	-	-	3,243,824
Capital assets not being depreciated	-	-	15,149,830
Capital assets being depreciated, net	-	36,326	7,864,714
Total assets	<u>16,962</u>	<u>630,685</u>	<u>37,821,399</u>
Deferred outflows of resources			
Deferred charge on refunding	-	-	1,091,484
Liabilities			
Accounts payable and accrued liabilities	-	104,363	3,233,614
Accrued interest payable	-	-	189,202
Unearned revenue	-	16,835	17,510
Long-term debt:			
Due within one year	-	-	2,078,688
Due in more than one year	-	-	31,802,133
Total liabilities	<u>-</u>	<u>121,198</u>	<u>37,321,147</u>
Net position			
Investment in capital assets	-	-	22,978,218
Restricted for debt service	-	-	3,681
Restricted for loan commitments and lending activity	-	-	1,243,824
Unrestricted (deficit)	<u>16,962</u>	<u>509,487</u>	<u>(22,633,987)</u>
Total net position (deficit)	<u>\$ 16,962</u>	<u>\$ 509,487</u>	<u>\$ 1,591,736</u>

concluded.

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

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended June 30, 2021

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Expenses				
Community development	\$ 2,995,282	\$ 2,056,438	\$ 3,520,241	\$ 224,177
Program revenues				
Charges for services	48,981	25,000	56,935	-
Operating grants and contributions	3,180,702	-	-	53,321
Capital grants and contributions	-	-	1,523,631	-
Total program revenues	3,229,683	25,000	1,580,566	53,321
Net program revenues (expenses)	234,401	(2,031,438)	(1,939,675)	(170,856)
General revenues				
Property taxes	1,643,555	2,046,127	1,205,036	613,843
Unrestricted investment earnings	19,761	5,466	179,986	8,585
Total general revenues	1,663,316	2,051,593	1,385,022	622,428
Change in net position	1,897,717	20,155	(554,653)	451,572
Net position (deficit), beginning of year	(25,927,968)	100,279	26,850,647	(1,772,462)
Net position (deficit), end of year	\$ (24,030,251)	\$ 120,434	\$ 26,295,994	\$ (1,320,890)

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended June 30, 2021

	Local Development Finance Authority	Cereal City Development Corporation	Total
Expenses			
Community development	\$ 1,751	\$ 818,812	\$ 9,616,701
Program revenues			
Charges for services	-	519,403	650,319
Operating grants and contributions	-	701,328	3,935,351
Capital grants and contributions	-	-	1,523,631
Total program revenues	-	1,220,731	6,109,301
Net program revenues (expenses)	(1,751)	401,919	(3,507,400)
General revenues			
Property taxes	-	-	5,508,561
Unrestricted investment earnings	103	-	213,901
Total general revenues	103	-	5,722,462
Change in net position	(1,648)	401,919	2,215,062
Net position (deficit), beginning of year	18,610	107,568	(623,326)
Net position (deficit), end of year	\$ 16,962	\$ 509,487	\$ 1,591,736

concluded.

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

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NOTES TO FINANCIAL STATEMENTS

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Fiduciary Component Units

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

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

Basis of Presentation

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

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

The City reports the following major governmental funds:

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

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

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

The City has the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

Enterprise funds. These funds account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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

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.

Custodial funds. These funds account for assets held for other governments in a custodial capacity, including property tax collections and fire insurance escrow.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

Deposits and Investments

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

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

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

Receivables and Payables

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

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

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

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Compensated Absences

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

Long-term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net 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, 2021, 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			
Public safety -			
Fire department	\$ 11,571,967	\$ 11,581,066	\$ 9,099

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, 2021:

	Primary Government	Component Units	Total
Statement of net position			
Pooled cash and investments	\$ 73,731,989	\$ 10,670,445	\$ 84,402,434
Statement of fiduciary net position			
Pooled cash and investments:			
Custodial funds	144,837	-	144,837
Cash and cash equivalents - pension	5,252,776	-	5,252,776
Investments	<u>188,997,946</u>	-	<u>188,997,946</u>
Total	<u>\$ 268,127,548</u>	<u>\$ 10,670,445</u>	<u>\$ 278,797,993</u>
Deposits and investments:			
Bank deposits:			
Checking and savings		\$ 21,387,585	
Certificates of deposit (due within one year)		286,476	
Portfolio cash - pension		5,252,776	
Investments in securities, mutual funds and similar vehicles:			
Pool		62,488,457	
Pension		180,794,915	
Other employee benefits		8,203,031	
Cash on deposit with third party		372,613	
Cash on hand		<u>12,140</u>	
Total		<u>\$ 278,797,993</u>	

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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, 2021, \$20,475,706 of the City's total bank balance of \$21,326,700 (total book balance was \$21,674,061) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk – Investments. Following is a summary of the City's pooled investments as of June 30, 2021:

U.S. agencies	\$ 27,401,707
Municipal bonds	100,000
Money market accounts	<u>34,986,750</u>
 Total investments	 <u>\$ 62,488,457</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, 2021, 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, 2021, \$1,117,971 of the City's investments in securities of U.S. agencies were rated AAA by Standard and Poor's and \$26,283,736 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, 2021, the investment portfolio was concentrated as follows:

	% of portfolio
U.S. agencies	
Governmental National Mortgage Association	90.0%
Federal National Mortgage Association	5.5%
Federal Home Loan Bank	3.7%
Federal Home Loan Mortgage Corporation	0.8%

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of June 30, 2021, maturities of the City's investments in the debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	Over 10
U.S. agencies	\$ 27,401,707	\$ 11,328,303	\$ 14,955,433	\$ 134,163	\$ 983,808
Municipal bonds	100,000	-	-	100,000	-
	<u>\$ 27,501,707</u>	<u>\$ 11,328,303</u>	<u>\$ 14,955,433</u>	<u>\$ 234,163</u>	<u>\$ 983,808</u>

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

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

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

The City's recurring fair value measurements as of June 30, 2021 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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Investments - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Retirement Board has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the Retirement Board.

Investments at fair value, as determined by quoted market price

Fixed income:

Corporate bonds	\$ 17,799,844
Foreign bonds	1,712,209
U.S. government securities	<u>38,532,251</u>
	58,044,304

Mutual funds	<u>122,750,611</u>
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Total investments	<u>\$ 180,794,915</u>
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In addition to the above, the System and the other employee benefits trust funds had short-term investments of \$5,252,776 held in money market accounts as of June 30, 2021. Also, the Retiree Health Funding Vehicle fund, one of the other employee benefits trust funds, had \$8,203,031 held in mutual funds at year end.

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

	Rating
Aaa	\$ 32,069,917
Aa1	65,190
Aa2	100,656
Aa3	136,475
A1	1,572,018
A2	3,939,703
A3	1,049,280
Baa1 and below	7,092,744
Not rated	<u>12,018,321</u>
Totals	<u>\$ 58,044,304</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that investment securities be held in trust by a third-party institution in the System's name. As such, although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the System's name. Investments in money market accounts and mutual funds are not subject to custodial credit risk.

Concentration of Credit Risk. At June 30, 2021, the System's investment portfolio was concentrated as follows:

	% of portfolio
Fidelity - mutual funds	30.4%
PIMCO - mutual funds	11.0%
U.S. treasury bonds	10.7%
Europac growth - mutual funds	6.9%
Hartford - mutual funds	6.8%

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

Interest Rate Risk. As of June 30, 2021, maturities of the System's fixed income securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Corporate bonds	\$ 17,799,844	\$ 333,832	\$ 6,558,100	\$ 4,256,960	\$ 6,650,952
Foreign bonds	1,712,209	-	1,068,268	116,315	527,626
U.S. government securities	<u>38,532,251</u>	<u>4,769,571</u>	<u>19,496,270</u>	<u>4,859,117</u>	<u>9,407,293</u>
	<u><u>\$ 58,044,304</u></u>	<u><u>\$ 5,103,403</u></u>	<u><u>\$ 27,122,638</u></u>	<u><u>\$ 9,232,392</u></u>	<u><u>\$ 16,585,871</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, 2021, the actual weighted average maturity was 10.96 years.

Foreign Currency Risk. Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System has various investment holdings in foreign bonds of \$1,712,209; these holdings are primarily in common and preferred stocks of Canadian (dollars) and European (euros) companies along with various other global companies.

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on plan investments, net of investment expenses, was 23.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Securities Lending. A contract approved by the System's Board permits the System to lend its securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral cash is initially pledged at 100 percent of the fair value 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.

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, 2021:

	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	\$ 450,359	\$ 17,349,485	\$ -	\$ 17,799,844
Foreign bonds	-	1,712,209	-	1,712,209
U.S. government securities	-	38,532,251	-	38,532,251
Mutual funds	<u>122,750,611</u>	-	-	<u>122,750,611</u>
	<u>\$ 123,200,970</u>	<u>\$ 57,593,945</u>	<u>\$ -</u>	<u>\$ 180,794,915</u>

The City's recurring fair value measurements as of June 30, 2021 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, 2021 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).

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

6. RECEIVABLES

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

	Governmental Activities	Business-type Activities
Interest	\$ 123,287	\$ 18,160
Accounts	2,778,612	6,364,006
Allowance for uncollectible accounts	(1,098,935)	(691,778)
Special assessments, due within one year	252,612	152,337
Due from other governments	3,260,774	2,854,470
Taxes	400,576	-
Loans, due within a year	8,797,273	1,062,000
Subtotal	<u>14,514,199</u>	<u>9,759,195</u>
Loans, long-term portion	<u>3,434,773</u>	<u>6,775,390</u>
	<u><u>\$ 17,948,972</u></u>	<u><u>\$ 16,534,585</u></u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, 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	111,838	282,263	(51,162)	-	342,939
	<u>2,162,171</u>	<u>282,263</u>	<u>(51,162)</u>	<u>-</u>	<u>2,393,272</u>
Capital assets being depreciated:					
Land improvements	25,765,373	47,238	-	-	25,812,611
Buildings	73,318,770	70,128	-	-	73,388,898
Vehicles	18,243,454	1,675,150	(464,207)	-	19,454,397
Equipment	28,294,513	1,577,303	(1,451,609)	-	28,420,207
Infrastructure	307,908,473	1,138,783	-	-	309,047,256
	<u>453,530,583</u>	<u>4,508,602</u>	<u>(1,915,816)</u>	<u>-</u>	<u>456,123,369</u>
Less accumulated depreciation for:					
Land improvements	(15,650,458)	(1,770,974)	-	-	(17,421,432)
Buildings	(34,056,887)	(2,056,457)	-	-	(36,113,344)
Vehicles	(11,339,572)	(1,836,458)	461,637	-	(12,714,393)
Equipment	(25,665,785)	(901,524)	1,451,609	-	(25,115,700)
Infrastructure	(144,312,532)	(6,169,559)	-	-	(150,482,091)
	<u>(231,025,234)</u>	<u>(12,734,972)</u>	<u>1,913,246</u>	<u>-</u>	<u>(241,846,960)</u>
Total capital assets being depreciated, net	<u>222,505,349</u>	<u>(8,226,370)</u>	<u>(2,570)</u>	<u>-</u>	<u>214,276,409</u>
Governmental activities capital assets, net					
	<u>\$ 224,667,520</u>	<u>\$ (7,944,107)</u>	<u>\$ (53,732)</u>	<u>\$ -</u>	<u>\$ 216,669,681</u>

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

Governmental activities:

Public safety	\$ 1,159,773
Public works, including depreciation of general infrastructure assets	7,666,306
Recreation	1,880,469
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,028,424</u>
Total depreciation expense - governmental activities	<u>\$ 12,734,972</u>

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	\$ 3,560,454	\$ -	\$ -	\$ -	\$ 3,560,454
Construction in progress	7,275,277	1,268,983	-	(7,106,499)	1,437,761
	<u>10,835,731</u>	<u>1,268,983</u>	<u>-</u>	<u>(7,106,499)</u>	<u>4,998,215</u>
Capital assets being depreciated:					
Land improvements	6,984,945	82,865	(113,773)	-	6,954,037
Buildings	88,752,266	304,982	-	4,458,747	93,515,995
Vehicles	4,699,940	70,726	(52,484)	-	4,718,182
Equipment	14,333,412	270,390	(19,124)	18,500	14,603,178
Systems	203,106,337	2,283,079	(150,878)	2,629,252	207,867,790
	<u>317,876,900</u>	<u>3,012,042</u>	<u>(336,259)</u>	<u>7,106,499</u>	<u>327,659,182</u>
Less accumulated depreciation for:					
Land improvements	(5,235,127)	(150,459)	113,773	-	(5,271,813)
Buildings	(56,796,239)	(2,283,312)	-	-	(59,079,551)
Vehicles	(3,266,778)	(274,710)	52,484	-	(3,489,004)
Equipment	(13,500,353)	(198,343)	19,124	-	(13,679,572)
Systems	(142,763,062)	(5,878,435)	147,840	-	(148,493,657)
	<u>(221,561,559)</u>	<u>(8,785,259)</u>	<u>333,221</u>	<u>-</u>	<u>(230,013,597)</u>
Total capital assets being depreciated, net	<u>96,315,341</u>	<u>(5,773,217)</u>	<u>(3,038)</u>	<u>7,106,499</u>	<u>97,645,585</u>
Business-type activities					
capital assets, net	<u>\$ 107,151,072</u>	<u>\$ (4,504,234)</u>	<u>\$ (3,038)</u>	<u>\$ -</u>	<u>\$ 102,643,800</u>
Business-type activities:					
Wastewater				\$	4,969,703
Water					1,714,516
Public transit					359,890
Airport					1,069,049
Parking					330,475
Intermodal facility					341,626
Total depreciation expense - business-type activities				\$	<u>8,785,259</u>

At June 30, 2021, the City had outstanding commitments through construction contracts of approximately \$3.1 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, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component unit - TIFA					
Capital assets not being depreciated:					
Land	\$ 14,114,255	\$ -	\$ (404,670)	\$ -	\$ 13,709,585
Construction in progress	1,571,738	209,734	-	(341,227)	1,440,245
	<u>15,685,993</u>	<u>209,734</u>	<u>(404,670)</u>	<u>(341,227)</u>	<u>15,149,830</u>
Capital assets being depreciated:					
Land improvements	7,872,420	229,202	-	341,227	8,442,849
Equipment	388,323	-	-	-	388,323
	<u>8,260,743</u>	<u>229,202</u>	<u>-</u>	<u>341,227</u>	<u>8,831,172</u>
Less accumulated depreciation for:					
Land improvements	(494,761)	(164,968)	-	-	(659,729)
Equipment	(330,825)	(12,230)	-	-	(343,055)
	<u>(825,586)</u>	<u>(177,198)</u>	<u>-</u>	<u>-</u>	<u>(1,002,784)</u>
Total capital assets being depreciated, net	<u>7,435,157</u>	<u>52,004</u>	<u>-</u>	<u>341,227</u>	<u>7,828,388</u>
TIFA capital assets, net	\$ 23,121,150	\$ 261,738	\$ (404,670)	\$ -	\$ 22,978,218

Activity for the Cereal City Development Corporation for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component unit - CCDC					
Capital assets being depreciated:					
Equipment	\$ 47,478	\$ 3,496	\$ -	\$ -	\$ 50,974
Less accumulated depreciation for:					
Equipment	(6,124)	(8,524)	-	-	(14,648)
CCDC capital assets, net	\$ 41,354	\$ (5,028)	\$ -	\$ -	\$ 36,326

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	\$ 2,501,695	\$ 2,431,229
Accrued payroll	3,589,505	17,411
Retentions, deposits and other liabilities	225,185	506,060
Claims payable, current portion	1,031,916	-
Claims payable, long-term portion	<u>377,107</u>	<u>-</u>
	<u>\$ 7,725,408</u>	<u>\$ 2,954,700</u>

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2021, the following interfund balances were outstanding:

Receivable Fund	Payable Funds			Total
	Nonmajor Governmental Funds	Battle Creek Transit System Fund	Nonmajor Enterprise Funds	
General fund	\$ 116,313	\$ 2,226,124	\$ 72,539	\$ 2,414,976

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, 2021, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	General Fund	Special Grants Fund	Nonmajor Governmental Funds	Battle Creek Transit System
General fund	\$ -	\$ 44,390	\$ 2,102,472	\$ 229,995
Major street and trunkline maintenance fund	-	-	2,010,000	-
Nonmajor governmental funds	62,711	4,755	158,291	-
Water and wastewater fund	-	-	-	-
Internal service funds	-	-	1,443,794	-
	<u>\$ 62,711</u>	<u>\$ 49,145</u>	<u>\$ 5,714,557</u>	<u>\$ 229,995</u>
Transfers Out	Transfers In			
	Nonmajor Enterprise Funds	Internal Service Funds	Total	
General fund	\$ -	\$ 217,157	\$ 2,594,014	
Major street and trunkline maintenance fund	9,000	-	2,019,000	
Nonmajor governmental funds	-	-	225,757	
Water and wastewater fund		172,000	172,000	
Internal service funds	-	30,000	1,473,794	
	<u>\$ 9,000</u>	<u>\$ 419,157</u>	<u>\$ 6,484,565</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	\$ 1,135,000
2009 building authority - golf course refunding	2025	3.000% - 4.200%	2,240,000	860,000
2011 building authority limited tax refunding	2026	3.000% - 4.125%	6,725,000	2,355,000
2016 capital improvement - refunding	2033	2.500% - 4.000%	12,605,000	10,350,000
2016 general obligation limited tax bonds	2042	4.000% - 5.000%	15,265,000	<u>13,690,000</u>
Total governmental activities				
				<u>\$ 28,390,000</u>
Discretely presented component units				
2009 tax increment - airport	2029	3.000% - 4.300%	\$ 3,935,000	\$ 1,920,000
2010 tax increment - airport hangar	2030	2.000% - 4.750%	3,585,000	<u>1,560,000</u>
Total component units				
				<u>\$ 3,480,000</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
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	1,735,000	787,456	415,000	82,103
2027-2031	7,345,000	3,076,319	1,570,000	144,314
2032-2036	5,330,000	1,656,925	-	-
2037-2041	4,085,000	763,175	-	-
2042	<u>945,000</u>	<u>23,625</u>	-	-
	<u>\$ 28,390,000</u>	<u>\$ 10,297,939</u>	<u>\$ 3,480,000</u>	<u>\$ 714,809</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	\$ 720,000
2016A water and wastewater system	2036	4.000% - 5.000%	7,725,000	6,205,000
2016B water and wastewater system	2036	1.660% - 4.460%	8,890,000	<u>6,705,000</u>
Total business-type activities				<u>\$ 13,630,000</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>4,920,000</u>
Total component units				<u>\$ 27,180,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
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	780,000	455,168	1,970,000	762,703
2027-2031	4,230,000	1,747,921	10,935,000	2,738,367
2032-2036	<u>4,920,000</u>	<u>715,856</u>	<u>7,595,000</u>	<u>607,973</u>
	<u>\$ 13,630,000</u>	<u>\$ 5,022,711</u>	<u>\$ 27,180,000</u>	<u>\$ 7,902,681</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 21% of net revenues. The total principal and interest remaining to be paid on the bonds is \$18,652,711. Principal and interest paid for the current year and total customer net revenues were \$2,031,089 and \$9,721,461, 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	\$ 499,971
2008 energy savings equipment contract #2	2023	4.560%	280,000	37,338
2008 energy savings equipment contract #3	2022	4.210%	90,420	12,089
2021 police equipment	2025	n/a	737,299	589,840
2021 city hall copiers	2026	2.500%	149,882	<u>138,104</u>
Total governmental activities				<u>\$ 1,277,342</u>

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 542,327	\$ 24,564
2023	360,266	5,259
2024	177,716	1,664
2025	178,487	893
2026	<u>18,546</u>	<u>229</u>
	<u>\$ 1,277,342</u>	<u>\$ 32,609</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, 2021, 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, 2021, 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 2024 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
2022	\$ -	\$ -
2023	-	-
2024	2,000,000	-
2025	752,778	1,013,732
2026	752,778	112,916
2027-2031	3,763,890	338,750
2032-2033	<u>1,351,517</u>	<u>30,112</u>
	<u>\$ 8,620,963</u>	<u>\$ 1,495,510</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for fiscal year 2021 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<u>Primary government</u>					
Governmental activities					
General obligation bonds	\$ 30,985,000	\$ -	\$ (2,595,000)	\$ 28,390,000	\$ 2,710,000
Notes from direct borrowings and direct placements:					
Installment obligations	1,003,533	887,181	(613,372)	1,277,342	542,327
Promissory note	8,620,963	-	-	8,620,963	-
Compensated absences	3,507,380	1,564,944	(1,690,775)	3,381,549	3,067,958
Deferred amounts:					
For issuance premiums	2,084,785	-	(130,573)	1,954,212	130,573
For issuance discounts	(87,667)	-	8,657	(79,010)	(8,657)
Total governmental activities debt	\$ 46,113,994	\$ 2,452,125	\$ (5,021,063)	\$ 43,545,056	\$ 6,442,201
Business-type activities					
Revenue bonds	\$ 15,035,000	\$ -	\$ (1,405,000)	\$ 13,630,000	\$ 1,445,000
Compensated absences	821,521	845,686	(812,229)	854,978	769,478
Deferred amounts -					
For issuance premiums	712,651	-	(68,469)	644,182	68,469
Total business-type activities debt	\$ 16,569,172	\$ 845,686	\$ (2,285,698)	\$ 15,129,160	\$ 2,282,947
Component units					
DDA					
Revenue bonds	\$ 28,695,000	\$ -	\$ (1,515,000)	\$ 27,180,000	\$ 1,610,000
Deferred amounts -					
For issuance premiums	597,420	-	(119,484)	477,936	119,484
Total DDA debt	\$ 29,292,420	\$ -	\$ (1,634,484)	\$ 27,657,936	\$ 1,729,484
TIFA					
General obligation bonds	\$ 3,820,000	\$ -	\$ (340,000)	\$ 3,480,000	\$ 350,000
Deferred amounts -					
For issuance discounts	(7,773)	-	796	(6,977)	(796)
Total TIFA debt	\$ 3,812,227	\$ -	\$ (339,204)	\$ 3,473,023	\$ 349,204
Brownfield					
Loans payable	\$ 2,749,862	\$ -	\$ -	\$ 2,749,862	\$ -
CCDC					
Loans payable	\$ 117,256	\$ 187,007	\$ (304,263)	\$ -	\$ -

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 \$145.9 million, which significantly exceeds the City's outstanding general obligation debt subject to limitation of \$66.0 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, 2021, the net loss on investments of donor-restricted endowments was \$115. 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 \$28,650 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, 2021, the net loss on investments of donor-restricted endowments was \$307. 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 \$78,341 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, 2021, the balance of the City's member retention fund was \$372,613.

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:

	2021	2020
Estimated liability, beginning of year	\$ 1,215,451	\$ 1,357,364
Estimated claims incurred, including changes in estimates	6,884,863	6,740,928
Claim payments	<u>(6,691,291)</u>	<u>(6,882,841)</u>
Estimated liability, end of year	<u>\$ 1,409,023</u>	<u>\$ 1,215,451</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 2020 levy, including industrial facilities and neighborhood enterprise zone properties, but net of renaissance zones, was \$1,278,703,409. The government's general operating tax rate for fiscal 2020-21 was 9.846 mills with an additional 5.947 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 2021 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 \$122,675 in reduced City tax revenues for 2021.

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 \$292,871 in reduced City tax revenues for 2021.

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 2021. 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 \$2.6 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, 2020, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	269
Terminated employees entitled to but not yet receiving benefits	8
Vested and non-vested active participants	<u>171</u>
Total membership	<u>448</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 9.25% and 12.22% of their annual covered salary to the System for pension benefits, depending on bargaining unit. The City contributes such additional amounts as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. The City's pension contribution for the year ended June 30, 2021 represented 43.47% of the annual covered payroll.

Rate of Return. For the year ended June 30, 2021, the annual money-weighted rate of return on plan investments, net of investment expenses, was 23.22%. 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
2021	\$ 924,889	\$ 626,877	\$ 20,799	\$ 492,390	\$ 1,080,175

Net Pension Liability of the City. The City's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 (rolled forward to June 30, 2021). The components of the net pension liability of the City were as follows:

Total pension liability	\$ 211,218,817
Plan fiduciary net position	<u>(186,019,846)</u>
City's net pension liability	<u>\$ 25,198,971</u>
Plan fiduciary net position as percentage of total pension liability	88.07%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.50%
Salary increases	4.00 to 15.50%, including inflation
Investment rate of return	6.50%
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, 2020 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, 2021 (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%	-0.25%	-0.11%
Domestic corporate securities	30.00%	4.50%	1.35%
Domestic equities	11.00%	4.70%	0.52%
American depositary receipts	3.00%	-1.00%	-0.03%
International equities	<u>14.00%</u>	4.80%	0.67%
	<u>100.00%</u>		
Inflation			2.00%
Administrative expenses netted above			<u>2.10%</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 (asset)	\$ 41,816,061	\$ 25,198,971	\$ (4,123,337)

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, 2020	\$ 203,308,697	\$ 154,958,172	\$ 48,350,525
Changes for the year:			
Service cost	3,784,164	-	3,784,164
Interest on total pension liability	12,950,656	-	12,950,656
Benefit changes	(23,512)	-	(23,512)
Differences between expected and actual experience	(2,568,605)	-	(2,568,605)
Assumption changes	5,687,254	-	5,687,254
Employer contributions	-	6,353,070	(6,353,070)
Employee contributions	-	1,593,679	(1,593,679)
Net investment income	-	35,530,257	(35,530,257)
Benefit payments	(11,919,837)	(11,919,837)	-
Administrative expense	-	(164,187)	164,187
Medical insurance premiums	-	(331,308)	331,308
Net changes	7,910,120	31,061,674	(23,151,554)
Balances at June 30, 2021	\$ 211,218,817	\$ 186,019,846	\$ 25,198,971

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, 2021, the City recognized pension expense of \$1,804,787. At June 30, 2021, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 1,419,951	\$ 3,764,741	\$ (2,344,790)
Changes in assumptions	5,434,800	191,901	5,242,899
Net difference between projected and actual earnings on pension plan investments	-	20,456,623	(20,456,623)
Total	\$ 6,854,751	\$ 24,413,265	\$ (17,558,514)

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, 2022. 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
2022	\$ (3,246,643)
2023	(4,590,399)
2024	(4,884,254)
2025	<u>(4,837,218)</u>
Total	<u>\$ (17,558,514)</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 137.31% of annual payroll, or monthly amounts ranging from \$6,305 to \$125,668 depending on division/bargaining unit.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2020, 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	\$ 161,362,030
Plan fiduciary net position	<u>(91,700,938)</u>
City's net pension liability	<u>\$ 69,661,092</u>
Plan fiduciary net position as percentage of total pension liability	56.83%

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2020 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 base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Employees Covered by Benefit Terms. At December 31, 2020, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	429
Inactive employees entitled to but not yet receiving benefits	152
Active employees	<u>331</u>
Total membership	<u>912</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, 2020 was 7.6%. 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, 2019	\$ 153,769,909	\$ 85,878,625	\$ 67,891,284
Changes for the year:			
Service cost	2,020,330	-	2,020,330
Interest	11,338,841	-	11,338,841
Changes in benefits	(95,157)	-	(95,157)
Differences between expected and actual experience	154,694	-	154,694
Changes in assumptions	5,342,989	-	5,342,989
Employer contributions	-	5,881,291	(5,881,291)
Employee contributions	-	828,777	(828,777)
Net investment income	-	10,450,840	(10,450,840)
Benefit payments, including refunds of employee contributions	(11,169,576)	(11,169,576)	-
Administrative expense	-	(169,019)	169,019
Net changes	7,592,121	5,822,313	1,769,808
Balances at December 31, 2020	\$ 161,362,030	\$ 91,700,938	\$ 69,661,092

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%)
\$ 86,719,309	\$ 69,661,092	\$ 55,189,209

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, 2021, the City recognized pension expense of \$8,127,469. 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	\$ 236,414	\$ 414,535	\$ (178,121)
Changes in assumptions	5,740,133	-	5,740,133
Net difference between projected and actual earnings on pension plan investments	-	2,699,746	(2,699,746)
	5,976,547	3,114,281	2,862,266
Contributions subsequent to the measurement date	3,186,683	-	3,186,683
Total	\$ 9,163,230	\$ 3,114,281	\$ 6,048,949

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, 2022. 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
2022	\$ 2,342,000
2023	3,039,163
2024	(1,698,909)
2025	<u>(819,988)</u>
Total	<u>\$ 2,862,266</u>

Summary of Pension Plans

MERS	Police and Fire Retirement System	Total
Net pension liability (NPL)	\$ 69,661,092	\$ 25,198,971
Deferred outflows related to the NPL	9,163,230	6,854,751
Deferred inflows related to the NPL	3,114,281	24,413,265
Pension expense	8,127,469	1,804,787
		9,932,256

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 \$331,308 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	<hr/> 351
Total membership	<hr/> 661

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, 2021, plan participant and City contributions towards the cost of benefits and funding the plan were \$370,676 and \$1,334,149, respectively.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

The components of the net OPEB liability of the City at June 30, 2021, were as follows:

Total OPEB liability	\$ 73,098,630
Plan fiduciary net position	<u>8,203,031</u>
Net OPEB liability	<u>\$ 64,895,599</u>
Plan fiduciary net position as a percentage of the total OPEB liability	11.22%

Actuarial Assumptions. The City's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 (rolled forward to June 30, 2021) 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	2.18%
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 28.17%. 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

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, 2021 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 2.30% was used to measure the total OPEB liability. This was a decrease over the single discount rate of 2.73% 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 2.18%. 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 2028. 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, 2020	\$ 68,870,210	\$ 6,312,198	\$ 62,558,012
Changes for the year:			
Service cost	1,624,371	-	1,624,371
Interest	1,903,031	-	1,903,031
Differences between expected and actual experience	(190,185)	-	(190,185)
Changes in assumptions	2,464,152	-	2,464,152
Employer contributions	-	1,334,149	(1,334,149)
Employee contributions	-	370,676	(370,676)
Net investment income	-	1,772,773	(1,772,773)
Benefit payments, including refunds of employee contributions	(1,572,949)	(1,572,949)	-
Administrative expense	-	(13,816)	13,816
Net changes	4,228,420	1,890,833	2,337,587
Balances at June 30, 2021	\$ 73,098,630	\$ 8,203,031	\$ 64,895,599

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 2.30%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.30%) or 1% higher (3.30%) than the current rate:

1% Decrease (1.30%)	Current Discount Rate (2.30%)	1% Increase (3.30%)
\$ 78,429,787	\$ 64,895,599	\$ 54,339,607

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

1% Decrease (6.50% graded down to 3.50%)	Current Healthcare Cost Trend Rate (7.50% graded down to 4.50%)	1% Increase (8.50% graded down to 5.50%)
\$ 55,814,226	\$ 64,895,599	\$ 76,726,094

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, 2021, the City recognized OPEB expense of \$1,160,430. 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	\$ -	\$ 1,042,634	\$ (1,042,634)
Changes in assumptions	7,786,388	8,755,770	(969,382)
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	760,750	(760,750)
Total	\$ 7,786,388	\$ 10,559,154	\$ (2,772,766)

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
2022	\$ (1,541,826)
2023	(1,551,134)
2024	(858,958)
2025	<u>1,179,152</u>
Total	<u>\$ (2,772,766)</u>

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	
Investments -	
Mutual funds	\$ 8,203,031
Net position	
Restricted for postemployment healthcare benefits	\$ 8,203,031

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	<u>\$ 1,772,773</u>
Contributions:	
Employer	1,334,149
Employee	370,676
Total contributions	<u>1,704,825</u>
Total additions	<u>3,477,598</u>
Deductions	
Benefit payments	1,572,949
Administrative expenses	<u>13,816</u>
Total deductions	<u>1,586,765</u>
Net change to net position	1,890,833
Net position, beginning of year	<u>6,312,198</u>
Net position, end of year	<u>\$ 8,203,031</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	\$ 2,393,272	\$ 4,998,215
Capital assets being depreciated	<u>214,276,409</u>	<u>97,645,585</u>
	<u>216,669,681</u>	<u>102,643,800</u>
Long-term debt related to capital assets:		
General obligation bonds	28,390,000	-
Revenue bonds	-	13,630,000
Notes from direct borrowings and direct placements	1,277,342	-
Deferred amounts:		
For issuance premiums	1,954,212	644,182
For issuance discounts	(79,010)	-
Deferred charge on refunding	<u>(735,367)</u>	<u>-</u>
Net long-term debt related to capital assets	<u>30,807,177</u>	<u>14,274,182</u>
Net investment in capital assets	<u>\$ 185,862,504</u>	<u>\$ 88,369,618</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	\$ 110,245	\$ -	\$ -	\$ -	\$ 110,245
Prepaid items	82,068	-	9,992	2,506	94,566
Endowments	-	-	-	879,909	879,909
	<u>192,313</u>	<u>-</u>	<u>9,992</u>	<u>882,415</u>	<u>1,084,720</u>
Restricted for:					
Major streets	-	4,245,978	-	-	4,245,978
Local streets	-	-	-	1,074,545	1,074,545
Michigan justice training	-	-	-	6,120	6,120
Narcotics forfeiture	-	-	-	375,125	375,125
Building inspection	-	-	-	1,145,641	1,145,641
Youth center	-	-	-	28,650	28,650
Kellogg arena	-	-	-	78,341	78,341
Special projects	246,617	-	-	666,123	912,740
	<u>246,617</u>	<u>4,245,978</u>	<u>-</u>	<u>3,374,545</u>	<u>7,867,140</u>
Committed for:					
Special grants	-	-	859,341	-	859,341
Debt service	-	-	-	63,624	63,624
Capital projects	-	-	-	1,265,977	1,265,977
Special projects	1,522,791	-	-	-	1,522,791
	<u>1,522,791</u>	<u>-</u>	<u>859,341</u>	<u>1,329,601</u>	<u>3,711,733</u>
Assigned for:					
Departmental appropriations	-	-	-	423,846	423,846
Capital outlay and projects (encumbrances)	109,498	-	-	-	109,498
	<u>109,498</u>	<u>-</u>	<u>-</u>	<u>423,846</u>	<u>533,344</u>
Unassigned	12,193,420	-	-	-	12,193,420
Total fund balances, governmental funds	\$ 14,264,639	\$ 4,245,978	\$ 869,333	\$ 6,010,407	\$ 25,390,357

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. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City directly received over \$5.7 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as public safety and public health programs, purchases of personal protection equipment (PPE), housing assistance, election assistance, utility bill assistance, and transportation assistance.

23. RESTATEMENT

The City adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result of this change, beginning net position of the custodial funds was increased by \$142,791.



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,				
	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$ 3,784,164	\$ 4,041,341	\$ 4,068,824	\$ 4,070,388	\$ 3,637,644
Interest on total pension liability	12,950,656	12,839,189	12,286,062	11,769,474	11,630,004
Benefit changes	(23,512)	(108,003)	405,223	1,505,727	1,062,436
Difference between expected and actual experience	(2,568,605)	(3,167,079)	2,789,999	1,955,535	(5,040,576)
Assumption changes	5,687,254	(336,475)	-	6,224,926	-
Benefit payments	(11,919,837)	(10,931,209)	(10,617,625)	(10,066,683)	(10,375,906)
Net change in total pension liability	7,910,120	2,337,764	8,932,483	15,459,367	913,602
Total pension liability, beginning of year	<u>203,308,697</u>	<u>200,970,933</u>	<u>192,038,450</u>	<u>176,579,083</u>	<u>175,665,481</u>
Total pension liability, end of year	<u>211,218,817</u>	<u>203,308,697</u>	<u>200,970,933</u>	<u>192,038,450</u>	<u>176,579,083</u>
Plan fiduciary net position					
Employer contributions	6,353,070	5,869,972	5,544,586	5,180,487	4,746,323
Employee contributions	1,593,679	1,580,109	1,473,592	1,478,257	1,215,059
Net investment income	35,530,257	8,960,637	9,782,101	10,201,971	11,593,876
Benefit payments and refunds	(11,919,837)	(10,931,209)	(10,617,625)	(10,066,683)	(10,375,906)
Administrative expense	(164,187)	(203,023)	(177,368)	(214,905)	(219,010)
Medical insurance premiums	(331,308)	(428,009)	(484,052)	(500,000)	(500,000)
Net change in plan fiduciary net position	31,061,674	4,848,477	5,521,234	6,079,127	6,460,342
Plan fiduciary net position, beginning of year	<u>154,958,172</u>	<u>150,109,695</u>	<u>144,588,461</u>	<u>138,509,334</u>	<u>132,048,992</u>
Plan fiduciary net position, end of year	<u>186,019,846</u>	<u>154,958,172</u>	<u>150,109,695</u>	<u>144,588,461</u>	<u>138,509,334</u>
Net pension liability	<u>\$ 25,198,971</u>	<u>\$ 48,350,525</u>	<u>\$ 50,861,238</u>	<u>\$ 47,449,989</u>	<u>\$ 38,069,749</u>
Plan fiduciary net position as a percentage of total pension liability	88.07%	76.22%	74.69%	75.29%	78.44%
Covered payroll	<u>\$ 14,616,125</u>	<u>\$ 14,766,506</u>	<u>\$ 14,897,135</u>	<u>\$ 14,718,606</u>	<u>\$ 14,043,138</u>
Net pension liability as a percentage of covered payroll	172.41%	327.43%	341.42%	322.38%	271.09%

Fiscal Year Ended June 30,

2016	2015	2014
-------------	-------------	-------------

\$ 3,649,198	\$ 3,460,667	\$ 3,152,919
11,317,045	10,533,430	10,227,546
704,651	2,043,014	-
<hr/>		
(119,463)	-	-
4,988,871	4,476,291	-
<u>(9,444,578)</u>	<u>(9,381,779)</u>	<u>(8,947,330)</u>
<u>11,095,724</u>	<u>11,131,623</u>	<u>4,433,135</u>
<hr/>		
<u>164,569,757</u>	<u>153,438,134</u>	<u>149,004,999</u>
<hr/>		
<u>175,665,481</u>	<u>164,569,757</u>	<u>153,438,134</u>

4,664,957	4,612,446	4,316,203
1,077,632	1,076,523	984,463
2,617,277	4,868,622	17,087,045
<u>(9,444,578)</u>	<u>(9,381,779)</u>	<u>(8,947,330)</u>
<u>(216,729)</u>	<u>(181,572)</u>	<u>(213,462)</u>
<u>(500,000)</u>	<u>(1,040,952)</u>	<u>(356,758)</u>
<u>(1,801,441)</u>	<u>(46,712)</u>	<u>12,870,161</u>
<hr/>		
<u>133,850,433</u>	<u>133,897,145</u>	<u>121,026,984</u>
<hr/>		
<u>132,048,992</u>	<u>133,850,433</u>	<u>133,897,145</u>
<hr/>		
<u>\$ 43,616,489</u>	<u>\$ 30,719,324</u>	<u>\$ 19,540,989</u>

75.17%	81.33%	87.26%
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<u>\$ 14,069,533</u>	<u>\$ 13,495,955</u>	<u>\$ 11,700,630</u>
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310.01%	227.62%	167.01%
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CITY OF BATTLE CREEK, MICHIGAN

Required Supplementary Information

Police and Fire Retirement System

Schedule of Contributions

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

CITY OF BATTLE CREEK, MICHIGAN

Required Supplementary Information

Police and Fire Retirement System

Schedule of Investment Returns

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

⁽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,				
	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$ 2,020,330	\$ 2,050,623	\$ 2,056,135	\$ 1,998,171	\$ 1,934,782
Interest on total pension liability	11,338,841	11,458,164	11,210,574	10,978,431	10,808,541
Benefit changes	(95,157)	(47,708)	(25,969)	(17,297)	(2,988)
Difference between expected and actual experience	154,694	(829,069)	533,140	194,046	(833,627)
Assumption changes	5,342,989	4,356,282	-	-	-
Benefit payments and refunds	(11,169,576)	(10,840,207)	(10,512,334)	(10,048,722)	(9,580,787)
Net change in total pension liability	7,592,121	6,148,085	3,261,546	3,104,629	2,325,921
Total pension liability, beginning of year	<u>153,769,909</u>	<u>147,621,824</u>	<u>144,360,278</u>	<u>141,255,649</u>	<u>138,929,728</u>
Total pension liability, end of year	<u>161,362,030</u>	<u>153,769,909</u>	<u>147,621,824</u>	<u>144,360,278</u>	<u>141,255,649</u>
Plan fiduciary net position					
Employer contributions	5,881,291	5,530,584	5,598,951	5,382,451	4,375,156
Employee contributions	828,777	999,077	701,481	546,534	521,222
Net investment income (loss)	10,450,840	10,596,861	(3,297,646)	10,481,265	8,589,468
Benefit payments and refunds	(11,169,576)	(10,840,207)	(10,512,334)	(10,048,722)	(9,580,787)
Administrative expense	(169,019)	(182,419)	(166,380)	(166,302)	(169,762)
Net change in plan fiduciary net position	5,822,313	6,103,896	(7,675,928)	6,195,226	3,735,297
Plan fiduciary net position, beginning of year	<u>85,878,625</u>	<u>79,774,729</u>	<u>87,450,657</u>	<u>81,255,431</u>	<u>77,520,134</u>
Plan fiduciary net position, end of year	<u>91,700,938</u>	<u>85,878,625</u>	<u>79,774,729</u>	<u>87,450,657</u>	<u>81,255,431</u>
Net pension liability	<u>\$ 69,661,092</u>	<u>\$ 67,891,284</u>	<u>\$ 67,847,095</u>	<u>\$ 56,909,621</u>	<u>\$ 60,000,218</u>
Plan fiduciary net position as a percentage of total pension liability	56.83%	55.85%	54.04%	60.58%	57.52%
Covered payroll	<u>\$ 19,314,680</u>	<u>\$ 19,515,143</u>	<u>\$ 19,275,745</u>	<u>\$ 18,317,097</u>	<u>\$ 17,452,775</u>
Net pension liability as a percentage of covered payroll	360.66%	347.89%	351.98%	310.69%	343.79%

Fiscal Year Ended June 30,

2016	2015
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\$ 1,843,040	\$ 1,869,998
10,393,511	10,141,309
(11,965)	-
(626,575)	-
6,823,847	-
<u>(9,105,154)</u>	<u>(8,776,472)</u>
9,316,704	3,234,835
<u>129,613,024</u>	<u>126,378,189</u>
<u>138,929,728</u>	<u>129,613,024</u>

4,104,291	3,776,983
495,986	618,872
(1,203,250)	5,143,720
<u>(9,105,154)</u>	<u>(8,776,472)</u>
<u>(178,504)</u>	<u>(188,145)</u>
<u>(5,886,631)</u>	<u>574,958</u>
<u>83,406,765</u>	<u>82,831,807</u>
<u>77,520,134</u>	<u>83,406,765</u>
<u><u>\$ 61,409,594</u></u>	<u><u>\$ 46,206,259</u></u>

55.80%	64.35%
<u><u>\$ 17,263,618</u></u>	<u><u>\$ 17,200,636</u></u>

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%
2021	6,267,154	6,267,154	-	18,788,375	33.36%

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,				
	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 1,624,371	\$ 1,217,385	\$ 1,519,101	\$ 2,444,926	\$ 2,866,687
Interest on total OPEB liability	1,903,031	2,024,859	2,087,663	2,752,781	2,366,860
Difference between expected and actual experience	(190,185)	(271,616)	-	(1,747,090)	-
Assumption changes	2,464,152	5,092,881	4,524,282	(21,345,849)	(8,351,874)
Benefit payments	(1,572,949)	(1,875,778)	(1,920,528)	(2,178,985)	(1,600,811)
Net change in total OPEB liability	<u>4,228,420</u>	<u>6,187,731</u>	<u>6,210,518</u>	<u>(20,074,217)</u>	<u>(4,719,138)</u>
Total OPEB liability, beginning of year	68,870,210	62,682,479	56,471,961	76,546,178	81,265,316
Total OPEB liability, end of year	<u>73,098,630</u>	<u>68,870,210</u>	<u>62,682,479</u>	<u>56,471,961</u>	<u>76,546,178</u>
Plan fiduciary net position					
Employer contributions	1,334,149	1,410,390	1,446,699	1,734,099	1,204,642
Employee contributions	370,676	390,550	318,750	439,777	228,042
Net investment income	1,772,773	147,822	177,435	365,451	807,558
Benefit payments and refunds	(1,572,949)	(1,875,778)	(1,920,528)	(2,178,985)	(1,600,811)
Administrative expense	(13,816)	(11,266)	(12,876)	(14,677)	(10,920)
Net change in plan fiduciary net position	<u>1,890,833</u>	<u>61,718</u>	<u>9,480</u>	<u>345,665</u>	<u>628,511</u>
Plan fiduciary net position, beginning of year	6,312,198	6,250,480	6,241,000	5,895,335	5,266,824
Plan fiduciary net position, end of year	<u>8,203,031</u>	<u>6,312,198</u>	<u>6,250,480</u>	<u>6,241,000</u>	<u>5,895,335</u>
Net OPEB liability	<u><u>\$ 64,895,599</u></u>	<u><u>\$ 62,558,012</u></u>	<u><u>\$ 56,431,999</u></u>	<u><u>\$ 50,230,961</u></u>	<u><u>\$ 70,650,843</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	11.22%	9.17%	9.97%	11.05%	7.70%
Covered payroll	<u>\$ 25,614,713</u>	<u>\$ 25,494,729</u>	<u>\$ 29,984,686</u>	<u>\$ 28,970,711</u>	<u>\$ 30,761,954</u>
Net OPEB liability as a percentage of covered payroll	253.35%	245.38%	188.20%	173.39%	229.67%

CITY OF BATTLE CREEK, MICHIGAN

Required Supplementary Information

Single-Employer Other Postemployment Benefit Plan

Schedule of Contributions

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

CITY OF BATTLE CREEK, MICHIGAN

■ Required Supplementary Information

Single-Employer Other Postemployment Benefit Plan Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2017	12.99%
2018	6.59%
2019	2.67%
2020	2.15%
2021	28.17%

⁽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.

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

Notes to Schedule of Contributions

Valuation date	June 30, 2020
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 24 years for all other liabilities
Asset valuation method	5-year smoothed market, with 20% corridor
Inflation	3.50%
Salary increases	4.50%-15.50%, including inflation
Investment rate of return	6.50%
Retirement age	Age and service-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation.
Mortality rates	RP-2014 Standard Mortality Tables with generation mortality improvement using projection scale MIP-2019.
Other information	There were benefit changes regarding multipliers after 25 years of service, employee contributions, DROP eligibility, and pay included in FAC.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Required Supplementary Information

Municipal Employees Retirement System of Michigan

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

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

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

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

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%.

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

Notes to Schedule of Contributions

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal (level percentage of compensation)
Remaining amortization period	11 years
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	7.35%
Discount rate	2.73% for 2021 contribution; 2.30% for June 30, 2021 liability and 2022 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.

CITY OF BATTLE CREEK, MICHIGAN

■ Notes to Required Supplementary Information

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% graded down to 7.50% after one year and then by 0.25% per year to an ultimate rate of 4.50%
Utilization	90% of eligible employees will elect coverage at early retirement; Actual coverage used for non-active

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

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2021

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 2,520,787	\$ 64,069	\$ 2,549,054	\$ 979,404	\$ 6,113,314
Receivables:					
Interest	10,619	11,980	-	7,496	30,095
Accounts	1,367	-	175	-	1,542
Special assessments	-	96,486	-	-	96,486
Due from other governments	589,110	-	-	-	589,110
Loans	-	623,567	-	-	623,567
Loans, long-term portion	2,783,667	651,106	-	-	3,434,773
Prepaid items	2,506	-	-	-	2,506
Total assets	\$ 5,908,056	\$ 1,447,208	\$ 2,549,229	\$ 986,900	\$ 10,891,393
Liabilities					
Accounts payable	\$ 178,954	\$ 446	\$ 193,283	\$ -	\$ 372,683
Retentions, deposits and other liabilities	225,185	-	-	-	225,185
Interfund payable	116,313	-	-	-	116,313
Unearned revenue	34,772	-	-	-	34,772
Total liabilities	555,224	446	193,283	-	748,953
Deferred inflows of resources					
Unavailable revenue:					
Special assessments	-	96,486	-	-	96,486
Loans, grants and related interest	2,748,895	1,286,652	-	-	4,035,547
Total deferred inflows of resources	2,748,895	1,383,138	-	-	4,132,033
Fund balances					
Nonspendable	2,506	-	-	879,909	882,415
Restricted	2,601,431	-	666,123	106,991	3,374,545
Committed	-	63,624	1,265,977	-	1,329,601
Assigned	-	-	423,846	-	423,846
Total fund balances	2,603,937	63,624	2,355,946	986,900	6,010,407
Total liabilities, deferred inflows of resources and fund balances	\$ 5,908,056	\$ 1,447,208	\$ 2,549,229	\$ 986,900	\$ 10,891,393

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property tax	\$ -	\$ -	\$ 1,780,536	\$ -	\$ 1,780,536
Intergovernmental:					
Federal	1,366,207	-	-	-	1,366,207
State	1,938,963	-	-	-	1,938,963
Local	-	854,436	-	-	854,436
Charges for services	867,573	-	-	-	867,573
Investment loss	(2,844)	(26)	(305)	(422)	(3,597)
Contributions	-	-	3,250	-	3,250
Rents and leases	-	-	44,531	-	44,531
Other	91,651	-	14,824	-	106,475
Total revenues	4,261,550	854,410	1,842,836	(422)	6,958,374
Expenditures					
Current expenditures:					
General government	61,531	-	1,207,064	-	1,268,595
Public safety	-	-	80,000	-	80,000
Highway and streets	3,658,905	-	1,195,005	-	4,853,910
Community development	1,386,491	-	-	-	1,386,491
Inspections	840,235	-	-	-	840,235
Debt service:					
Principal	-	2,745,724	147,462	-	2,893,186
Interest	-	1,244,918	-	-	1,244,918
Total expenditures	5,947,162	3,990,642	2,629,531	-	12,567,335
Revenues under expenditures	(1,685,612)	(3,136,232)	(786,695)	(422)	(5,608,961)
Other financing sources (uses)					
Proceeds from installment obligation	-	-	737,299	-	737,299
Transfers in	2,010,000	3,136,381	568,176	-	5,714,557
Transfers out	(67,466)	-	(158,291)	-	(225,757)
Total other financing sources	1,942,534	3,136,381	1,147,184	-	5,488,800
Net change in fund balances	256,922	149	360,489	(422)	617,138
Fund balances, beginning of year	2,347,015	63,475	1,995,457	987,322	5,393,269
Fund balances, end of year	\$ 2,603,937	\$ 63,624	\$ 2,355,946	\$ 986,900	\$ 6,010,407

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2021

	Community Development	Local Street	HOME Program	Michigan Justice Training
Assets				
Pooled cash and investments	\$ -	\$ 760,569	\$ -	\$ 6,120
Receivables:				
Interest	-	9,714	-	-
Accounts	-	1,367	-	-
Due from other governments	256,893	305,995	26,222	-
Loans, due in more than one year	2,748,895	-	34,772	-
Prepaid items	-	-	-	-
Total assets	\$ 3,005,788	\$ 1,077,645	\$ 60,994	\$ 6,120
Liabilities				
Accounts payable	\$ 147,929	\$ 3,100	\$ 18,873	\$ -
Retentions, deposits and other liabilities	-	-	-	-
Interfund payable	108,964	-	7,349	-
Unearned revenue	-	-	34,772	-
Total liabilities	256,893	3,100	60,994	-
Deferred inflows of resources				
Unavailable revenue -				
Loans, grants and related interest	2,748,895	-	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	1,074,545	-	6,120
Total fund balances	-	1,074,545	-	6,120
Total liabilities, deferred inflows of resources and fund balances	\$ 3,005,788	\$ 1,077,645	\$ 60,994	\$ 6,120

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2021

	Narcotics Forfeiture	Building Inspection Fund	Total
Assets			
Pooled cash and investments	\$ 601,074	\$ 1,153,024	\$ 2,520,787
Receivables:			
Interest	905	-	10,619
Accounts	-	-	1,367
Due from other governments	-	-	589,110
Loans, due in more than one year	-	-	2,783,667
Prepaid items	1,971	535	2,506
Total assets	\$ 603,950	\$ 1,153,559	\$ 5,908,056
Liabilities			
Accounts payable	\$ 1,669	\$ 7,383	\$ 178,954
Retentions, deposits and other liabilities	225,185	-	225,185
Interfund payable	-	-	116,313
Unearned revenue	-	-	34,772
Total liabilities	226,854	7,383	555,224
Deferred inflows of resources			
Unavailable revenue -			
Loans, grants and related interest	-	-	2,748,895
Fund balances			
Nonspendable	1,971	535	2,506
Restricted	375,125	1,145,641	2,601,431
Total fund balances	377,096	1,146,176	2,603,937
Total liabilities, deferred inflows of resources and fund balances	\$ 603,950	\$ 1,153,559	\$ 5,908,056

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, 2021

	Community Development	Local Street	HOME Program	Michigan Justice Training
Revenues				
Intergovernmental:				
Federal	\$ 1,286,164	\$ -	\$ 80,043	\$ -
State	-	1,868,343	-	11,542
Charges for services	-	-	-	-
Investment loss	-	(2,023)	-	-
Other	76,929	4,607	6,066	-
Total revenues	1,363,093	1,870,927	86,109	11,542
Expenditures				
Current expenditures:				
General government	-	-	-	13,165
Highways and streets	-	3,658,905	-	-
Community development	1,300,382	-	86,109	-
Inspections	-	-	-	-
Total expenditures	1,300,382	3,658,905	86,109	13,165
Revenues over (under) expenditures	62,711	(1,787,978)	-	(1,623)
Other financing sources (uses)				
Transfers in	-	2,010,000	-	-
Transfers out	(62,711)	-	-	-
Total other financing sources (uses)	(62,711)	2,010,000	-	-
Net change in fund balances	-	222,022	-	(1,623)
Fund balances, beginning of year	-	852,523	-	7,743
Fund balances, end of year	\$ -	\$ 1,074,545	\$ -	\$ 6,120

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, 2021

	Narcotics Forfeiture	Building Inspection Fund	Total
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ 1,366,207
State	59,078	-	1,938,963
Charges for services	-	867,573	867,573
Investment loss	(261)	(560)	(2,844)
Other	3,080	969	91,651
Total revenues	61,897	867,982	4,261,550
Expenditures			
Current expenditures:			
General government	48,366	-	61,531
Highways and streets	-	-	3,658,905
Community development	-	-	1,386,491
Inspections	-	840,235	840,235
Total expenditures	48,366	840,235	5,947,162
Revenues over (under) expenditures	13,531	27,747	(1,685,612)
Other financing sources (uses)			
Transfers in	-	-	2,010,000
Transfers out	(4,755)	-	(67,466)
Total other financing sources (uses)	(4,755)	-	1,942,534
Net change in fund balances	8,776	27,747	256,922
Fund balances, beginning of year	368,320	1,118,429	2,347,015
Fund balances, end of year	\$ 377,096	\$ 1,146,176	\$ 2,603,937

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, 2021

	Community Development		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 3,061,059	\$ 1,286,164	\$ (1,774,895)
State	-	-	-
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Other	76,929	76,929	-
Total revenues	3,137,988	1,363,093	(1,774,895)
Expenditures			
Current expenditures:			
General government	-	-	-
Highways and streets	-	-	-
Community development	3,075,277	1,300,382	(1,774,895)
Inspections	-	-	-
Total expenditures	3,075,277	1,300,382	(1,774,895)
Revenues over (under) expenditures	62,711	62,711	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(62,711)	(62,711)	-
Total other financing sources (uses)	(62,711)	(62,711)	-
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, 2021

	Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	1,485,000	1,868,343	383,343
Charges for services	-	-	-
Investment earnings (loss)	-	(2,023)	(2,023)
Other	500	4,607	4,107
Total revenues	1,485,500	1,870,927	385,427
Expenditures			
Current expenditures:			
General government	-	-	-
Highways and streets	3,744,738	3,658,905	(85,833)
Community development	-	-	-
Inspections	-	-	-
Total expenditures	3,744,738	3,658,905	(85,833)
Revenues over (under) expenditures	(2,259,238)	(1,787,978)	471,260
Other financing sources (uses)			
Transfers in	2,010,000	2,010,000	-
Transfers out	-	-	-
Total other financing sources (uses)	2,010,000	2,010,000	-
Net change in fund balances	(249,238)	222,022	471,260
Fund balances, beginning of year	852,523	852,523	-
Fund balances, end of year	\$ 603,285	\$ 1,074,545	\$ 471,260

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, 2021

	HOME Program Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ 791,621	\$ 80,043	\$ (711,578)
State	-	-	-
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Other	6,066	6,066	-
Total revenues	797,687	86,109	(711,578)
Expenditures			
Current expenditures:			
General government	-	-	-
Highways and streets	-	-	-
Community development	797,687	86,109	(711,578)
Inspections	-	-	-
Total expenditures	797,687	86,109	(711,578)
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2021

	Michigan Justice Training Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	20,000	11,542	(8,458)
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Other	-	-	-
Total revenues	20,000	11,542	(8,458)
Expenditures			
Current expenditures:			
General government	19,220	13,165	(6,055)
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	19,220	13,165	(6,055)
Revenues over (under) expenditures	780	(1,623)	(2,403)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	780	(1,623)	(2,403)
Fund balances, beginning of year	<u>7,743</u>	<u>7,743</u>	<u>-</u>
Fund balances, end of year	\$ 8,523	\$ 6,120	\$ (2,403)

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, 2021

	Narcotics Forfeiture Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	150,000	59,078	(90,922)
Charges for services	-	-	-
Investment earnings (loss)	-	(261)	(261)
Other	-	3,080	3,080
Total revenues	150,000	61,897	(88,103)
Expenditures			
Current expenditures:			
General government	107,231	48,366	(58,865)
Highways and streets	-	-	-
Community development	-	-	-
Inspections	-	-	-
Total expenditures	107,231	48,366	(58,865)
Revenues over (under) expenditures	42,769	13,531	(29,238)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(4,755)	(4,755)	-
Total other financing sources (uses)	(4,755)	(4,755)	-
Net change in fund balances	38,014	8,776	(29,238)
Fund balances, beginning of year	368,320	368,320	-
Fund balances, end of year	\$ 406,334	\$ 377,096	\$ (29,238)

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, 2021

Building Inspection Fund			
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	- -	- -	- -
Charges for services	841,050	867,573	26,523
Investment earnings (loss)	15,000	(560)	(15,560)
Other	250	969	719
Total revenues	<u>856,300</u>	<u>867,982</u>	<u>11,682</u>
Expenditures			
Current expenditures:			
General government	- -	- -	- -
Highways and streets	- -	- -	- -
Community development	- -	- -	- -
Inspections	847,701	840,235	(7,466)
Total expenditures	<u>847,701</u>	<u>840,235</u>	<u>(7,466)</u>
Revenues over (under) expenditures	8,599	27,747	19,148
Other financing sources (uses)			
Transfers in	- -	- -	- -
Transfers out	- -	- -	- -
Total other financing sources (uses)	<u>- -</u>	<u>- -</u>	<u>- -</u>
Net change in fund balances	8,599	27,747	19,148
Fund balances, beginning of year	<u>1,118,429</u>	<u>1,118,429</u>	<u>- -</u>
Fund balances, end of year	<u><u>\$ 1,127,028</u></u>	<u><u>\$ 1,146,176</u></u>	<u><u>\$ 19,148</u></u>

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds
June 30, 2021

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
Assets				
Pooled cash and investments	\$ 1,739	\$ 56,393	\$ -	\$ 626
Receivables:				
Interest	-	-	-	449
Special assessments	-	96,486	-	-
Loans	-	-	-	68,567
Loans, long-term portion	-	-	-	71,106
Total assets	\$ 1,739	\$ 152,879	\$ -	\$ 140,748
Liabilities				
Accounts payable	\$ -	\$ 446	\$ -	\$ -
Deferred inflows of resources				
Unavailable revenue:				
Special assessments	-	96,486	-	-
Loans and related interest	-	-	-	140,121
Total deferred inflows of resources	-	96,486	-	140,121
Fund balances				
Committed	<u>1,739</u>	<u>55,947</u>	<u>-</u>	<u>627</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 1,739	\$ 152,879	\$ -	\$ 140,748

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds
June 30, 2021

	Building Authority Bonds	Police Station Bonds	Total
Assets			
Pooled cash and investments	\$ 5,311	\$ -	\$ 64,069
Receivables:			
Interest	11,531	-	11,980
Special assessments	-	-	96,486
Loans	555,000	-	623,567
Loans, long-term portion	580,000	-	651,106
Total assets	\$ 1,151,842	\$ -	\$ 1,447,208
Liabilities			
Accounts payable	\$ -	\$ -	\$ 446
Deferred inflows of resources			
Unavailable revenue:			
Special assessments	-	-	96,486
Loans and related interest	1,146,531	-	1,286,652
Total deferred inflows of resources	1,146,531	-	1,383,138
Fund balances			
Committed	5,311	-	63,624
Total liabilities, deferred inflows of resources and fund balances	\$ 1,151,842	\$ -	\$ 1,447,208

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, 2021

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
Revenues				
Intergovernmental - local	\$ -	\$ -	\$ -	\$ 251,411
Investment loss	-	(26)	-	-
Total revenues	<u>-</u>	<u>(26)</u>	<u>-</u>	<u>251,411</u>
Expenditures				
Debt service:				
Principal	660,000	-	345,724	790,000
Interest	108,215	-	37,596	395,482
Total expenditures	<u>768,215</u>	<u>-</u>	<u>383,320</u>	<u>1,185,482</u>
Revenues under expenditures	(768,215)	(26)	(383,320)	(934,071)
Other financing sources				
Transfers in	767,950	-	383,320	934,511
Net change in fund balances	<u>(265)</u>	<u>(26)</u>	<u>-</u>	<u>440</u>
Fund balances, beginning of year	2,004	55,973	-	187
Fund balances, end of year	<u>\$ 1,739</u>	<u>\$ 55,947</u>	<u>\$ -</u>	<u>\$ 627</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, 2021

	Building Authority Bonds	Police Station Bonds	Total
Revenues			
Intergovernmental - local	\$ 603,025	\$ -	\$ 854,436
Investment loss	-	-	(26)
Total revenues	<u>603,025</u>	<u>-</u>	<u>854,410</u>
Expenditures			
Debt service:			
Principal	535,000	415,000	2,745,724
Interest	68,025	635,600	1,244,918
Total expenditures	<u>603,025</u>	<u>1,050,600</u>	<u>3,990,642</u>
Revenues under expenditures	-	(1,050,600)	(3,136,232)
Other financing sources			
Transfers in	-	1,050,600	3,136,381
Net change in fund balances	-	-	149
Fund balances, beginning of year	<u>5,311</u>	<u>-</u>	<u>63,475</u>
Fund balances, end of year	<u>\$ 5,311</u>	<u>\$ -</u>	<u>\$ 63,624</u>

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2021

	Street Projects	General Capital Improvement	Capital Improvements Bonds	Police Station Capital Project	Total
Assets					
Pooled cash and investments	\$ 1,386,665	\$ 436,496	\$ 666,098	\$ 59,795	\$ 2,549,054
Receivables:					
Accounts	\$ -	\$ 150	\$ 25	\$ -	\$ 175
Total assets	\$ 1,386,665	\$ 436,646	\$ 666,123	\$ 59,795	\$ 2,549,229
Liabilities					
Accounts payable	\$ 120,688	\$ 12,800	\$ -	\$ 59,795	\$ 193,283
Fund balances					
Restricted	\$ -	\$ -	\$ 666,123	\$ -	\$ 666,123
Committed	\$ 1,265,977	\$ -	\$ -	\$ -	\$ 1,265,977
Assigned	\$ -	\$ 423,846	\$ -	\$ -	\$ 423,846
Total fund balances	\$ 1,265,977	\$ 423,846	\$ 666,123	\$ -	\$ 2,355,946
Total liabilities and fund balances	\$ 1,386,665	\$ 436,646	\$ 666,123	\$ 59,795	\$ 2,549,229

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, 2021

	Street Projects	General Capital Improvement	Capital Improvements Bonds	Police Station Capital Project	Total
Revenue					
Property tax	\$ 1,780,536	\$ -	\$ -	\$ -	\$ 1,780,536
Investment loss	-	-	(305)	-	(305)
Contributions	-	3,250	-	-	3,250
Rents and leases	-	44,531	-	-	44,531
Other	14,824	-	-	-	14,824
Total revenue	1,795,360	47,781	(305)	-	1,842,836
Expenditures					
Current expenditures:					
General government	-	1,190,901	16,163	-	1,207,064
Public safety	-	-	-	80,000	80,000
Highways and streets	1,195,005	-	-	-	1,195,005
Debt service -					
Principal	-	147,462	-	-	147,462
Total expenditures	1,195,005	1,338,363	16,163	80,000	2,629,531
Revenue over (under) expenditures	600,355	(1,290,582)	(16,468)	(80,000)	(786,695)
Other financing sources (uses)					
Proceeds from installment obligation	-	737,299	-	-	737,299
Transfers in	83,794	484,382	-	-	568,176
Transfers out	(158,291)	-	-	-	(158,291)
Total other financing sources (uses)	(74,497)	1,221,681	-	-	1,147,184
Net change in fund balances	525,858	(68,901)	(16,468)	(80,000)	360,489
Fund balances, beginning of year	740,119	492,747	682,591	80,000	1,995,457
Fund balances, end of year	\$ 1,265,977	\$ 423,846	\$ 666,123	\$ -	\$ 2,355,946

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2021

	Youth Center Endowment	Kellogg Arena Endowment	Total
Assets			
Pooled cash and investments	\$ 280,348	\$ 699,056	\$ 979,404
Interest receivable	4,678	2,818	7,496
Total assets	\$ 285,026	\$ 701,874	\$ 986,900
Fund balances			
Nonspendable	\$ 256,376	\$ 623,533	\$ 879,909
Restricted	28,650	78,341	106,991
Total fund balances	\$ 285,026	\$ 701,874	\$ 986,900

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds
For the Year Ended June 30, 2021

	Youth Center Endowment	Kellogg Arena Endowment	Total
Revenues			
Investment loss	\$ (115)	\$ (307)	\$ (422)
Fund balances, beginning of year	<u>285,141</u>	<u>702,181</u>	<u>987,322</u>
Fund balances, end of year	<u>\$ 285,026</u>	<u>\$ 701,874</u>	<u>\$ 986,900</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2021

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Assets				
Current assets:				
Pooled cash and investments	\$ 532,046	\$ 373,579	\$ 1,509,564	\$ 261,436
Receivables:				
Interest	-	-	2,031	-
Accounts	849	747,446	-	18,585
Loans, current portion	-	-	1,062,000	-
Total current assets	<u>532,895</u>	<u>1,121,025</u>	<u>2,573,595</u>	<u>280,021</u>
Noncurrent assets:				
Loans receivable, net	-	-	6,775,390	-
Capital assets not being depreciated	1,505,125	-	-	-
Capital assets being depreciated, net	1,775,958	-	-	-
Total noncurrent assets	<u>3,281,083</u>	<u>-</u>	<u>6,775,390</u>	<u>-</u>
Total assets	<u>3,813,978</u>	<u>1,121,025</u>	<u>9,348,985</u>	<u>280,021</u>
Deferred outflows of resources				
Deferred pension amounts				
	<u>-</u>	<u>36,654</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	4,697	591,671	253,516	26,140
Accrued payroll	-	-	-	1,439
Retentions, deposits and other liabilities	-	96,648	-	1,200
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Compensated absences, current portion	-	20,133	-	16,808
Total current liabilities	<u>4,697</u>	<u>708,452</u>	<u>253,516</u>	<u>45,587</u>
Noncurrent liabilities:				
Compensated absences	-	2,237	-	1,868
Net pension liability	-	278,644	-	-
Total noncurrent liabilities	<u>-</u>	<u>280,881</u>	<u>-</u>	<u>1,868</u>
Total liabilities	<u>4,697</u>	<u>989,333</u>	<u>253,516</u>	<u>47,455</u>
Deferred inflows of resources				
Deferred pension amounts				
	<u>-</u>	<u>12,457</u>	<u>-</u>	<u>-</u>
Net position				
Net investment in capital assets	3,281,083	-	-	-
Unrestricted	<u>528,198</u>	<u>155,889</u>	<u>9,095,469</u>	<u>232,566</u>
Total net position	<u>\$ 3,809,281</u>	<u>\$ 155,889</u>	<u>\$ 9,095,469</u>	<u>\$ 232,566</u>

INTERMODAL FACILITY

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

\$	- \$	2,676,625
----	------	-----------

- 84,519	2,031
84,519	851,399
- 84,519	<u>1,062,000</u>
<u>84,519</u>	<u>4,592,055</u>

- 335,799	6,775,390
335,799	1,505,125
<u>335,799</u>	<u>2,111,757</u>
<u>335,799</u>	<u>10,392,272</u>

<u>420,318</u>	<u>14,984,327</u>
----------------	-------------------

<u>36,654</u>

11,016	887,040
- 1,439	

- 72,539	97,848
72,539	72,539
500	500
- 36,941	
<u>84,055</u>	<u>1,096,307</u>

- 282,749	4,105
<u>- 282,749</u>	<u>278,644</u>

<u>84,055</u>	<u>1,379,056</u>
---------------	------------------

<u>- 12,457</u>

335,799	3,616,882
<u>464</u>	<u>10,012,586</u>

<u>\$ 336,263</u>	<u>\$ 13,629,468</u>
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CITY OF BATTLE CREEK, MICHIGAN

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

Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Operating revenues				
Charges for services	\$ 776,968	\$ 3,769,920	\$ -	\$ -
Rents and leases	-	-	-	2,580
Other	-	-	49,746	12,000
Total operating revenues	776,968	3,769,920	49,746	14,580
Operating expenses				
Personnel services	36	544,002	-	404,867
Materials and supplies	-	72,815	-	19,205
Contractual and other	771,584	3,418,462	514,636	297,155
Depreciation	330,475	-	-	-
Total operating expenses	1,102,095	4,035,279	514,636	721,227
Operating loss	(325,127)	(265,359)	(464,890)	(706,647)
Nonoperating revenues (expenses)				
Property taxes	-	-	-	262,590
Intergovernmental subsidies:				
State	-	-	-	391,605
Local	-	-	-	120,000
Investment income (loss)	(230)	(88)	985	(213)
Total nonoperating revenues	(230)	(88)	985	773,982
Income (loss) before transfers	(325,357)	(265,447)	(463,905)	67,335
Transfers in	9,000	-	-	-
Change in net position	(316,357)	(265,447)	(463,905)	67,335
Net position, beginning of year	<u>4,125,638</u>	<u>421,336</u>	<u>9,559,374</u>	<u>165,231</u>
Net position, end of year	\$ 3,809,281	\$ 155,889	\$ 9,095,469	\$ 232,566

INTERMODAL FACILITY RENTALS

Intermodal Facility	Total
\$ 10,383	\$ 4,557,271
104,131	106,711
-	61,746
<u>114,514</u>	<u>4,725,728</u>
4,929	953,834
154	92,174
116,328	5,118,165
341,626	672,101
<u>463,037</u>	<u>6,836,274</u>
<u>(348,523)</u>	<u>(2,110,546)</u>
-	262,590
-	391,605
6,000	126,000
12	466
<u>6,012</u>	<u>780,661</u>
(342,511)	(1,329,885)
<u>-</u>	<u>9,000</u>
(342,511)	(1,320,885)
<u>678,774</u>	<u>14,950,353</u>
<u>\$ 336,263</u>	<u>\$ 13,629,468</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2021

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development
Cash flows from operating activities				
Receipts from customers and users	\$ 776,119	\$ 3,700,047	\$ 62,178	\$ (4,005)
Payments to suppliers and contractors	(802,354)	(3,396,189)	(506,290)	(316,255)
Payments to employees	(36)	(541,912)	-	(394,434)
Payments for interfund services	-	(8,618)	-	(44)
Net cash used in operating activities	(26,271)	(246,672)	(444,112)	(714,738)
Cash flows from noncapital financing activities				
Transfers in	9,000	-	-	-
Property taxes	-	-	-	262,590
Intergovernmental subsidies	-	-	-	511,605
Net cash provided by noncapital financing activities	9,000	-	-	774,195
Cash flows from investing activities				
Investment earnings (loss)	(230)	(88)	49,155	(125)
Net change in pooled cash and investments	(17,501)	(246,760)	(394,957)	59,332
Pooled cash and investments, beginning of year	549,547	620,339	1,904,521	202,104
Pooled cash and investments, end of year	\$ 532,046	\$ 373,579	\$ 1,509,564	\$ 261,436
Cash flows from operating activities				
Operating loss	\$ (325,127)	\$ (265,359)	\$ (464,890)	\$ (706,647)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	330,475	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(849)	(69,873)	12,432	(18,585)
Loans receivable	-	-	4,830	-
Prepaid items	-	-	-	450
Accounts payable and accrued liabilities	(30,770)	85,848	3,516	(1,289)
Retentions, deposits and other liabilities	-	622	-	900
Compensated absences	-	(4,947)	-	10,433
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Net pension liability	-	7,079	-	-
Deferred outflows related to the net pension liability	-	(10,012)	-	-
Deferred inflows related to the net pension liability	-	9,970	-	-
Net cash used in operating activities	\$ (26,271)	\$ (246,672)	\$ (444,112)	\$ (714,738)

INTERMODAL FACILITY

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

\$ 110,679	\$ 4,645,018
(111,762)	(5,132,850)
(4,929)	(941,311)
<u>-</u>	<u>(8,662)</u>
<u>(6,012)</u>	<u>(1,437,805)</u>

-	9,000
-	262,590
<u>6,000</u>	<u>517,605</u>

<u>6,000</u>	<u>789,195</u>
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<u>12</u>	<u>48,724</u>
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-	(599,886)
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<u>-</u>	<u>3,276,511</u>
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<u>\$ -</u>	<u>\$ 2,676,625</u>
-------------	---------------------

\$ (348,523) \$ (2,110,546)

341,626	672,101
(2,846)	(79,721)
-	4,830
-	450
(3,119)	54,186
-	1,522
-	5,486
7,839	7,839
(989)	(989)
-	7,079
-	(10,012)
<u>-</u>	<u>9,970</u>
<u>\$ (6,012)</u>	<u>\$ (1,437,805)</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2021

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Assets					
Current assets:					
Pooled cash and investments	\$ 1,025,803	\$ 7,766,629	\$ 1,581,422	\$ 10,607	\$ 10,384,461
Receivables:					
Interest	2,278	89,745	-	-	92,023
Accounts	45,283	549,140	-	-	594,423
Inventories	484,754	-	-	-	484,754
Prepaid items	-	65,693	189,376	-	255,069
Total current assets	1,558,118	8,471,207	1,770,798	10,607	11,810,730
Noncurrent assets:					
Capital assets not being depreciated	31,708	17,115	-	-	48,823
Capital assets being depreciated, net	6,149,259	-	613,966	134,893	6,898,118
Total noncurrent assets	6,180,967	17,115	613,966	134,893	6,946,941
Total assets	7,739,085	8,488,322	2,384,764	145,500	18,757,671
Liabilities					
Current liabilities:					
Accounts payable	514,642	142,086	16,107	4,253	677,088
Unearned revenue	-	145,757	-	-	145,757
Claims payable, current portion	-	1,031,916	-	-	1,031,916
Compensated absences, current portion	89,542	35,156	117,175	3,731	245,604
Lease payable, current portion	-	-	-	28,771	28,771
Total current liabilities	604,184	1,354,915	133,282	36,755	2,129,136
Noncurrent liabilities:					
Claims payable	-	377,107	-	-	377,107
Lease payable	-	-	-	109,335	109,335
Total noncurrent liabilities	-	377,107	-	109,335	486,442
Total liabilities	604,184	1,732,022	133,282	146,090	2,615,578
Net position					
Net investment in capital assets	6,180,967	17,115	613,966	(3,213)	6,808,835
Unrestricted	953,934	6,739,185	1,637,516	2,623	9,333,258
Total net position	\$ 7,134,901	\$ 6,756,300	\$ 2,251,482	\$ (590)	\$ 16,142,093

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, 2021

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Operating revenues					
Charges for services	\$ 5,512,760	\$ 13,315,969	\$ 1,869,832	\$ 269,166	\$ 20,967,727
Rents and leases	1,760,600	-	-	-	1,760,600
Other	183,661	168,313	57	1,045	353,076
Total operating revenues	7,457,021	13,484,282	1,869,889	270,211	23,081,403
Operating expenses					
Personnel services	1,283,496	1,015,741	876,268	126,847	3,302,352
Materials and supplies	1,285,300	8,000	169,866	81,062	1,544,228
Contractual and other	2,265,484	11,741,957	462,970	75,459	14,545,870
Depreciation	1,886,633	-	121,145	20,646	2,028,424
Total operating expenses	6,720,913	12,765,698	1,630,249	304,014	21,420,874
Operating income (loss)	736,108	718,584	239,640	(33,803)	1,660,529
Nonoperating revenues (expenses)					
Investment income (loss)	(30)	9,693	-	-	9,663
Loss on sale of capital assets	(2,570)	-	-	-	(2,570)
Total nonoperating revenues	(2,600)	9,693	-	-	7,093
Income (loss) before transfers	733,508	728,277	239,640	(33,803)	1,667,622
Transfers in	-	97,157	292,000	30,000	419,157
Transfers out	(767,950)	(705,844)	-	-	(1,473,794)
Change in net position	(34,442)	119,590	531,640	(3,803)	612,985
Net position, beginning of year	7,169,343	6,636,710	1,719,842	3,213	15,529,108
Net position, end of year	\$ 7,134,901	\$ 6,756,300	\$ 2,251,482	\$ (590)	\$ 16,142,093

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2021

	Equipment Center	Self- Insurance	Information Technology	Reproduction	Total
Cash flows from operating activities					
Receipts from interfund services	\$ 7,457,021	\$ 13,484,282	\$ 1,869,889	\$ 270,211	\$ 23,081,403
Payments to suppliers and contractors	(3,764,419)	(11,595,660)	(741,656)	(151,530)	(16,253,265)
Payments to employees	(1,292,074)	(1,008,885)	(827,673)	(133,873)	(3,262,505)
Net cash provided by (used in) operating activities	2,400,528	879,737	300,560	(15,192)	3,565,633
Cash flows from noncapital financing activities					
Transfers in	-	97,157	292,000	30,000	419,157
Transfers out	(767,950)	(705,844)	-	-	(1,473,794)
Net cash provided by (used in) noncapital financing activities	(767,950)	(608,687)	292,000	30,000	(1,054,637)
Cash flows from capital and related financing activities					
Principal paid on capital lease	-	-	(98,945)	(21,241)	(120,186)
Issuance of capital lease	-	-	-	149,882	149,882
Purchase of capital assets	(1,866,283)	-	(17,902)	(149,882)	(2,034,067)
Net cash used in capital and related financing activities	(1,866,283)	-	(116,847)	(21,241)	(2,004,371)
Cash flows from investing activities					
Investment earnings	391	11,774	-	-	12,165
Net change in pooled cash and investments	(233,314)	282,824	475,713	(6,433)	518,790
Pooled cash and investments, beginning of year	1,259,117	7,483,805	1,105,709	17,040	9,865,671
Pooled cash and investments, end of year	\$ 1,025,803	\$ 7,766,629	\$ 1,581,422	\$ 10,607	\$ 10,384,461
Cash flows from operating activities					
Operating income (loss)	\$ 736,108	\$ 718,584	\$ 239,640	\$ (33,803)	\$ 1,660,529
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,886,633	-	121,145	20,646	2,028,424
Changes in assets and liabilities:					
Accounts receivable	11,504	7,901	-	3,390	22,795
Inventories	(173,124)	-	-	-	(173,124)
Prepaid items	-	(52,654)	32,130	-	(20,524)
Accounts payable and accrued liabilities	(52,015)	(42,105)	(140,950)	1,601	(233,469)
Compensated absences	(8,578)	6,856	48,595	(7,026)	39,847
Claims payable	-	193,572	-	-	193,572
Unearned revenue	-	47,583	-	-	47,583
Net cash provided by (used in) operating activities	\$ 2,400,528	\$ 879,737	\$ 300,560	\$ (15,192)	\$ 3,565,633

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds
June 30, 2021

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Assets			
Cash and cash equivalents	\$ 5,252,776	\$ -	\$ 5,252,776
Investments:			
Fixed income:			
Corporate bonds	17,799,844	-	17,799,844
Foreign bonds	1,712,209	-	1,712,209
U.S. government securities	38,532,251	-	38,532,251
Mutual funds	122,750,611	8,203,031	130,953,642
Interest receivable	162,643	-	162,643
Pension contributions receivable	140,820	-	140,820
Total assets	186,351,154	8,203,031	194,554,185
Liabilities			
Due to other governments	331,308	-	331,308
Net position			
Restricted for pension and postemployment healthcare benefits	\$ 186,019,846	\$ 8,203,031	\$ 194,222,877

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, 2021

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Additions			
Investment income:			
Net appreciation in fair value of investments	\$ 33,699,729	\$ -	\$ 33,699,729
Investment earnings and dividends	2,482,578	1,772,773	4,255,351
Less investment expenses	(652,050)	-	(652,050)
	<hr/>	<hr/>	<hr/>
Total net investment income	35,530,257	1,772,773	37,303,030
Contributions:			
Employer	6,353,070	1,334,149	7,687,219
Employee	1,593,679	370,676	1,964,355
	<hr/>	<hr/>	<hr/>
Total contributions	7,946,749	1,704,825	9,651,574
Total additions	<hr/>	<hr/>	<hr/>
	43,477,006	3,477,598	46,954,604
Deductions			
Benefit payments and refunds	12,251,145	1,572,949	13,824,094
Administrative expenses	164,187	13,816	178,003
	<hr/>	<hr/>	<hr/>
Total deductions	<hr/>	<hr/>	<hr/>
	12,415,332	1,586,765	14,002,097
Net change to net position			
	31,061,674	1,890,833	32,952,507
Net position, beginning of year	<hr/>	<hr/>	<hr/>
	154,958,172	6,312,198	161,270,370
Net position, end of year	<hr/>	<hr/>	<hr/>
	\$ 186,019,846	\$ 8,203,031	\$ 194,222,877

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2021

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Assets					
Pooled cash and investments	\$ 137,150	\$ 6,595	\$ 570	\$ 522	\$ 144,837
Delinquent taxes receivable	<u>-</u>	<u>556,941</u>	<u>-</u>	<u>-</u>	<u>556,941</u>
Total assets	137,150	563,536	570	522	701,778
Liabilities					
Undistributed receipts	<u>-</u>	<u>563,536</u>	<u>570</u>	<u>522</u>	<u>564,628</u>
Net position					
Restricted for individuals, organizations, and other governments	<u>\$ 137,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,150</u>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2021

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Additions					
Fire insurance collections	\$ 726,933	\$ -	\$ -	\$ -	\$ 726,933
Taxes collected for other governments	<u>-</u>	<u>893,228</u>	<u>52,347,702</u>	<u>18,481,625</u>	<u>71,722,555</u>
Total additions	726,933	893,228	52,347,702	18,481,625	72,449,488
Deductions					
Fire insurance distributions	732,574	-	-	-	732,574
Payments of taxes to other governments	<u>-</u>	<u>893,228</u>	<u>52,347,702</u>	<u>18,481,625</u>	<u>71,722,555</u>
Total deductions	732,574	893,228	52,347,702	18,481,625	72,455,129
Change in net position	(5,641)	-	-	-	(5,641)
Net position, beginning of year, as restated	<u>142,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,791</u>
Net position, end of year	<u>\$ 137,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,150</u>

STATISTICAL SECTION

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CITY OF BATTLE CREEK, MICHIGAN

Statistical Section Table of Contents

This part of the City of Battle Creek, Michigan's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	<u>Page</u>	
Financial Trends (Schedules 1-5)	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	156
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.	168
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.	212
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.	219
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.	222

Sources: Unless otherwise noted, the information in these schedules are derived from the annual comprehensive financial reports for the applicable year.

CITY OF BATTLE CREEK, MICHIGAN

Schedule 1
Unaudited

Net Position by Component

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

	2012	2013	2014	2015	2016
Governmental activities					
Net investment in capital assets	\$ 216,252,011	\$ 216,155,508	\$ 213,803,703	\$ 212,763,742	\$ 209,385,180
Restricted	2,328,940	3,326,396	2,671,582	6,422,246	10,573,097
Unrestricted (deficit)	21,344,934	16,137,588	13,828,647	(39,592,709)	(56,384,540)
Total governmental activities	\$ 239,925,885	\$ 235,619,492	\$ 230,303,932	\$ 179,593,279	\$ 163,573,737
Business-type activities					
Net investment in capital assets	\$ 93,175,690	\$ 92,885,198	\$ 92,099,833	\$ 91,757,657	\$ 94,256,830
Unrestricted (deficit)	19,223,068	19,988,459	20,628,055	6,044,949	6,738,128
Total business-type activities	\$ 112,398,758	\$ 112,873,657	\$ 112,727,888	\$ 97,802,606	\$ 100,994,958
Primary government					
Net investment in capital assets	\$ 309,427,701	\$ 309,040,706	\$ 305,903,536	\$ 304,521,399	\$ 303,642,010
Restricted	2,328,940	3,326,396	2,671,582	6,422,246	10,573,097
Unrestricted (deficit)	40,568,002	36,126,047	34,456,702	(33,547,760)	(49,646,412)
Total primary government	\$ 352,324,643	\$ 348,493,149	\$ 343,031,820	\$ 277,395,885	\$ 264,568,695

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 1
Unaudited

Net Position by Component

Last Ten Fiscal Years

(*accrual basis of accounting*)

	2017	2018	2019	2020	2021
Governmental activities					
Net investment in capital assets	\$ 204,289,221	\$ 202,996,774	\$ 196,784,239	\$ 191,520,117	\$ 185,862,504
Restricted	9,498,489	11,428,992	17,761,851	18,202,625	20,375,257
Unrestricted (deficit)	(66,228,790)	(108,310,558)	(120,784,656)	(122,403,144)	(114,958,702)
Total governmental activities	\$ 147,558,920	\$ 106,115,208	\$ 93,761,434	\$ 87,319,598	\$ 91,279,059
Business-type activities					
Net investment in capital assets	\$ 77,696,600	\$ 84,440,617	\$ 88,322,398	\$ 91,403,421	\$ 88,369,618
Unrestricted (deficit)	18,432,807	(13,736,110)	(13,127,722)	(12,750,203)	(8,716,059)
Total business-type activities	\$ 96,129,407	\$ 70,704,507	\$ 75,194,676	\$ 78,653,218	\$ 79,653,559
Primary government					
Net investment in capital assets	\$ 281,985,821	\$ 287,437,391	\$ 285,106,637	\$ 282,923,538	\$ 274,232,122
Restricted	9,498,489	11,428,992	17,761,851	18,202,625	20,375,257
Unrestricted (deficit)	(47,795,983)	(122,046,668)	(133,912,378)	(135,153,347)	(123,674,761)
Total primary government	\$ 243,688,327	\$ 176,819,715	\$ 168,956,110	\$ 165,972,816	\$ 170,932,618

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)

	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	\$ 12,250,359	\$ 10,372,803	\$ 12,208,561	\$ 8,841,596	\$ 13,522,067
Public safety	27,025,682	26,952,192	27,215,335	29,790,342	38,643,958
Public works	2,396,590	1,891,765	2,199,624	2,239,223	2,016,152
Highways and streets	7,149,971	11,585,808	9,731,567	14,960,926	11,759,289
Recreation	6,280,210	6,323,529	5,759,128	6,491,021	7,662,739
Community development	6,589,947	4,907,271	3,019,449	2,709,435	2,960,152
Interest on long-term debt	826,922	745,018	1,206,989	1,307,722	1,193,277
Total governmental activities	<u>62,519,681</u>	<u>62,778,386</u>	<u>61,340,653</u>	<u>66,340,265</u>	<u>77,757,634</u>
Business-type activities:					
Water and wastewater	23,030,037	22,768,048	23,572,816	23,714,281	25,024,426
Public transit	4,705,296	4,924,554	4,814,924	4,551,257	4,519,401
Solid waste collection	2,865,831	2,940,000	3,004,407	2,977,648	3,021,188
Airport	2,662,373	2,511,613	2,485,677	2,512,780	2,566,234
Parking	1,406,230	1,509,283	1,549,455	1,369,956	1,475,329
Economic development	124,973	148,922	130,400	124,121	183,616
Intermodal facility	-	-	-	-	-
Total business-type activities	<u>34,794,740</u>	<u>34,802,420</u>	<u>35,557,679</u>	<u>35,250,043</u>	<u>36,790,194</u>
Total primary government expenses	<u>97,314,421</u>	<u>97,580,806</u>	<u>96,898,332</u>	<u>101,590,308</u>	<u>114,547,828</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	3,270,597	3,363,317	2,824,535	3,442,117	3,598,573
Public safety	1,148,538	960,535	907,128	900,686	907,947
Public works	98,263	84,207	201,493	120,379	144,941
Highways and streets	7,498	4,251	27,929	13,953	6,932
Recreation	3,735,452	3,635,347	3,250,950	3,400,581	3,822,885
Community development	607,631	830,898	277,924	135,693	57,780
Operating grants and contributions	21,767,295	12,618,453	10,289,625	12,533,025	14,753,846
Capital grants and contributions	-	-	-	762,199	34,404
Total governmental activities	<u>30,635,274</u>	<u>21,497,008</u>	<u>17,779,584</u>	<u>21,308,633</u>	<u>23,327,308</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2017	2018	2019	2020	2021
Expenses					
Governmental activities:					
General government	\$ 13,804,561	\$ 12,298,063	\$ 13,560,047	\$ 10,686,689	\$ 10,896,106
Public safety	38,272,687	37,754,399	39,249,188	34,220,728	26,917,782
Public works	1,925,529	2,848,257	2,818,928	2,674,653	3,044,775
Highways and streets	12,962,951	14,614,111	14,773,886	15,801,903	15,516,910
Recreation	7,549,260	6,786,153	5,324,142	4,357,976	3,972,724
Community development	2,575,566	2,582,810	7,103,236	2,881,623	4,421,780
Interest on long-term debt	1,383,774	1,576,922	1,508,678	1,506,833	1,394,090
Total governmental activities	<u>78,474,328</u>	<u>78,460,715</u>	<u>84,338,105</u>	<u>72,130,405</u>	<u>66,164,167</u>
Business-type activities:					
Water and wastewater	29,865,464	27,208,769	26,135,213	26,172,350	28,255,466
Public transit	4,787,343	4,763,055	4,819,992	5,084,066	5,214,313
Solid waste collection	3,327,216	3,418,516	3,539,162	3,665,768	4,026,661
Airport	2,620,027	2,684,727	2,919,251	3,050,388	3,198,782
Parking	1,418,990	1,378,093	1,520,256	1,324,223	1,102,095
Economic development	296,334	593,984	698,406	950,621	1,235,819
Intermodal facility	-	-	-	114,057	463,037
Total business-type activities	<u>42,315,374</u>	<u>40,047,144</u>	<u>39,632,280</u>	<u>40,361,473</u>	<u>43,496,173</u>
Total primary government expenses	<u>120,789,702</u>	<u>118,507,859</u>	<u>123,970,385</u>	<u>112,491,878</u>	<u>109,660,340</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	3,188,666	4,404,461	4,661,434	4,601,421	4,678,274
Public safety	1,119,088	1,463,042	1,633,937	1,556,763	1,495,221
Public works	118,886	116,923	116,846	134,530	41,676
Highways and streets	4,559	2,494	749	5,921	12,805
Recreation	3,511,655	3,670,917	2,340,253	1,717,759	1,848,686
Community development	78,892	41,774	53,650	46,454	82,995
Operating grants and contributions	15,546,274	17,633,267	22,433,015	16,942,788	22,383,284
Capital grants and contributions	320,769	3,391,624	338,769	-	-
Total governmental activities	<u>23,888,789</u>	<u>30,724,502</u>	<u>31,578,653</u>	<u>25,005,636</u>	<u>30,542,941</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016
Business-type activities:					
Charges for services:					
Water and wastewater	\$ 23,093,486	\$ 24,221,426	\$ 25,051,611	\$ 26,556,368	\$ 28,161,891
Public transit	423,116	415,699	425,705	430,572	407,480
Solid waste collection	2,865,400	2,863,898	3,082,169	3,094,738	3,212,994
Airport	1,358,819	1,364,368	1,365,747	1,389,514	1,354,099
Parking	1,117,414	1,229,770	1,330,971	1,398,498	1,384,948
Economic development	163,229	37,639	91,571	55,703	7,636
Intermodal facility	-	-	-	-	-
Operating grants and contributions	4,197,347	5,060,638	3,571,072	3,987,451	4,336,403
Total business-type activities	<u>33,218,811</u>	<u>35,193,438</u>	<u>34,918,846</u>	<u>36,912,844</u>	<u>38,865,451</u>
 Total primary government					
Program revenues	<u>63,854,085</u>	<u>56,690,446</u>	<u>52,698,430</u>	<u>58,221,477</u>	<u>62,192,759</u>
 Net (expense)/revenue					
Government activities	(31,884,407)	(41,281,378)	(43,561,069)	(45,031,632)	(54,430,326)
Business-type activities	<u>(1,575,929)</u>	<u>391,018</u>	<u>(638,833)</u>	<u>1,662,801</u>	<u>2,075,257</u>
 Total primary government net expense	<u>(33,460,336)</u>	<u>(40,890,360)</u>	<u>(44,199,902)</u>	<u>(43,368,831)</u>	<u>(52,355,069)</u>
 General revenues					
Governmental activities:					
General revenues:					
Property taxes	16,542,171	15,809,783	16,258,935	16,028,806	16,189,320
Income taxes	15,009,421	16,234,540	16,093,707	16,475,837	16,414,572
Grants and contributions not restricted to specific programs	5,296,135	5,271,399	5,336,347	5,441,022	5,637,815
Unrestricted investment earnings	1,176,170	371,196	953,036	856,338	770,022
Transfers - internal activities	(23,829)	(349,082)	(396,516)	(453,061)	(600,945)
Total governmental activities	<u>38,000,068</u>	<u>37,337,836</u>	<u>38,245,509</u>	<u>38,348,942</u>	<u>38,410,784</u>
 Business-type activities:					
General revenues:					
Property taxes	-	-	-	-	-
Unrestricted investment earnings (loss)	97,266	(63,487)	96,548	74,665	269,643
Rents and leases	-	-	-	-	246,507
Transfers - internal activities	23,829	349,082	396,516	453,061	600,945
Total business-type activities	<u>121,095</u>	<u>285,595</u>	<u>493,064</u>	<u>527,726</u>	<u>1,117,095</u>
 Total primary government	<u>38,121,163</u>	<u>37,623,431</u>	<u>38,738,573</u>	<u>38,876,668</u>	<u>39,527,879</u>
 Change in net position					
Government activities	6,115,661	(3,943,542)	(5,315,560)	(6,682,690)	(16,019,542)
Business-type activities	<u>(1,454,834)</u>	<u>676,613</u>	<u>(145,769)</u>	<u>2,190,527</u>	<u>3,192,352</u>
 Total primary government	<u>\$ 4,660,827</u>	<u>\$ (3,266,929)</u>	<u>\$ (5,461,329)</u>	<u>\$ (4,492,163)</u>	<u>\$ (12,827,190)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 2
 Unaudited

Changes in Net Position

 Last Ten Fiscal Years
(accrual basis of accounting)

	2017	2018	2019	2020	2021
Business-type activities:					
Charges for services:					
Water and wastewater	\$ 26,479,609	\$ 25,613,729	\$ 26,192,910	\$ 28,081,728	\$ 30,518,398
Public transit	378,300	366,930	339,299	288,168	251,862
Solid waste collection	3,407,372	3,389,107	3,512,255	3,641,860	3,769,920
Airport	1,459,032	1,666,987	1,309,971	141,486	168,459
Parking	1,333,331	1,131,526	1,171,483	1,063,764	776,968
Economic development	6,270	-	-	-	-
Intermodal facility	-	-	-	4,831	10,383
Operating grants and contributions	3,698,755	4,664,524	9,873,639	8,866,555	8,676,463
Total business-type activities	<u>36,762,669</u>	<u>36,832,803</u>	<u>42,399,557</u>	<u>42,088,392</u>	<u>44,172,453</u>
 Total primary government					
Program revenues	<u>60,651,458</u>	<u>67,557,305</u>	<u>73,978,210</u>	<u>67,094,028</u>	<u>74,715,394</u>
 Net (expense)/revenue					
Government activities	(54,585,539)	(47,736,213)	(52,759,452)	(47,124,769)	(35,621,226)
Business-type activities	<u>(5,552,705)</u>	<u>(3,214,341)</u>	<u>2,767,277</u>	<u>1,726,919</u>	<u>676,280</u>
 Total primary government net expense	<u>(60,138,244)</u>	<u>(50,950,554)</u>	<u>(49,992,175)</u>	<u>(45,397,850)</u>	<u>(34,944,946)</u>
 General revenues					
Governmental activities:					
General revenues:					
Property taxes	16,457,014	17,109,789	16,993,111	17,730,992	18,116,070
Income taxes	16,581,118	16,718,592	17,664,804	17,655,425	15,367,014
Grants and contributions not restricted to specific programs	5,678,681	5,822,141	6,116,033	5,801,172	6,647,453
Unrestricted investment earnings	293,860	125,428	366,154	304,794	(482,855)
Transfers - internal activities	(439,951)	(631,231)	(734,424)	(809,450)	(66,995)
Total governmental activities	<u>38,570,722</u>	<u>39,144,719</u>	<u>40,405,678</u>	<u>40,682,933</u>	<u>39,580,687</u>
 Business-type activities:					
General revenues:					
Property taxes	-	321,410	363,711	331,350	262,590
Unrestricted investment earnings (loss)	49,396	8,976	624,757	590,823	(5,524)
Rents and leases	197,807	213,253	-	-	-
Transfers - internal activities	439,951	631,231	734,424	809,450	66,995
Total business-type activities	<u>687,154</u>	<u>1,174,870</u>	<u>1,722,892</u>	<u>1,731,623</u>	<u>324,061</u>
 Total primary government	<u>39,257,876</u>	<u>40,319,589</u>	<u>42,128,570</u>	<u>42,414,556</u>	<u>39,904,748</u>
 Change in net position					
Government activities	(16,014,817)	(8,591,494)	(12,353,774)	(6,441,836)	3,959,461
Business-type activities	<u>(4,865,551)</u>	<u>(2,039,471)</u>	<u>4,490,169</u>	<u>3,458,542</u>	<u>1,000,341</u>
 Total primary government	<u>\$ (20,880,368)</u>	<u>\$ (10,630,965)</u>	<u>\$ (7,863,605)</u>	<u>\$ (2,983,294)</u>	<u>\$ 4,959,802</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)

	2012	2013	2014	2015	2016
General fund					
Nonspendable	\$ 865,127	\$ 448,287	\$ 484,653	\$ 455,414	\$ 508,342
Restricted	163,327	146,469	147,134	103,499	384,726
Committed	892,532	835,064	844,624	891,241	936,502
Assigned	1,064,255	68,152	91,720	101,236	61,973
Unassigned	<u>4,895,117</u>	<u>6,171,173</u>	<u>6,580,891</u>	<u>6,417,328</u>	<u>6,181,573</u>
Total general fund	<u>\$ 7,880,358</u>	<u>\$ 7,669,145</u>	<u>\$ 8,149,022</u>	<u>\$ 7,968,718</u>	<u>\$ 8,073,116</u>
All other governmental funds					
Nonspendable	\$ 964,756	\$ 1,012,623	\$ 1,016,652	\$ 1,011,593	\$ 1,019,048
Restricted	556,164	755,079	11,477,425	6,468,777	4,791,668
Committed	2,209,308	2,389,690	2,436,895	2,418,119	1,727,350
Assigned	599,288	1,329,963	739,577	454,581	354,092
Unassigned (deficit)	<u>-</u>	<u>(179,235)</u>	<u>(131,387)</u>	<u>(9,922)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 4,329,516</u>	<u>\$ 5,308,120</u>	<u>\$ 15,539,162</u>	<u>\$ 10,343,148</u>	<u>\$ 7,892,158</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 3
 Unaudited

■ Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2017	2018	2019	2020	2021
General fund					
Nonspendable	\$ 376,049	\$ 457,410	\$ 183,770	\$ 241,416	\$ 192,313
Restricted	241,186	229,368	234,490	247,563	246,617
Committed	1,313,835	1,347,241	1,383,226	1,373,506	1,522,791
Assigned	96,131	130,763	117,019	390	109,498
Unassigned	<u>5,958,796</u>	<u>5,958,796</u>	<u>6,221,349</u>	<u>7,784,247</u>	<u>12,193,420</u>
Total general fund	<u>\$ 7,985,997</u>	<u>\$ 8,123,578</u>	<u>\$ 8,139,854</u>	<u>\$ 9,647,122</u>	<u>\$ 14,264,639</u>
All other governmental funds					
Nonspendable	\$ 1,024,394	\$ 932,537	\$ 879,909	\$ 885,303	\$ 892,407
Restricted	16,317,974	7,278,525	6,033,641	6,180,972	7,620,523
Committed	2,504,157	805,359	2,848,023	3,450,657	2,188,942
Assigned	248,647	282,439	473,038	492,747	423,846
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 20,095,172</u>	<u>\$ 9,298,860</u>	<u>\$ 10,234,611</u>	<u>\$ 11,009,679</u>	<u>\$ 11,125,718</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)

	2012	2013	2014	2015	2016
Revenues					
Income taxes	\$ 15,009,421	\$ 16,234,540	\$ 16,093,707	\$ 16,475,837	\$ 16,414,572
Property taxes	16,542,171	15,809,783	16,258,935	16,028,806	16,189,320
Licenses and permits	813,942	832,745	922,738	965,987	1,029,815
Intergovernmental	25,974,924	17,729,297	15,443,105	17,614,000	20,026,447
Charges for services	5,235,921	5,058,388	4,520,247	4,778,052	5,082,714
Fines and forfeitures	151,470	143,710	134,497	127,535	129,805
Investment income	648,835	110,735	559,839	555,685	501,922
Other	5,225,127	3,441,665	2,968,516	2,026,275	1,914,836
Total revenues	<u>69,601,811</u>	<u>59,360,863</u>	<u>56,901,584</u>	<u>58,572,177</u>	<u>61,289,431</u>
Expenditures					
General government	10,840,690	8,324,868	13,218,040	8,934,304	9,999,068
Public safety	25,721,232	25,856,822	25,587,422	26,469,518	27,427,085
Public works	2,422,655	1,801,123	2,152,726	2,103,888	2,571,981
Highway and streets	13,336,410	10,504,607	9,261,973	14,242,456	10,667,566
Recreation	5,396,641	5,404,433	4,784,815	5,438,183	5,495,002
Community development	5,871,937	3,729,026	1,725,369	1,452,582	1,853,905
Inspections	400,956	432,009	438,325	580,355	616,610
Unallocated	1,230,028	1,789,974	1,272,866	1,350,777	1,286,389
Debt service:					
Principal retirement	1,843,730	1,439,473	1,960,721	2,342,497	2,539,826
Interest	723,652	748,414	1,183,898	1,346,762	1,207,672
Bond issuance costs	-	-	312,339	-	-
Total expenditures	<u>67,787,931</u>	<u>60,030,749</u>	<u>61,898,494</u>	<u>64,261,322</u>	<u>63,665,104</u>
Revenues over (under) expenditures	<u>1,813,880</u>	<u>(669,886)</u>	<u>(4,996,910)</u>	<u>(5,689,145)</u>	<u>(2,375,673)</u>
Other financing sources (uses)					
Issuance of bonds and notes	-	-	15,370,000	-	12,605,000
Premium on bonds	-	-	383,666	-	860,638
Payment to refunding bond escrow agent	-	-	-	-	(13,548,312)
Transfers in	5,629,173	6,035,359	5,400,117	6,559,688	5,406,192
Transfers out	(5,931,128)	(4,598,082)	(5,445,954)	(6,246,861)	(5,294,437)
Total other financing sources (uses)	<u>(301,955)</u>	<u>1,437,277</u>	<u>15,707,829</u>	<u>312,827</u>	<u>29,081</u>
Net changes in fund balances	<u>\$ 1,511,925</u>	<u>\$ 767,391</u>	<u>\$ 10,710,919</u>	<u>\$ (5,376,318)</u>	<u>\$ (2,346,592)</u>
Debt services as a percentage of noncapital expenditures	<u>4.7%</u>	<u>4.2%</u>	<u>6.0%</u>	<u>6.8%</u>	<u>6.5%</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)

	2017	2018	2019	2020	2021
Revenues					
Income taxes	\$ 16,581,118	\$ 16,718,592	\$ 17,664,804	\$ 17,655,425	\$ 15,367,014
Property taxes	16,457,014	17,109,789	16,993,111	17,730,992	18,116,070
Licenses and permits	1,019,433	1,057,206	1,197,941	1,207,799	1,097,170
Intergovernmental	21,084,486	21,598,338	22,537,392	22,041,015	26,556,969
Charges for services	4,879,599	5,448,749	4,479,349	3,995,008	4,064,133
Fines and forfeitures	125,194	116,581	118,908	88,956	58,055
Investment income	157,485	3,800	750,741	650,868	42,482
Other	1,972,148	4,479,724	1,800,126	1,276,232	1,301,942
Total revenues	<u>62,276,477</u>	<u>66,532,779</u>	<u>65,542,372</u>	<u>64,646,295</u>	<u>66,603,835</u>
Expenditures					
General government	13,203,880	9,706,024	8,671,057	5,908,695	6,318,790
Public safety	29,417,044	41,320,776	35,080,658	32,315,635	31,986,670
Public works	2,463,778	2,873,537	2,817,820	2,735,534	2,565,138
Highway and streets	9,568,383	9,569,149	9,312,518	9,371,605	9,356,150
Recreation	5,012,445	5,220,992	3,424,227	2,751,357	2,092,693
Community development	1,126,055	1,987,820	7,707,306	3,460,685	4,938,909
Inspections	625,830	673,614	725,683	782,807	840,235
Unallocated	1,330,575	1,323,813	1,211,464	1,142,697	1,120,340
Debt service:					
Principal retirement	2,072,734	2,701,249	2,690,397	2,820,215	3,088,186
Interest	1,367,461	1,649,639	1,508,685	1,402,951	1,288,109
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>66,188,185</u>	<u>77,026,613</u>	<u>73,149,815</u>	<u>62,692,181</u>	<u>63,595,220</u>
Revenues over (under) expenditures	<u>(3,911,708)</u>	<u>(10,493,834)</u>	<u>(7,607,443)</u>	<u>1,954,114</u>	<u>3,008,615</u>
Other financing sources (uses)					
Issuance of bonds and notes	15,265,000	-	8,620,963	-	737,299
Premium on bonds	1,489,463	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	6,588,752	5,240,901	5,693,706	5,817,544	5,826,413
Transfers out	(7,315,611)	(5,405,798)	(5,755,199)	(5,489,322)	(4,838,771)
Total other financing sources (uses)	<u>16,027,604</u>	<u>(164,897)</u>	<u>8,559,470</u>	<u>328,222</u>	<u>1,724,941</u>
Net changes in fund balances	<u>\$ 12,115,896</u>	<u>\$ (10,658,731)</u>	<u>\$ 952,027</u>	<u>\$ 2,282,336</u>	<u>\$ 4,733,556</u>
Debt services as a percentage of noncapital expenditures	<u>5.9%</u>	<u>7.1%</u>	<u>6.3%</u>	<u>7.4%</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)

	2012	2013	2014	2015	2016
Revenues					
Income taxes	\$ 15,009,421	\$ 16,234,540	\$ 16,093,707	\$ 16,475,837	\$ 16,414,572
Property taxes	14,909,932	14,227,428	14,683,943	14,504,834	14,668,381
Licenses and permits	698,145	696,355	744,302	868,181	1,021,229
Intergovernmental	6,353,111	6,595,260	6,659,514	6,809,508	8,698,540
Charges for services	2,228,868	2,026,494	1,981,271	2,040,194	2,378,225
Fines and forfeitures	151,470	143,710	134,497	127,535	129,805
Investment earnings (loss)	577,687	146,653	511,395	516,880	426,096
Contributions	-	-	-	-	-
Rents and leases	-	-	-	-	-
Other	3,167,419	1,833,188	1,965,686	872,559	1,034,513
Total revenues	43,096,053	41,903,628	42,774,315	42,215,528	44,771,361
Expenditures					
General government	7,082,687	7,268,561	7,225,082	6,371,999	6,772,153
Public safety	24,741,135	25,021,620	25,303,386	25,835,041	27,204,080
Public works	2,422,655	1,801,123	2,152,726	2,103,888	2,571,981
Recreation	3,017,352	2,887,026	2,708,291	3,001,790	3,301,833
Community development	-	-	-	-	-
Non-departmental	1,230,028	1,789,974	1,272,866	1,350,777	1,286,389
Debt service:					
Principal	-			-	-
Interest	-			-	-
Total expenditures	38,493,857	38,768,304	38,662,351	38,663,495	41,136,436
Revenues over expenditures	4,602,196	3,135,324	4,111,964	3,552,033	3,634,925
Other financing sources (uses)					
Transfers in	167,792	1,056	16,600	-	106,731
Transfers out	(4,681,082)	(3,347,593)	(3,648,687)	(3,732,337)	(3,637,258)
Total other financing sources (uses)	(4,513,290)	(3,346,537)	(3,632,087)	(3,732,337)	(3,530,527)
Net changes in fund balances	\$ 88,906	\$ (211,213)	\$ 479,877	\$ (180,304)	\$ 104,398

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 5
 Unaudited

Changes in Fund Balances - General Fund

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2017	2018	2019	2020	2021
Revenues					
Income taxes	\$ 16,581,118	\$ 16,718,592	\$ 17,664,804	\$ 17,655,425	\$ 15,367,014
Property taxes	14,950,795	15,657,346	15,437,292	16,177,669	16,335,534
Licenses and permits	1,019,433	1,057,206	1,197,941	1,207,799	1,097,170
Intergovernmental	11,717,251	10,361,118	8,538,406	8,820,790	13,067,217
Charges for services	2,482,779	4,310,766	3,774,648	3,013,652	3,196,560
Fines and forfeitures	125,194	116,581	118,908	88,956	58,055
Investment earnings (loss)	145,145	(4,463)	596,605	464,299	45,958
Contributions	-	3,407	2,878	10,988	5,629
Rents and leases	-	213,991	160,897	54,001	56,261
Other	928,761	1,601,274	445,622	693,008	408,035
Total revenues	47,950,476	50,035,818	47,938,001	48,186,587	49,637,433
Expenditures					
General government	6,648,823	6,757,373	5,353,716	5,232,787	4,653,682
Public safety	29,009,596	30,488,624	31,208,161	31,502,922	31,253,817
Public works	2,463,778	2,873,537	2,817,820	2,735,534	2,565,138
Recreation	3,036,624	4,322,645	3,353,181	2,741,065	2,092,693
Community development	-	607,252	686,024	668,190	564,752
Non-departmental	1,330,575	1,323,813	1,211,464	1,142,697	1,120,340
Debt service:					
Principal	-	345,000	180,000	185,000	195,000
Interest	-	98,183	57,514	50,314	43,191
Total expenditures	42,489,396	46,816,427	44,867,880	44,258,509	42,488,613
Revenues over expenditures	5,461,080	3,219,391	3,070,121	3,928,078	7,148,820
Other financing sources (uses)					
Transfers in	21,113	201,565	-	-	62,711
Transfers out	(5,569,312)	(3,283,375)	(3,053,845)	(2,420,810)	(2,594,014)
Total other financing sources (uses)	(5,548,199)	(3,081,810)	(3,053,845)	(2,420,810)	(2,531,303)
Net changes in fund balances	\$ (87,119)	\$ 137,581	\$ 16,276	\$ 1,507,268	\$ 4,617,517

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
2021	2020	2019	\$ 1,329,501,813	\$ 1,136,179,631	\$ 129,844,418
2020	2019	2018	1,281,987,110	1,104,909,615	148,389,245
2019	2018	2017	1,257,426,739	1,076,813,647	155,035,548
2018	2017	2016	1,394,675,388	1,063,247,903	150,132,197
2017	2016	2015	1,374,803,682	1,056,829,386	162,533,256
2016	2015	2014	1,597,755,968	1,058,229,131	331,368,399
2015	2014	2013	1,580,734,432	1,071,816,975	323,079,746
2014	2013	2012	1,601,470,703	1,090,543,166	321,394,012
2013	2012	2011	1,672,651,855	1,125,760,929	324,590,974
2012	2011	2010	1,727,239,263	1,147,982,019	323,603,422

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		
2021	\$ 25,109,886	\$ 30,138	\$ 1,291,164,073	\$ 2,659,003,626	15.9340
2020	32,840,820	40,104	1,286,179,784	2,563,974,220	15.9340
2019	51,542,516	40,104	1,283,431,815	2,514,853,478	15.7490
2018	58,777,497	52,084	1,272,209,681	2,789,350,776	15.7490
2017	67,913,737	52,084	1,287,328,463	2,749,607,364	15.4190
2016	149,463,733	52,084	1,539,113,347	3,195,511,936	14.7360
2015	146,581,873	62,440	1,541,541,034	3,161,468,864	14.7360
2014	143,777,085	96,372	1,555,810,635	3,202,941,406	14.7360
2013	163,610,573	149,072	1,614,111,548	3,345,303,710	14.7360
2012	171,383,082	315,736	1,643,284,259	3,454,478,526	14.7360

concluded.

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

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

(2) Represents current values of tax abated properties.

Source: City of Battle Creek Assessor's Office.

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 7
 Unaudited

■ Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

Fiscal Year Ended June 30,	Levied July 1,	(1) City of Battle Creek			Total Direct Rate	Battle Creek Public Schools	State Education Tax
		Operating	Debt	Pension			
2021	2020	9.4870	0.5000	5.9470	15.9340	24.0000	6.0000
2020	2019	9.8460	0.5000	5.5880	15.9340	24.0000	6.0000
2019	2018	9.8460	0.5000	5.4030	15.7490	24.0000	6.0000
2018	2017	10.2400	0.5000	5.0090	15.7490	24.0000	6.0000
2017	2016	10.2400	0.5000	4.6790	15.4190	24.0000	6.0000
2016	2015	10.2400	-	4.4960	14.7360	24.3200	6.0000
2015	2014	10.3070	-	4.4290	14.7360	24.6000	6.0000
2014	2013	10.6480	-	4.0880	14.7360	24.8500	6.0000
2013	2012	10.9270	-	3.8090	14.7360	24.3400	6.0000
2012	2011	10.9880	-	3.7480	14.7360	24.3400	6.0000

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 7
 Unaudited

■ Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

Fiscal Year Ended June 30,	Calhoun Intermediate School District	Kellogg Community College	District Library	County	Totals	
					Non-Homestead	Homestead (2)
2021	6.2057	3.6136	2.0000	6.6713	64.4246	46.4246
2020	6.2057	3.6136	2.0000	6.4713	64.2246	46.2246
2019	6.2057	3.6136	2.0000	6.4713	64.0396	46.0396
2018	6.2057	3.6136	2.0000	6.4713	64.0396	46.0396
2017	6.2057	3.6136	2.0000	6.4713	63.7096	45.7096
2016	6.2057	3.6136	2.0000	6.4713	63.3466	45.3466
2015	6.2057	3.6136	2.0000	6.4713	63.6266	45.6266
2014	6.2057	3.6136	2.0000	6.4713	63.8766	45.8766
2013	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636
2012	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636

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

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

Source: City of Battle Creek Finance Department

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

Current Year and Nine Years Ago

Taxpayer	2012		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 126,108,080	1	7.67%
Consumers Energy	19,363,549	4	1.18%
Semco Energy Inc.	10,120,719	7	0.62%
Denso Manufacturing MI Inc.	40,943,615	2	2.49%
Post Foods LLC	38,057,121	3	2.32%
Musashi Auto Parts-Michigan Inc.	9,264,194	9	0.56%
Edward Rose Development Co.	-	-	0.00%
Prairie Farms Dairy Inc.	-	-	0.00%
Lakeview Square LLC	-	-	0.00%
EI-AD Arbor of Battle Creek	-	-	0.00%
Ralcorp Holdings Inc.	13,659,536	5	0.83%
5775 Beckley Road Holdings LLC	13,142,484	6	0.80%
Graphic Packaging International	9,701,153	8	0.59%
Pacific Coast Packaging Corp	8,125,985	10	0.49%
	<u>\$ 288,486,436</u>		<u>17.56%</u>

continued...

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

Current Year and Nine Years Ago

Taxpayer	2021		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 55,679,912	1	4.31%
Consumers Energy	41,835,816	2	3.24%
Semco Energy Inc.	17,436,013	3	1.35%
Denso Manufacturing MI Inc.	13,242,683	4	1.03%
Post Foods LLC	10,689,265	5	0.83%
Musashi Auto Parts-Michigan Inc.	7,963,037	6	0.62%
Edward Rose Development Co.	6,543,923	7	0.51%
Prairie Farms Dairy Inc.	6,484,572	8	0.50%
Lakeview Square LLC	6,341,309	9	0.49%
EI-AD Arbor of Battle Creek	5,991,586	10	0.46%
Ralcorp Holdings Inc.	-	-	0.00%
5775 Beckley Road Holdings LLC	-	-	0.00%
Graphic Packaging International	-	-	0.00%
Pacific Coast Packaging Corp	-	-	0.00%
	<hr/>	<hr/>	<hr/>
	<u>\$ 172,208,116</u>		<u>13.34%</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	
2021	\$ 20,170,957	\$ 20,150,624	99.90%	\$ 7,570	\$ 20,158,194	99.94%	
2020	20,052,215	20,013,011	99.80%	408	20,013,419	99.81%	
2019	19,568,359	19,528,723	99.80%	2,090	19,530,813	99.81%	
2018	19,173,957	19,127,382	99.76%	580	19,127,962	99.76%	
2017	18,905,774	18,872,333	99.82%	3,248	18,875,581	99.84%	
2016	20,813,769	20,779,353	99.83%	8,403	20,787,756	99.88%	
2015	20,686,120	20,672,222	99.93%	1,967	20,674,189	99.94%	
2014	21,005,303	20,940,399	99.69%	4,911	20,945,310	99.71%	
2013	21,447,205	21,408,738	99.82%	3,195	21,411,933	99.84%	
2012	22,158,202	22,104,514	99.76%	12,611	22,117,125	99.81%	

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	2012	2013	2014	2015	2016
In-City					
Residential	14,430	14,814	14,791	14,765	14,757
Commercial (1)	1,557	1,622	1,628	1,617	1,619
Industrial	128	129	132	131	130
	<u>16,115</u>	<u>16,565</u>	<u>16,551</u>	<u>16,513</u>	<u>16,506</u>
Outside City					
Emmett Township	649	669	669	668	675
Bedford Township	430	438	430	426	420
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,079</u>	<u>1,107</u>	<u>1,099</u>	<u>1,094</u>	<u>1,095</u>
Totals	<u>17,194</u>	<u>17,672</u>	<u>17,650</u>	<u>17,607</u>	<u>17,601</u>

continued...

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

Last Ten Fiscal Years

Type of User	2017	2018	2019	2020	2021
In-City					
Residential	14,771	14,754	14,791	14,806	14,967
Commercial (1)	1,634	1,646	1,671	1,650	1,511
Industrial	126	126	124	123	123
	<u>16,531</u>	<u>16,526</u>	<u>16,586</u>	<u>16,579</u>	<u>16,601</u>
Outside City					
Emmett Township	699	708	714	714	714
Bedford Township	428	428	429	430	429
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,127</u>	<u>1,136</u>	<u>1,143</u>	<u>1,144</u>	<u>1,144</u>
Totals	<u>17,658</u>	<u>17,662</u>	<u>17,729</u>	<u>17,723</u>	<u>17,745</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	2012	2013	2014	2015	2016
In-City					
Residential	83.92%	83.83%	83.80%	83.86%	83.84%
Commercial	9.06%	9.18%	9.22%	9.18%	9.20%
Industrial	0.74%	0.72%	0.75%	0.74%	0.74%
	<u>93.72%</u>	<u>93.73%</u>	<u>93.77%</u>	<u>93.79%</u>	<u>93.78%</u>
Outside City					
Emmett Township	3.78%	3.79%	3.79%	3.79%	3.84%
Bedford Township	2.50%	2.48%	2.44%	2.42%	2.39%
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>6.28%</u>	<u>6.27%</u>	<u>6.23%</u>	<u>6.21%</u>	<u>6.22%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

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

Last Ten Fiscal Years

Type of User	2017	2018	2019	2020	2021
In-City					
Residential	83.65%	83.54%	83.43%	83.54%	84.35%
Commercial	9.25%	9.32%	9.43%	9.31%	8.52%
Industrial	0.71%	0.71%	0.70%	0.69%	0.69%
	<u>93.62%</u>	<u>93.57%</u>	<u>93.55%</u>	<u>93.54%</u>	<u>93.56%</u>
Outside City					
Emmett Township	3.96%	4.01%	4.03%	4.03%	4.02%
Bedford Township	2.42%	2.42%	2.42%	2.43%	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>6.38%</u>	<u>6.43%</u>	<u>6.45%</u>	<u>6.46%</u>	<u>6.44%</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	2012	2013	2014	2015	2016
In-City					
Residential	\$ 3,197,288	\$ 3,410,041	\$ 3,403,962	\$ 3,478,565	\$ 3,575,598
Commercial (1)	1,886,236	2,099,206	2,092,311	2,028,652	2,243,876
Industrial	<u>2,047,362</u>	<u>2,005,796</u>	<u>2,133,970</u>	<u>2,179,161</u>	<u>2,367,369</u>
	<u>7,130,886</u>	<u>7,515,043</u>	<u>7,630,243</u>	<u>7,686,378</u>	<u>8,186,843</u>
Outside City					
Emmett Township	568,638	495,823	610,684	626,495	689,318
Bedford Township	90,044	101,866	92,695	98,325	100,731
East Leroy Township	23,539	34,188	19,460	12,481	13,024
Springfield City	252,402	275,733	333,441	272,671	266,165
Pennfield Township	<u>28,274</u>	<u>55,498</u>	<u>29,619</u>	<u>27,805</u>	<u>29,562</u>
	<u>962,897</u>	<u>963,108</u>	<u>1,085,899</u>	<u>1,037,776</u>	<u>1,098,800</u>
Totals	<u>\$ 8,093,783</u>	<u>\$ 8,478,151</u>	<u>\$ 8,716,142</u>	<u>\$ 8,724,154</u>	<u>\$ 9,285,643</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 12
Unaudited

■ Water System Revenues by User Class

Last Ten Fiscal Years

Type of User	2017	2018	2019	2020	2021
In-City					
Residential	\$ 3,724,145	\$ 3,826,075	\$ 3,871,053	\$ 3,953,830	\$ 4,172,430
Commercial (1)	2,124,857	2,102,968	2,150,138	2,140,818	2,300,744
Industrial	<u>1,939,402</u>	<u>1,579,649</u>	<u>1,651,605</u>	<u>1,777,862</u>	<u>1,882,016</u>
	<u>7,788,404</u>	<u>7,508,692</u>	<u>7,672,796</u>	<u>7,872,510</u>	<u>8,355,190</u>
Outside City					
Emmett Township	695,064	709,973	742,075	693,906	777,471
Bedford Township	99,809	105,058	107,763	108,217	113,524
East Leroy Township	11,817	11,156	12,989	13,086	15,133
Springfield City	290,922	224,405	228,116	162,726	285,116
Pennfield Township	<u>35,524</u>	<u>44,202</u>	<u>46,033</u>	<u>44,912</u>	<u>66,279</u>
	<u>1,133,136</u>	<u>1,094,794</u>	<u>1,136,976</u>	<u>1,022,847</u>	<u>1,257,524</u>
Totals	<u>\$ 8,921,540</u>	<u>\$ 8,603,486</u>	<u>\$ 8,809,772</u>	<u>\$ 8,895,357</u>	<u>\$ 9,612,713</u>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 13
 Unaudited

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

Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
In-City					
Residential	39.50%	40.22%	39.05%	39.87%	38.51%
Commercial (1)	23.30%	24.76%	24.01%	23.25%	24.17%
Industrial	25.30%	23.66%	24.48%	24.98%	25.49%
	<u>88.10%</u>	<u>88.64%</u>	<u>87.54%</u>	<u>88.10%</u>	<u>88.17%</u>
Outside City					
Emmett Township	7.03%	5.85%	7.01%	7.18%	7.42%
Bedford Township	1.11%	1.20%	1.06%	1.13%	1.08%
East Leroy Township	0.29%	0.40%	0.22%	0.14%	0.14%
Springfield City	3.12%	3.25%	3.83%	3.13%	2.87%
Pennfield Township	0.35%	0.66%	0.34%	0.32%	0.32%
	<u>11.90%</u>	<u>11.36%</u>	<u>12.46%</u>	<u>11.90%</u>	<u>11.83%</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	2017	2018	2019	2020	2021
In-City					
Residential	41.74%	44.47%	43.94%	44.45%	43.41%
Commercial (1)	23.82%	24.44%	24.41%	24.07%	23.93%
Industrial	21.74%	18.36%	18.75%	19.98%	19.57%
	<u>87.30%</u>	<u>87.27%</u>	<u>87.09%</u>	<u>88.50%</u>	<u>86.91%</u>
Outside City					
Emmett Township	7.79%	8.25%	8.42%	7.80%	8.09%
Bedford Township	1.12%	1.22%	1.22%	1.22%	1.18%
East Leroy Township	0.13%	0.13%	0.15%	0.15%	0.16%
Springfield City	3.26%	2.61%	2.59%	1.83%	2.97%
Pennfield Township	0.40%	0.51%	0.52%	0.50%	0.69%
	<u>12.70%</u>	<u>12.73%</u>	<u>12.91%</u>	<u>11.50%</u>	<u>13.09%</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	2012	2013	2014	2015 (2)	2016 (2)
In-City					
Residential	110,428,535	128,321,154	113,821,573	105,232,458	96,499,847
Commercial (1)	94,180,609	108,996,437	101,258,848	91,052,374	95,356,781
Industrial	135,043,271	130,981,050	131,575,143	127,625,133	127,002,299
	<u>339,652,415</u>	<u>368,298,641</u>	<u>346,655,564</u>	<u>323,909,965</u>	<u>318,858,927</u>
Outside City					
Emmett Township	20,989,946	22,861,381	25,097,179	23,111,371	23,441,862
Bedford Township	3,387,117	3,989,779	3,281,149	3,127,698	2,888,704
Springfield City	20,084,605	20,452,628	18,474,474	16,888,944	16,888,943
Pennfield Township	2,506,600	2,238,500	2,223,900	2,123,500	2,164,000
	<u>46,968,268</u>	<u>49,542,288</u>	<u>49,076,702</u>	<u>45,251,513</u>	<u>45,383,509</u>
Totals	<u>386,620,683</u>	<u>417,840,929</u>	<u>395,732,266</u>	<u>369,161,478</u>	<u>364,242,436</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	2017	2018	2019	2020	2021
In-City					
Residential	109,281,509	106,630,876	103,873,324	101,247,759	110,045,782
Commercial (1)	90,252,021	89,941,367	85,985,666	80,523,471	83,408,109
Industrial	113,625,946	102,822,926	104,534,592	110,750,621	117,380,631
	<u>313,159,476</u>	<u>299,395,169</u>	<u>294,393,582</u>	<u>292,521,851</u>	<u>310,834,522</u>
Outside City					
Emmett Township	25,738,764	27,512,531	29,987,370	23,612,244	25,784,938
Bedford Township	2,820,489	3,110,360	3,090,877	2,717,530	2,894,348
Springfield City	17,389,269	17,243,502	16,925,328	19,146,343	18,010,490
Pennfield Township	2,199,500	2,255,800	2,218,600	2,213,400	2,157,900
	<u>48,148,022</u>	<u>50,122,193</u>	<u>52,222,175</u>	<u>47,689,517</u>	<u>48,847,676</u>
Totals	<u>361,307,498</u>	<u>349,517,362</u>	<u>346,615,757</u>	<u>340,211,368</u>	<u>359,682,198</u>

concluded.

(1) This class includes commercial and governmental users.

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

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 15
 Unaudited

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

Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
In-City					
Residential	28.56%	30.71%	28.76%	28.51%	26.49%
Commercial (1)	24.36%	26.09%	25.59%	24.66%	26.18%
Industrial	34.93%	31.35%	33.25%	34.57%	34.87%
	<u>87.85%</u>	<u>88.15%</u>	<u>87.60%</u>	<u>87.74%</u>	<u>87.54%</u>
Outside City					
Emmett Township	5.43%	5.47%	6.34%	6.26%	6.44%
Bedford Township	0.88%	0.95%	0.83%	0.85%	0.79%
Springfield City	5.19%	4.89%	4.67%	4.57%	4.64%
Pennfield Township	0.65%	0.54%	0.56%	0.58%	0.59%
	<u>12.15%</u>	<u>11.85%</u>	<u>12.40%</u>	<u>12.26%</u>	<u>12.46%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

CITY OF BATTLE CREEK, 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	2017	2018	2019	2020	2021
In-City					
Residential	30.25%	30.51%	29.97%	29.76%	30.60%
Commercial (1)	24.98%	25.73%	24.81%	23.67%	23.19%
Industrial	31.45%	29.42%	30.16%	32.55%	32.63%
	<u>86.67%</u>	<u>85.66%</u>	<u>84.93%</u>	<u>85.98%</u>	<u>86.42%</u>
Outside City					
Emmett Township	7.12%	7.87%	8.65%	6.94%	7.17%
Bedford Township	0.78%	0.89%	0.89%	0.80%	0.80%
Springfield City	4.81%	4.93%	4.88%	5.63%	5.01%
Pennfield Township	0.61%	0.65%	0.64%	0.65%	0.60%
	<u>13.33%</u>	<u>14.34%</u>	<u>15.07%</u>	<u>14.02%</u>	<u>13.58%</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 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
2021	413,315,508	0.20%	359,682,198	5.72%	87.02%
2020	412,501,337	-2.05%	340,211,368	-1.85%	82.48%
2019	421,137,701	-7.23%	346,615,757	-0.83%	82.30%
2018	453,945,187	-0.51%	349,517,362	-3.26%	77.00%
2017	456,264,706	-2.34%	361,307,498	-0.81%	79.19%
2016	467,175,134	1.93%	364,242,436	-1.33%	77.97%
2015	458,343,805	-3.76%	369,161,478	-6.71%	80.54%
2014	476,232,936	-0.45%	395,732,266	-5.29%	83.10%
2013	478,366,477	-6.11%	417,840,929	8.08%	87.35%
2012	509,471,267	5.72%	386,620,683	-0.01%	75.89%

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, 2021

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Post Foods	Breakfast Foods	33,437,687	9.30%	\$ 465,264	4.84%
Kellogg Company - Plant	Breakfast Foods	29,225,642	8.13%	396,842	4.13%
Prairie Farms Dairy	Dairy Processing	12,869,347	3.58%	185,503	1.93%
Graphic Packaging/MI Paperboard	Paper Mill	12,544,617	3.49%	177,785	1.85%
Fire Keepers Casino	Gambling/Entertainment	8,201,300	2.28%	156,373	1.63%
Rock-Tenn/Waldorf Corp	Paperboard	5,569,970	1.55%	55,277	0.58%
Denso Mfg - Michigan	Automotive Parts	5,338,537	1.48%	105,231	1.09%
Bronson Battle Creek	Medical Services	3,545,625	0.99%	76,253	0.79%
VA Medical Center - Hospital	Medical Services	3,185,041	0.89%	91,832	0.96%
City of Battle Creek - WWTP	Government	3,092,600	0.86%	46,667	0.49%
Ft Custer Trng Ctr-Milt&Vet Affrs	Government	2,359,299	0.66%	36,108	0.38%
Calhoun County Justice Center	Government-Jails/Courts	1,946,720	0.54%	32,360	0.34%
Adient (fka Johnson Controls)	Heating & Venting	1,678,081	0.47%	36,313	0.38%
Gallagher Laundry	Laundry	1,628,588	0.45%	26,553	0.28%
Advantage Sintered Metals	Automotive Parts	1,537,789	0.43%	24,352	0.25%
Kellogg Company - Research	Food Research	1,362,673	0.38%	32,742	0.34%
Pedcor Investments (Teal Run Apts)	Apartment Complex	1,302,300	0.36%	19,124	0.20%
River Oaks Apts	Apartment Complex	1,155,700	0.32%	17,242	0.18%
Musashi Auto Parts Inc	Automotive Parts	1,146,200	0.32%	44,912	0.47%
Silver Star Apts	Apartment Complex	1,124,309	0.31%	18,969	0.20%
Totals		132,252,025	36.77%	\$ 2,045,702	21.28%

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)									
	2012	2013	2014	2015	2016				
Inside City									
0 to 4,410,000	\$ 1.39	\$ 1.46	\$ 1.53	\$ 1.60	\$ 1.68				
4,410,001 to 11,000,000	0.07	0.71	0.74	0.78	0.82				
Over 11,000,000	1.02	1.07	1.12	1.18	1.24				
Outside City (bulk rate)									
Pennfield Township	1.01	1.06	1.11	1.17	1.23				
Springfield City	1.39	1.46	1.53	1.60	1.68				
Monthly Readiness-to-Serve Charge (2)									
(Fiscal Year Ending June 30)									
	2012	2013	2014	2015	2016				
Inside City									
5/8"	\$ 7.97	\$ 8.37	\$ 8.79	\$ 9.23	\$ 9.69				
3/4" or less	10.00	10.50	11.02	11.57	12.15				
1"	14.04	14.74	15.48	16.25	17.06				
1.5"	24.14	25.35	26.61	27.94	29.34				
2"	36.27	38.08	39.98	41.98	44.08				
3"	64.56	67.79	71.18	74.74	78.48				
4"	104.99	110.24	115.75	121.54	127.62				
6"	206.05	216.35	227.17	238.53	250.46				
8"	327.33	343.69	360.88	378.92	397.87				
10"	468.81	492.26	516.87	542.71	569.85				
Monthly Fire Sprinkler Charges (3)									
(Fiscal Year Ending June 30)									
	2012	2013	2014	2015	2016				
Inside City									
2"	\$ 5.95	\$ 6.25	\$ 6.56	\$ 6.89	\$ 7.24				
3"	11.15	11.71	12.29	12.91	13.55				
4"	18.61	19.54	20.51	21.54	22.62				
6"	37.18	39.04	40.99	43.04	45.19				
8"	59.51	62.49	65.61	68.89	72.34				
10"	85.55	89.83	94.32	99.04	103.99				

(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)

	2017 (4)	2018	2019	2020	2021
\$	1.16	\$ 1.20	\$ 1.24	\$ 1.27	\$ 1.31
	1.16	1.20	1.24	1.27	1.31
	1.16	1.20	1.24	1.27	1.31
	1.78	1.78	1.78	1.78	1.86
	1.16	1.20	1.24	1.31	1.39

Monthly Readiness-to-Serve Charge (2)

(Fiscal Year Ending June 30)

	2017 (4)	2018	2019	2020	2021
\$	12.19	\$ 12.51	\$ 12.51	\$ 13.15	\$ 13.47
	16.94	17.35	17.76	18.18	18.59
	26.43	27.02	27.62	28.23	28.82
	50.15	51.22	52.28	53.35	54.42
	78.63	80.25	81.87	83.50	85.13
	145.06	147.99	150.92	153.86	156.79
	239.97	244.77	249.56	254.36	259.16
	477.25	486.71	496.16	505.63	515.08
	761.98	777.03	792.08	807.14	822.20
	1,094.16	1,115.74	1,137.32	1,158.91	1,180.49

Monthly Fire Sprinkler Charges (3)

(Fiscal Year Ending June 30)

	2017 (4)	2018	2019	2020	2021
\$	7.60	\$ 7.98	\$ 8.38	\$ 8.80	\$ 9.24
	14.23	14.94	15.69	16.47	17.29
	23.75	24.94	26.19	27.49	28.87
	47.45	49.82	52.31	54.93	57.68
	75.96	79.75	83.74	87.93	92.33
	109.19	114.65	120.38	126.40	132.72

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

Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
In-City					
Residential	15,304	15,812	15,785	15,745	15,734
Commercial (1)	1,500	1,570	1,576	1,570	1,580
Industrial	119	119	122	121	120
	<u>16,923</u>	<u>17,501</u>	<u>17,483</u>	<u>17,436</u>	<u>17,434</u>
Outside City					
Emmett Township	1,690	1,660	1,683	1,681	1,685
Bedford Township	553	563	553	549	543
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,243</u>	<u>2,223</u>	<u>2,236</u>	<u>2,230</u>	<u>2,228</u>
Totals	<u>19,166</u>	<u>19,724</u>	<u>19,719</u>	<u>19,666</u>	<u>19,662</u>

continued...

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

Last Ten Fiscal Years

Type of User	2017	2018	2019	2020	2021
In-City					
Residential	15,740	15,707	15,735	15,764	15,945
Commercial (1)	1,583	1,613	1,631	1,615	1,471
Industrial	117	118	116	116	116
	<u>17,440</u>	<u>17,438</u>	<u>17,482</u>	<u>17,495</u>	<u>17,532</u>
Outside City					
Emmett Township	1,688	1,686	1,690	1,688	1,687
Bedford Township	551	551	554	555	557
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,239</u>	<u>2,237</u>	<u>2,244</u>	<u>2,243</u>	<u>2,244</u>
Totals	<u>19,679</u>	<u>19,675</u>	<u>19,726</u>	<u>19,738</u>	<u>19,776</u>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

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

Last Ten Fiscal Years Ended June 30, 2021

Type of User	2012	2013	2014	2015	2016
In-City					
Residential	79.85%	80.17%	80.05%	80.06%	80.02%
Commercial (1)	7.83%	7.96%	7.99%	7.98%	8.04%
Industrial	0.62%	0.60%	0.62%	0.62%	0.61%
	<u>88.30%</u>	<u>88.73%</u>	<u>88.66%</u>	<u>88.66%</u>	<u>88.67%</u>
Outside City					
Emmett Township	8.82%	8.42%	8.53%	8.55%	8.57%
Bedford Township	2.88%	2.85%	2.80%	2.79%	2.76%
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>11.70%</u>	<u>11.27%</u>	<u>11.34%</u>	<u>11.34%</u>	<u>11.33%</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, 2021

Type of User	2017	2018	2019	2020	2021
In-City					
Residential	79.98%	79.83%	79.77%	79.87%	80.63%
Commercial (1)	8.04%	8.20%	8.27%	8.18%	7.44%
Industrial	0.59%	0.60%	0.59%	0.59%	0.59%
	<u>88.62%</u>	<u>88.63%</u>	<u>88.62%</u>	<u>88.64%</u>	<u>88.65%</u>
Outside City					
Emmett Township	8.58%	8.57%	8.57%	8.55%	8.53%
Bedford Township	2.80%	2.80%	2.81%	2.81%	2.82%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>11.38%</u>	<u>11.37%</u>	<u>11.38%</u>	<u>11.36%</u>	<u>11.35%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 21
 Unaudited

■ Wastewater System Revenues by User Class

Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
In-City					
Residential	\$ 4,323,322	\$ 4,450,077	\$ 4,764,798	\$ 4,941,109	\$ 5,139,653
Commercial (1)	2,340,662	2,385,212	2,592,433	2,576,867	2,771,042
Industrial	<u>5,220,780</u>	<u>5,815,387</u>	<u>5,564,090</u>	<u>6,810,953</u>	<u>7,429,068</u>
	<u>11,884,764</u>	<u>12,650,676</u>	<u>12,921,321</u>	<u>14,328,929</u>	<u>15,339,763</u>
Outside City					
Emmett Township	852,108	905,189	1,087,836	1,137,984	1,221,559
Bedford Township	236,027	130,388	228,892	241,437	248,684
East Leroy Township	24,345	35,571	16,971	11,468	11,988
Springfield City	536,885	557,175	586,192	595,998	582,021
Pennfield Township	<u>519,595</u>	<u>545,549</u>	<u>551,887</u>	<u>570,497</u>	<u>621,812</u>
	<u>2,168,960</u>	<u>2,173,872</u>	<u>2,471,778</u>	<u>2,557,384</u>	<u>2,686,064</u>
Totals	<u>\$ 14,053,724</u>	<u>\$ 14,824,548</u>	<u>\$ 15,393,099</u>	<u>\$ 16,886,313</u>	<u>\$ 18,025,827</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 21
 Unaudited

■ Wastewater System Revenues by User Class

Last Ten Fiscal Years

Type of User	2017	2018	2019	2020	2021
In-City					
Residential	\$ 5,148,865	\$ 5,432,302	\$ 5,637,868	\$ 5,869,353	\$ 6,238,700
Commercial (1)	2,841,250	3,132,960	2,961,203	3,242,680	3,490,002
Industrial	<u>6,115,683</u>	<u>5,908,955</u>	<u>5,833,930</u>	<u>7,136,176</u>	<u>7,775,654</u>
	<u>14,105,798</u>	<u>14,474,217</u>	<u>14,433,001</u>	<u>16,248,209</u>	<u>17,504,356</u>
Outside City					
Emmett Township	1,090,616	1,026,430	1,081,177	1,202,641	1,418,201
Bedford Township	211,904	190,646	229,160	259,229	279,514
East Leroy Township	11,036	11,085	13,613	13,978	16,936
Springfield City	696,193	487,718	573,952	502,982	714,152
Pennfield Township	<u>550,298</u>	<u>489,705</u>	<u>557,253</u>	<u>622,752</u>	<u>603,539</u>
	<u>2,560,047</u>	<u>2,205,584</u>	<u>2,455,155</u>	<u>2,601,582</u>	<u>3,032,342</u>
Totals	<u>\$ 16,665,845</u>	<u>\$ 16,679,801</u>	<u>\$ 16,888,156</u>	<u>\$ 18,849,791</u>	<u>\$ 20,536,698</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	2012	2013	2014	2015	2016
In-City					
Residential	30.76%	30.02%	30.95%	29.26%	28.51%
Commercial (1)	16.66%	16.09%	16.84%	15.26%	15.37%
Industrial	37.15%	39.23%	36.15%	40.33%	41.21%
	<u>84.57%</u>	<u>85.34%</u>	<u>83.94%</u>	<u>84.86%</u>	<u>85.10%</u>
Outside City					
Emmett Township	6.06%	6.11%	7.07%	6.74%	6.78%
Bedford Township	1.68%	0.88%	1.49%	1.43%	1.38%
East Leroy Township	0.17%	0.24%	0.11%	0.07%	0.07%
Springfield City	3.82%	3.76%	3.81%	3.53%	3.23%
Pennfield Township	3.70%	3.68%	3.59%	3.38%	3.45%
	<u>15.43%</u>	<u>14.66%</u>	<u>16.06%</u>	<u>15.14%</u>	<u>14.90%</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 22
 Unaudited

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

Last Ten Fiscal Years

Type of User	2017	2018	2019	2020	2021
In-City					
Residential	30.89%	32.57%	33.38%	31.14%	30.38%
Commercial (1)	17.05%	18.78%	17.53%	17.20%	16.99%
Industrial	36.70%	35.43%	34.54%	37.86%	37.86%
	<u>84.64%</u>	<u>86.78%</u>	<u>85.46%</u>	<u>86.20%</u>	<u>85.23%</u>
Outside City					
Emmett Township	6.54%	6.15%	6.40%	6.38%	6.91%
Bedford Township	1.27%	1.14%	1.36%	1.38%	1.36%
East Leroy Township	0.07%	0.07%	0.08%	0.07%	0.08%
Springfield City	4.18%	2.92%	3.40%	2.67%	3.48%
Pennfield Township	3.30%	2.94%	3.30%	3.30%	2.94%
	<u>15.36%</u>	<u>13.22%</u>	<u>14.54%</u>	<u>13.80%</u>	<u>14.77%</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)
2021	19,776	2,176	2,901
2020	19,738	2,110	3,285
2019	19,726	2,205	3,164
2018	19,675	2,182	3,237
2017	19,679	2,200	3,165
2016	19,662	2,237	3,158
2015	19,666	2,216	3,127
2014	19,719	2,287	3,233
2013	19,724	2,356	3,043
2012	19,166	2,278	3,380

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	2012	2013	2014	2015 (2)	2016 (2)
In-City					
Residential	115,628,965	121,420,791	118,523,455	111,516,777	109,037,746
Commercial (1)	76,113,173	79,329,661	80,966,406	74,033,282	80,135,131
Industrial	45,466,669	43,565,656	37,475,733	43,364,117	41,786,764
	<u>237,208,807</u>	<u>244,316,108</u>	<u>236,965,594</u>	<u>228,914,176</u>	<u>230,959,641</u>
Outside City					
Emmett Township	28,112,337	32,937,121	32,620,458	30,937,747	31,523,803
Bedford Township	5,798,143	5,866,583	5,462,014	5,251,629	5,014,441
Springfield City	17,028,636	16,822,846	16,791,021	16,858,507	16,326,066
Pennfield Township	16,344,800	14,984,100	14,855,300	15,111,650	15,230,642
	<u>67,283,916</u>	<u>70,610,650</u>	<u>69,728,793</u>	<u>68,159,533</u>	<u>68,094,952</u>
Totals	<u>304,492,723</u>	<u>314,926,758</u>	<u>306,694,387</u>	<u>297,073,709</u>	<u>299,054,593</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	2017	2018	2019	2020	2021
In-City					
Residential	114,331,877	112,157,156	109,764,654	107,918,337	116,380,311
Commercial (1)	76,958,752	75,611,297	75,207,462	68,801,690	67,770,882
Industrial	33,223,800	33,052,416	38,215,999	39,091,900	39,625,132
	<u>224,514,429</u>	<u>220,820,869</u>	<u>223,188,115</u>	<u>215,811,927</u>	<u>223,776,325</u>
Outside City					
Emmett Township	32,901,531	33,767,468	35,373,893	30,081,969	30,875,709
Bedford Township	6,382,474	6,543,986	6,883,023	6,543,615	6,860,185
Springfield City	15,711,208	15,892,464	14,779,666	15,207,078	15,058,012
Pennfield Township	14,531,008	14,724,732	14,576,875	14,487,868	14,289,260
	<u>69,526,221</u>	<u>70,928,650</u>	<u>71,613,457</u>	<u>66,320,530</u>	<u>67,083,166</u>
Totals	<u>294,040,650</u>	<u>291,749,519</u>	<u>294,801,572</u>	<u>282,132,457</u>	<u>290,859,491</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, 2021

Type of User	2012	2013	2014	2015	2016
In-City					
Residential	37.97%	38.56%	38.65%	37.54%	36.46%
Commercial (1)	25.00%	25.19%	26.40%	24.92%	26.80%
Industrial	14.93%	13.83%	12.22%	14.60%	13.97%
	<u>77.90%</u>	<u>77.58%</u>	<u>77.26%</u>	<u>77.06%</u>	<u>77.23%</u>
Outside City					
Emmett Township	9.23%	10.46%	10.64%	10.41%	10.54%
Bedford Township	1.90%	1.86%	1.78%	1.77%	1.68%
Springfield City	5.60%	5.34%	5.47%	5.67%	5.46%
Pennfield Township	5.37%	4.76%	4.84%	5.09%	5.09%
	<u>22.10%</u>	<u>22.42%</u>	<u>22.74%</u>	<u>22.94%</u>	<u>22.77%</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, 2021

Type of User	2017	2018	2019	2020	2021
In-City					
Residential	38.88%	38.44%	37.23%	38.25%	40.01%
Commercial (1)	26.17%	25.92%	25.51%	24.39%	23.30%
Industrial	11.30%	11.33%	12.96%	13.85%	13.62%
	<u>76.35%</u>	<u>75.69%</u>	<u>75.71%</u>	<u>76.49%</u>	<u>76.93%</u>
Outside City					
Emmett Township	11.19%	11.57%	12.00%	10.66%	10.62%
Bedford Township	2.17%	2.24%	2.33%	2.32%	2.36%
Springfield City	5.34%	5.45%	5.01%	5.39%	5.18%
Pennfield Township	4.94%	5.05%	4.94%	5.14%	4.91%
	<u>23.65%</u>	<u>24.31%</u>	<u>24.29%</u>	<u>23.51%</u>	<u>23.07%</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, 2021

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Graphic Packaging/MI Paperboard	Paper Mill	21,607,233	7.43%	\$ 1,999,296	9.74%
Kellogg Company - Plant	Breakfast Foods	21,952,807	7.55%	1,284,909	6.26%
Post Foods	Breakfast Foods	20,915,032	7.19%	1,287,256	6.27%
Rock-Tenn/Waldorf Corp	Paperboard	10,666,257	3.67%	1,020,359	4.97%
Prairie Farms Dairy	Dairy Processing	12,869,347	4.42%	460,098	2.24%
Fire Keepers Casino	Gambling/Entertainment	7,087,100	2.44%	314,879	1.53%
Denso Manufacturing	Automotive Parts	5,338,537	1.84%	197,777	0.96%
VA Medical Center - Hospital	Medical Services	3,763,667	1.29%	169,886	0.83%
Bronson Battle Creek Health Sys.	Medical Services	3,131,700	1.08%	121,440	0.59%
Ft Custer Training Center	Govt-Military Training	2,359,299	0.81%	86,797	0.42%
Calhoun County Justice Center	Government-Jails/Courts	1,946,720	0.67%	74,573	0.36%
Adient (fka Johnson Controls)	Heating & Venting	1,678,081	0.58%	64,986	0.32%
Gallagher Laundry	Laundry Services	1,564,588	0.54%	57,882	0.28%
Advantage Sintered Metals	Automotive Parts	1,537,789	0.53%	56,999	0.28%
Pedcor Investments (Teal Run)	Apartment Complex	1,302,300	0.45%	46,310	0.23%
Parkway Manor	Apartment Complex	1,026,700	0.35%	43,733	0.21%
Springview Tower	Apartment Complex	1,089,200	0.37%	41,382	0.20%
River Oaks Apts	Apartment Complex	1,155,700	0.40%	41,338	0.20%
VA Medical Center - Laundry	Laundry Services	1,070,400	0.37%	40,716	0.20%
Kellogg Company - Research	Food Research	926,873	0.32%	39,839	0.19%
Totals		122,989,330	42.28%	\$ 7,450,455	36.28%

(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, 2021

Fiscal Year Ended June 30,	Kellogg Company - Plant		Graphic Packaging/ MI Paperboard		Post Foods	
	Consumption	Revenue	Consumption	Revenue	Consumption	Revenue
2021	21,952,807	\$ 1,284,909	21,607,233	\$ 1,999,296	20,915,032	\$ 1,287,256
2020	19,764,572	1,085,083	21,128,289	1,576,120	13,732,594	880,383
2019	20,057,298	972,760	19,787,487	1,575,543	17,557,283	982,794
2018	26,335,561	1,298,942	15,354,074	1,198,843	15,226,777	940,847
2017	33,097,513	1,836,219	19,500,504	1,318,531	18,678,676	1,012,752
2016	37,451,373	2,054,596	20,810,403	1,353,332	18,665,795	1,064,837
2015	36,730,863	2,145,752	20,691,327	1,204,360	17,275,989	957,122
2014	40,663,447	1,881,377	19,534,989	1,026,706	20,099,514	1,239,005
2013	36,616,531	1,700,951	21,209,655	1,075,708	16,555,655	1,187,606
2012	39,537,470	1,664,917	18,827,932	842,539	18,013,957	1,115,070

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, 2011 to June 30, 2021

Commodity Charge

Date	Regular Commodity Rate (per ccf or 750 gallons)
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
July 1, 2020 – June 30, 2021	\$3.349

Monitoring Charge

Date	Monitoring Charge (per sample)
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
July 1, 2020 – June 30, 2021	\$211.02

continued...

Source: City of Battle Creek Finance Department

Readiness to Serve Charges

Inside City and Outside City Customers Billed by City

Meter Size	July 1, 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	July 1, 2015 to Dec 31, 2016
5/8"	\$10.66	\$11.19	\$11.75	\$12.34	\$12.95
3/4"	\$14.06	\$14.76	\$15.50	\$16.28	\$17.08
1"	\$20.86	\$21.91	\$23.00	\$24.15	\$25.36
1.5"	\$37.87	\$39.77	\$41.76	\$43.84	\$46.04
2"	\$58.29	\$61.20	\$64.26	\$67.47	\$70.85
3"	\$105.91	\$111.21	\$116.77	\$122.61	\$128.74
4"	\$173.95	\$182.65	\$191.78	\$201.37	\$211.44
6"	\$344.05	\$361.26	\$379.32	\$398.28	\$418.20
8"	\$548.17	\$575.58	\$604.36	\$634.58	\$666.31
10"	\$786.31	\$825.63	\$866.91	\$910.26	\$955.77

Meter Size	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	July 1, 2020 to June 30, 2021
5/8"	\$11.32	\$11.89	\$12.46	\$13.03	\$13.60
3/4"	\$16.01	\$16.83	\$17.65	\$18.47	\$19.29
1"	\$25.38	\$26.70	\$28.02	\$29.34	\$30.66
1.5"	\$48.80	\$51.37	\$53.94	\$56.51	\$59.08
2"	\$76.91	\$80.98	\$85.05	\$89.12	\$93.19
3"	\$142.50	\$150.07	\$157.64	\$165.21	\$172.78
4"	\$236.20	\$248.77	\$261.34	\$273.91	\$286.48
6"	\$470.45	\$495.52	\$520.59	\$545.66	\$570.73
8"	\$751.55	\$791.62	\$831.69	\$871.76	\$911.83
10"	\$1,079.50	\$1,137.07	\$1,194.64	\$1,252.21	\$1,309.78

continued...

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Current Wastewater Rates

From July 1, 2011 to June 30, 2021

BOD and Suspended Solids Charges

Date	BOD Charge (per pound)	Suspended Solids Charge (per pound)
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
July 1, 2020 – June 30, 2021	\$0.2149	0.2613

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, 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
July 1, 2020 – June 30, 2021	\$0.00

continued...

Source: City of Battle Creek Finance Department

Outside City Performing Their Own Billing

Meter Size	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	July 1, 2015 to Dec. 31, 2016
5/8"	\$6.80	\$7.14	\$7.50	\$7.88	\$8.27
3/4"	\$10.21	\$10.72	\$11.25	\$11.81	\$12.41
1"	\$17.01	\$17.86	\$18.75	\$19.69	\$20.68
1.5"	\$34.02	\$35.72	\$37.51	\$39.38	\$41.35
2"	\$54.43	\$57.15	\$60.01	\$63.01	\$66.16
3"	\$102.06	\$107.16	\$112.52	\$118.15	\$124.05
4"	\$170.10	\$178.61	\$187.54	\$196.91	\$206.76
6"	\$340.20	\$357.21	\$375.07	\$393.82	\$413.52
8"	\$544.32	\$571.54	\$600.11	\$630.12	\$661.62
10"	\$782.46	\$821.58	\$862.66	\$905.80	\$951.09

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

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Ratios of Total Outstanding Debt

Last Ten Fiscal Years

Year	Governmental Activities			Business-type Activities			Total Primary Government
	General Obligation Bonds	Installment Obligations	Promissory Note	General Obligation Bonds	Revenue Bonds (1)	Capital Leases	
2021	\$ 30,265,202	\$ 1,277,342	\$ 8,620,963	\$ -	\$ 14,274,182	\$ -	\$ 54,437,689
2020	32,982,118	1,003,533	8,620,963	-	15,747,651	-	58,354,265
2019	35,594,034	1,444,746	8,620,963	-	17,181,120	-	62,840,863
2018	38,090,950	1,870,522	-	-	18,579,589	42,626	58,583,687
2017	40,612,866	2,281,561	-	-	19,943,058	83,072	62,920,557
2016	25,687,717	2,183,807	-	-	5,545,073	185,573	33,602,170
2015	27,208,801	2,404,545	-	-	7,650,827	323,650	37,587,823
2014	29,329,373	2,667,042	-	-	9,718,581	494,130	42,209,126
2013	15,326,278	3,084,762	-	-	11,533,335	656,732	30,601,107
2012	16,545,805	3,479,235	-	-	12,865,000	855,100	33,745,140

(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
1.01%	\$ 1,032.56
1.08%	1,133.64
1.21%	1,226.23
1.14%	1,142.29
1.27%	1,220.95
0.71%	651.34
0.76%	725.17
0.88%	814.09
0.64%	590.21
0.70%	650.20

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 29b
 Unaudited

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Year	General Bonded Debt Outstanding						% of Actual Taxable Value of Property	Per Capita		
	Governmental Activities		Business-type Activities		Net General Bonded Debt	% of Personal Income				
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds							
2021	\$ 30,265,202	\$ (7,500)	-	\$ 30,257,702	0.56%	2.34%	\$ 574.06			
2020	32,982,118	(8,825)	-	32,973,293	0.61%	2.56%	640.74			
2019	35,594,034	(7,388)	-	35,586,646	0.69%	2.77%	694.56			
2018	38,090,950	(510,217)	-	37,580,733	0.74%	2.95%	742.72			
2017	40,612,866	(8,950)	-	40,603,916	0.82%	3.15%	788.08			
2016	25,687,717	(9,160)	-	25,678,557	0.54%	1.67%	497.93			
2015	27,208,801	(104,025)	-	27,104,776	0.55%	1.76%	524.93			
2014	29,329,373	(17,300)	-	29,312,073	0.61%	1.88%	565.68			
2013	15,326,278	(9,300)	-	15,316,978	0.32%	0.95%	295.60			
2012	16,545,805	(9,300)	-	16,536,505	0.34%	1.01%	318.80			

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, 2021

	(1) Net Debt Outstanding	Percentage Applicable to City of Battle Creek	Amount Applicable to City of Battle Creek
Direct:			
City issued bonded debt (2)	\$ 30,265,202	100.00%	\$ 30,265,202
Installment obligations	1,277,342	100.00%	1,277,342
Promissory note	8,620,963	100.00%	<u>8,620,963</u>
			<u>40,163,507</u>
Overlapping: (3)			
Lakeview School District	85,517,828	100.00%	85,517,828
Battle Creek Public Schools	42,785,000	69.64%	29,795,474
Calhoun County	96,431,600	33.54%	32,343,159
Kellogg Community College	10,850,000	33.37%	3,620,645
Pennfield School District	26,340,970	3.90%	1,027,298
Climax-Scotts School District	11,120,365	3.79%	421,462
Harper Creek School District	54,595,924	0.24%	131,030
Kalamazoo Valley Community College	6,410,000	0.05%	3,205
Willard Public Library	225,000	54.82%	<u>123,345</u>
			<u>152,983,446</u>
Total direct and overlapping debt			<u>\$ 193,146,953</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	\$ 1,433,929,528
State Equalized Value - tax abated property:	
Industrial Facilities	25,426,662
Neighborhood Enterprise Zone	<u>30,138</u>
Total State Equalized Value (SEV)	<u>\$ 1,459,386,328</u>
Legal debt limit (10% of SEV)	\$ 145,938,633
Outstanding debt subject to limitation	\$ 72,680,000
Less exempt obligations	<u>(6,705,000)</u>
	<u>65,975,000</u>
Legal debt margin	<u>\$ 79,963,633</u>
Debt subject to limitation as a percent of SEV	<u>4.52%</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
2021	\$ 145,938,633	\$ 65,975,000	\$ 79,963,633	45.21%
2020	143,041,559	71,400,000	71,641,559	49.92%
2019	141,252,335	76,585,000	64,667,335	54.22%
2018	139,467,539	81,970,000	57,497,539	58.77%
2017	137,480,368	87,045,000	50,435,368	63.31%
2016	159,775,597	67,035,000	92,740,597	41.96%
2015	158,073,443	74,512,544	83,560,899	47.14%
2014	160,147,070	81,122,042	79,025,028	50.65%
2013	167,265,186	86,884,761	80,380,425	51.94%
2012	172,723,926	70,681,234	102,042,692	40.92%

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
2021	\$ 31,579,768	\$ 21,858,307	\$ 9,721,461	\$ 2,031,089	4.79
2020	29,477,961	20,546,942	8,931,019	2,039,538	4.38
2019	27,303,704	20,547,371	6,756,333	2,048,609	3.30
2018	26,424,364	19,585,368	6,838,996	2,055,335	3.33
2017	26,703,276	19,371,198	7,332,078	2,214,162	3.31
2016	28,647,154	18,478,024	10,169,130	2,210,990	4.60
2015	26,653,760	16,625,760	10,028,000	2,208,762	4.54
2014	25,174,150	16,432,935	8,741,215	2,265,350	3.86
2013	24,197,436	15,601,499	8,595,937	2,265,125	3.79
2012	23,225,329	15,793,089	7,432,240	2,455,437	3.03

(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
2021	52,721	\$ 5,400,823	\$ 40,257	6.80%
2020	51,475	5,416,654	40,276	15.30%
2019	51,247	5,188,500	38,683	4.60%
2018	51,286	5,118,164	38,086	4.50%
2017	51,534	4,963,912	36,958	4.40%
2016	51,589	4,732,090	35,084	4.40%
2015	51,833	4,923,591	36,468	5.40%
2014	51,848	4,812,597	35,623	6.70%
2013	51,848	4,812,597	35,623	8.40%
2012	51,900	4,812,597	35,623	11.20%

(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	2012		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	1,759	2	7.83%
Kellogg Company	2,500	1	11.13%
Veterans Administration Med Center	1,300	4	5.79%
Hart-Doyle-Inouye Federal Center	1,206	6	5.37%
Bronson Battle Creek	1,400	3	6.23%
Fort Custer Training Center	-	-	0.00%
TRMI	-	-	0.00%
Michigan Air National Guard	1,300	4	5.79%
Musashi Auto Parts Inc.	-	-	0.00%
Duncan Aviation	-	-	0.00%
Battle Creek Public Schools	1,089	7	4.85%
Kellogg Community College	920	8	4.10%
II Stanley Company, Inc.	794	9	3.54%
Family Fare	700	10	3.12%
	<u><u>12,968</u></u>		<u><u>57.75%</u></u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers

Current Year and Nine Years Ago

Employer	2021		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,616	1	12.92%
Kellogg Company	2,000	2	9.88%
Veterans Administration Med Center	1,600	3	7.90%
Hart-Doyle-Inouye Federal Center	1,500	4	7.41%
Bronson Battle Creek	1,204	5	5.95%
Fort Custer Training Center	825	6	4.08%
TRMI	660	7	3.26%
Michigan Air National Guard	650	8	3.21%
Musashi Auto Parts Inc.	649	9	3.21%
Duncan Aviation	635	10	3.14%
	-	-	0.00%
	-	-	0.00%
	-	-	0.00%
	-	-	0.00%
	<u><u>12,339</u></u>		<u><u>60.95%</u></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	2012	2013	2014	2015	2016
General Fund and Special Revenue Funds					
Revenue Funds					
Administration	18	20	18	18	21
Community development	25	26	28	29	29
Finance	23	21	22	23	23
Police department	123	119	122	126	123
Fire department	79	77	78	80	83
Public works	54	57	60	59	58
Recreation	6	6	10	10	8
	<u>328</u>	<u>326</u>	<u>338</u>	<u>345</u>	<u>345</u>
Enterprise Funds					
Battle Creek executive airport	10	10	10	10	8
Battle Creek transit system	40	39	36	37	36
Sewer and wastewater plant	59	55	56	55	55
Water	37	38	38	39	38
Economic Development	-	-	-	-	-
	<u>146</u>	<u>142</u>	<u>140</u>	<u>141</u>	<u>137</u>
Internal Service Funds					
Information systems	10	9	13	13	11
Equipment center	15	14	14	14	15
Self insurance	3	3	3	3	2
Reproduction and stores	3	3	3	3	3
	<u>31</u>	<u>29</u>	<u>33</u>	<u>33</u>	<u>31</u>
Total	<u>505</u>	<u>497</u>	<u>511</u>	<u>519</u>	<u>513</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 35
 Unaudited

Full-Time Equivalent Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2017	2018	2019	2020	2021
General Fund and Special Revenue Funds					
Revenue Funds					
Administration	19	20	20	22	22
Community development	27	32	33	34	30
Finance	23	24	24	24	18
Police department	127	128	127	123	113
Fire department	81	79	79	77	71
Public works	60	59	62	54	58
Recreation	9	9	7	8	5
	<u>346</u>	<u>351</u>	<u>352</u>	<u>342</u>	<u>316</u>
Enterprise Funds					
Battle Creek executive airport	10	10	11	11	11
Battle Creek transit system	35	43	38	39	38
Sewer and wastewater plant	56	52	58	51	55
Water	39	38	39	33	38
Economic Development	-	-	-	4	3
	<u>140</u>	<u>143</u>	<u>146</u>	<u>138</u>	<u>145</u>
Internal Service Funds					
Information systems	11	9	8	8	9
Equipment center	15	15	15	13	14
Self insurance	3	2	2	2	2
Reproduction and stores	3	3	3	3	2
	<u>32</u>	<u>29</u>	<u>28</u>	<u>26</u>	<u>27</u>
Total	<u>518</u>	<u>523</u>	<u>526</u>	<u>506</u>	<u>488</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	2012	2013	2014	2015	2016
Public Safety					
Police					
Number of incidents	58,741	56,276	44,599	44,686	54,569
Number of crash reports	1,703	1,802	2,004	1,980	1,903
Fire					
Number of incidents	5,258	6,071	6,441	6,940	7,086
Number of medical calls	3,800	3,958	4,149	4,847	5,197
Number of structural fires	78	60	48	47	61
Public Works					
Major street miles maintained	90	90	90	90	89
Local street miles maintained	204	204	205	205	205
Culture & Recreation					
Participation:					
Softball	1,789	732	840	734	624
Soccer	745	817	735	948	951
Baseball	2,097	1,242	1,019	1,265	1,132
Basketball	73	34	54	198	202
Floor hockey	795	732	608	655	641
Football	134	136	149	223	160
Tennis	-	-	106	56	58
Volleyball	-	-	91	78	119
Other	708	493	814	891	1,001
Aquatic center participation	28,321	23,217	24,796	27,919	30,397
Rounds of golf	49,583	43,016	40,935	41,684	36,430
Parks maintained	24	24	24	24	29
Number of linear park trail miles	25	25	25	25	25
Building Permits					
Commercial and Industrial					
Number of permits	204	188	177	236	233
Dollar value	\$ 25,353,933	\$ 23,102,086	\$ 12,174,483	\$ 15,739,032	\$ 4,967,026
Residential					
Number of permits	986	865	740	634	797
Dollar value	\$ 7,566,696	\$ 7,342,332	\$ 9,863,788	\$ 4,151,057	\$ 7,277,474
Totals					
Number of permits	1,190	1,052	917	870	1,030
Dollar value	\$ 32,920,629	\$ 30,444,418	\$ 22,038,271	\$ 19,890,089	\$ 12,244,500

continued...

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 36
 Unaudited

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2017	2018	2019	2020	2021
Public Safety					
Police					
Number of incidents	56,688	59,736	53,668	46,091	36,114
Number of crash reports	1,886	1,911	1,778	1,663	1,786
Fire					
Number of incidents	7,222	7,271	7,578	7,683	7,692
Number of medical calls	5,308	4,871	5,002	4,869	5,580
Number of structural fires	68	67	69	55	68
Public Works					
Major street miles maintained	89	89	89	89	89
Local street miles maintained	205	205	205	206	206
Culture & Recreation					
Participation:					
Softball	1,020	1,080	1,212	348	150
Soccer	873	1,012	859	281	342
Baseball	1,359	709	758	-	50
Basketball	345	172	162	153	-
Floor hockey	852	1,022	961	922	-
Football	164	180	194	108	-
Tennis	55	44	-	-	-
Volleyball	76	97	68	25	55
Other	2,072	2,185	2,296	571	586
Aquatic center participation	26,944	28,059	31,621	17,364	6,563
Rounds of golf	37,512	40,257	43,479	41,739	47,165
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	137	98	221	322	197
Dollar value	\$ 4,539,512	\$ 3,938,030	\$ 45,737,925	\$ 49,894,540	\$ 51,262,015
Residential					
Number of permits	802	799	858	3,627	1,187
Dollar value	\$ 6,995,271	\$ 6,655,015	\$ 7,388,726	\$ 35,565,683	\$ 18,882,576
Totals					
Number of permits	939	897	1,079	3,949	1,384
Dollar value	\$ 11,534,783	\$ 10,593,045	\$ 53,126,651	\$ 85,460,223	\$ 70,144,591

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	2012	2013	2014	2015	2016
Police - vehicle patrol units					
Police patrol	43	43	40	40	40
Detective	17	18	20	20	20
Other	23	24	21	21	31
SIU	7	7	10	10	8
Fire					
Fire vehicle units:					
Trucks	2	2	2	2	2
Engines	8	8	8	8	7
Other	11	11	11	11	14
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	25	25	29	30
Concession	4	4	4	4	4
Swimming beach areas	1	1	1	1	1
Golf course - 27 holes	1	1	1	1	1
Trails:					
Nature	1	1	1	1	1
Multi-use	1	1	1	1	1
Playgrounds	22	22	22	22	22
Water areas -					
Water parks	1	1	1	1	1
Public Works					
Major street miles maintained	90.11	90.11	90.11	90.11	89.46
Local street miles maintained	204.49	204.44	204.52	204.52	204.52
Vehicles:					
Dump trucks	45	46	46	46	44
Heavy equipment	31	32	28	28	33
Other	205	207	211	211	208

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 37
Unaudited

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2017	2018	2019	2020	2021
Police - vehicle patrol units					
Police patrol	39	41	46	43	38
Detective	22	25	26	21	23
Other	33	32	25	22	20
SIU	8	9	8	7	7
Fire					
Fire vehicle units:					
Trucks	1	2	1	1	1
Engines	8	10	10	7	8
Other	15	15	15	15	14
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	-	2	2	2	2
Recreation					
Parks:					
Parkland acreage	1,036	1,036	1,036	1,036	1,036
Natural area acreage	380	380	380	380	380
Picnic areas	15	15	15	15	15
Buildings:					
Log cabins	1	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	89.28	89.28	89.28	89.41	89.41
Local street miles maintained	204.55	204.55	204.55	205.88	205.88
Vehicles:					
Dump trucks	47	50	49	48	45
Heavy equipment	34	34	35	34	30
Other	203	210	222	213	227

concluded.

Source: City of Battle Creek Finance Department

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

As of June 30, 2021

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Airport Liability	7/1/22	\$20,142	\$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	7/1/22	\$153,899	First dollar coverage for MI no-fault benefits and uninsured/underinsured claims. \$1,000,000 SIR for all other liability coverages. \$25,000 SIR per vehicle / \$50,000 per occurrence for property damage. \$50,000 deductible for Fire/EMS vehicles. ACV coverage on all vehicles except Fire Protection Vehicles which are covered at replacement cost.
Vehicle Physical Damage			
Data Breach, Privacy Electronic Media	7/1/22	Included in Liability Insurance	\$5 million aggregate/\$25 million all members - Data Breach and Privacy Liability/\$25,000 deductible.
Fiduciary (Designated Benefit Plan)	7/1/22	\$8,289.00	Coverage for Self Funded Health Plan. \$2,000,000.00 limit. \$25,000 SIR
Liquor Liability Binder Park Golf	3/8/22	\$1,652.00 (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, MICHIGANSchedule 38
Unaudited**Schedule of Insurance**

As of June 30, 2021

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Property/Liability Insurance	7/1/22	\$393,224	Property - \$50,000 deductible Limits of stated value for Buildings and Personal Property, \$5 million newly acquired, \$2 million fine arts, \$50 Million Terrorism, \$5 Million Earthquake and Flood
			Liability - \$1 million SIR per occurrence \$10 million limit per occurrence \$5 million limit for terrorism Volunteer-MMRMA will pay up to \$25,000 per occurrence for medical expenses only to a volunteer. No member deductible or SIR applies. Emergency first aid - \$2,000 Limit, no member deductible or retention.
Pollution Liability	N/A	N/A	Note: Finance department files for self-insured authority with State, for UST liability. \$500,000 aggregate
Public Officials	7/1/22	Included in Liability Insurance	See Excess Liability , for losses above \$1 million SIR.
Worker's Comp. (Primary)	7/1/22	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)	7/1/22	\$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	7/1/22	\$3,358	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, 2017 Through 2021**

Assessed Value as of December 31	Year of State Equalization And Tax Levy	City's Fiscal Year Ended or Ending June 30	Equivalent Taxable Value of Property Granted Tax Abatement Under Act 198 (1)			Total Taxable Value	Percent Increase Over Prior Year
			Ad Valorem Taxable Value	Total Taxable Value	Percent Increase Over Prior Year		
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)	
2019	2020	2021	1,253,718,154	12,554,943	1,266,273,097	(0.60)	

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2021 (2)..... \$ 24,018.38

(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, 2021, the Taxable Value of property located in the Zone totaled \$1,543,576. 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, 2021 the Taxable Value of the property located in the NEZ totaled \$30,138.

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

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

**City of Battle Creek
Percent of Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2017 Through 2021**

Use	Fiscal Year Ended or Ending June 30				
	2017	2018	2019	2020	2021
Agricultural.....	0.19 %	0.19 %	0.19 %	0.18 %	0.19 %
Commercial	24.36	24.82	24.64	24.48	24.62
Industrial	17.56	15.70	15.36	13.77	12.24
Residential	54.74	55.81	56.27	57.55	58.81
Utility.....	3.16	3.48	3.54	4.02	4.14
Total	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %
Class	Fiscal Year Ended or Ending June 30				
	2017	2018	2019	2020	2021
Real Property	85.03 %	86.26 %	86.16 %	87.54 %	87.41 %
Personal Property.....	14.97	13.74	13.84	12.46	10.59
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, 2017 Through 2021

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year Ended or Ending June 30	SEV of Property			Percent Increase Over Prior Year
			Ad Valorem SEV	Granted Tax Abatement Under Act 198 (1)	Total SEV	
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
2019	2020	2021	1,420,686,240	25,426,662	1,446,112,902	1.94

Per Capita Total SEV for the Fiscal Year Ending June 30, 2021 (2).....\$ 27,429.54

(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, 2021, the SEV of property located in the Zone totaled \$2,994,904. 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, 2021 the Taxable Value of the property located in the NEZ totaled \$30,138.

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

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

City of Battle Creek
Property Tax Rates
Fiscal Years Ended or Ending June 30, 2017 Through 2021

Fiscal Year Ended or July 1	Levy Ending June 30	Operating (1)				
		General Operating	Capital Projects	Streets/ Drainage	Police & Fire Pension (2)	Total
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
2020	2021	7.9870	0.5000	1.5000	5.9470	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, 2017 Through 2021

<u>Governmental Unit</u>	<u>Fiscal Years Ended or Ending June 30</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of Battle Creek.....	15.4190	15.7490	15.7490	15.9340	15.9340
County of Calhoun	6.4713	6.4713	6.4713	6.4713	6.6713
State of Michigan (2).....	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3)	6.0000	6.0000	6.0000	6.0000	6.0000
Calhoun ISD.....	6.2057	6.2057	6.2057	6.2057	6.2057
Kellogg Community College.....	3.6136	3.6136	3.6136	3.6136	3.6136
Willard Public Library.....	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Total.....	<u>45.7096</u>	<u>46.0396</u>	<u>46.0396</u>	<u>46.2246</u>	<u>46.4246</u>

City of Battle Creek
Non-Homestead (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2017 Through 2021

<u>Governmental Unit</u>	<u>Fiscal Years Ended or Ending June 30</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021(3)</u>
City of Battle Creek.....	15.4190	15.7490	15.7490	15.9340	15.9340
County of Calhoun	6.4713	6.4713	6.4713	6.4713	6.6713
State of Michigan (2).....	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3)	24.0000	24.0000	24.0000	24.0000	24.0000
Calhoun ISD.....	6.2057	6.2057	6.2057	6.2057	6.2057
Kellogg Community College.....	3.6136	3.6136	3.6136	3.6136	3.6136
Willard Public Library.....	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Total.....	<u>63.7096</u>	<u>64.0396</u>	<u>64.0396</u>	<u>64.2246</u>	<u>64.4246</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, 2021 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, 2017 Through 2021**

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>
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
2020	2021	20,150,624	20,158,194	99.94

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
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)
2021	17,493,920	2,126,906	15,367,014	(12.96)

**City of Battle Creek
State Shared Revenues
Fiscal Years Ended or Ending June 30, 2017 Through 2021**

	Fiscal Years Ended or Ending June 30				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Constitutional	\$ 4,191,285	\$ 4,301,987	\$ 4,498,185	\$ 4,493,812	\$ 5,095,491
Statutory/CVTRS	<u>1,436,386</u>	<u>1,478,658</u>	<u>1,478,448</u>	<u>1,260,375</u>	<u>1,512,452</u>
Total State Shared Revenues	<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>	<u><u>\$ 6,607,943</u></u>

CITY DEBT

Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of June 30, 2021.

Debt Limit (1)	\$ 144,611,290
Debt Outstanding (2).....	\$73,229,398
Less: Exempt Debt (3).....	<u>12,910,000</u>
Legal Debt Margin	<u>\$ 84,291,892</u>

(1) 10% of \$1,446,112,902 which is the City's Total SEV for the fiscal year ending June 30, 2021. 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, 2021, including the Bonds described herein. Direct debt that is shown as self-supporting is paid from sources other than the City's General Fund. To the extent necessary, the City may levy taxes on all taxable property within its boundaries without limitation as to rate or amount to pay the principal of and interest due on the bonds that are designated as Unlimited Tax ("UT"). However, the City's ability to levy tax to pay the debt service on the bonds which are designated as Limited Tax ("LT") is subject to applicable charter, statutory and constitutional limitations. See "CITY TAXATION AND LIMITATIONS" herein.

City of Battle Creek Direct and Overlapping Debt

<u>City Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Building Authority Bonds:			
Dated December 29, 2009 (LT).....	\$ 860,000	\$ 860,000	\$ -0-
Dated February 28, 2008 (LT).....	<u>1,135,000</u>	<u>1,135,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 1,995,000</u>	<u>\$ 1,995,000</u>	<u>\$ -0-</u>
Downtown Development Authority Bonds:			
Dated February 27, 2018 (LT).....	\$ 4,920,000	\$ 4,920,000	\$ -0-
Dated March 21, 2017 (LT).....	<u>22,260,000</u>	<u>22,260,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 27,180,000</u>	<u>\$ 27,180,000</u>	<u>\$ -0-</u>
Tax Increment Finance Authority Bonds:			
Dated March 31, 2010 (LT).....	\$ 1,560,000	\$ 1,560,000	\$ -0-
Dated January 20, 2009 (LT).....	<u>1,920,000</u>	<u>1,920,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 3,480,000</u>	<u>\$ 3,480,000</u>	<u>\$ -0-</u>
Water and Wastewater Revenue Bonds: Dated			
Dated December 28, 2016, Series A (1).....	\$ 6,205,000	\$ 6,205,000	\$ -0-
Dated December 28, 2016, Series B (1).....	<u>6,705,000</u>	<u>6,705,000</u>	<u>-0-</u>
Subtotal.....	<u>\$ 12,910,000</u>	<u>\$ 12,910,000</u>	<u>\$ -0-</u>
General Obligation Bonds:			
Dated December 28, 2016 C (LT) (1)	\$ 13,690,000	\$ -0-	\$ 13,690,000
Dated April 14, 2016 (LT)	<u>10,350,000</u>	<u>-0-</u>	<u>10,350,000</u>
Dated June 29, 2011 (LT)	<u>3,075,000</u>	<u>720,000</u>	<u>2,355,000</u>
Subtotal	<u>\$ 27,115,000</u>	<u>\$ 720,000</u>	<u>\$ 26,395,000</u>
Installment & Capital Purchase Contracts:			
Energy Savings Equipment	\$ 549,398	\$ -0-	\$ 549,398
City Hall Copiers.....	<u>138,104</u>	<u>-0-</u>	<u>138,104</u>
Police Equipment.....	<u>589,840</u>	<u>-0-</u>	<u>589,840</u>
Subtotal	<u>\$ 1,277,342</u>	<u>\$ -0-</u>	<u>\$ 1,277,342</u>
Total Direct Debt.....	<u>\$ 73,957,342</u>	<u>\$ 46,285,000</u>	<u>\$ 27,672,342</u>
Per Capita Net City Direct Debt (2).....			\$524.88
Percent of Net Direct Debt to Total SEV (3)			1.91%

		<u>Overlapping Debt (4)</u>	<u>Gross</u>	<u>Percent of Gross</u>	<u>City Share</u>
Battle Creek School District	\$	42,785,000	69.64	\$	29,795,474
Climax-Scotts School District.....		11,120,365	3.79		421,462
Harper Creek School District.....		54,595,924	0.24		131,030
Lakeview Calhoun School District		85,517,828	100.00		85,517,828
Pennfield School District		26,340,970	3.90		1,027,298
Calhoun Intermediate School District		0	0.00		0
Kalamazoo Valley Intermediate School District...		0	0.00		0
Kalamazoo Valley Community College		6,410,000	0.05		3,205
Kellogg Community College		10,850,000	33.37		3,620,645
Willard Public Library		225,000	54.82		123,345
Calhoun County		96,431,600	33.54		32,343,159
Total Overlapping Debt	\$	<u>334,276,687</u>		\$	<u>152,983,445</u>
Total Net Direct and Overlapping Debt.....	\$	<u>407,506,085</u>		\$	<u>179,927,843</u>
Per Capita Net Overlapping Debt (2).....					\$2,901.76
Percent of Net Overlapping Debt to Total SEV (3)					10.58%
Per Capita Net Direct and Overlapping Debt (2)					\$3,412.83
Percent of Net Direct and Overlapping Debt to Total SEV (3).....					12.44%
(1) The Bonds described herein. Including the Water and Wastewater System Revenue Bonds, Series 2016A and the Water and Wastewater System Revenue Bonds, Series 2016B (Federally Taxable – Qualified Energy Conservation Bonds).					
(2) Based on the City's 2020 Census of 52,721					
(3) Based on \$1,446,112,902 which is the City's Total SEV for the fiscal year ending June 30, 2021. 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 (rolled forward to June 30, 2021). The components of the net pension liability of the City were as follows:

Total pension liability	\$211,218,817
Plan Fiduciary net position	<u>(186,019,846)</u>
City's net pension liability	<u>\$ 25,198,971</u>
Plan fiduciary net position as percentage of total pension liability	88.07%

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, 2020	\$ 203,308,697	\$ 154,958,172	\$ 48,350,525
Changes for the Year			
Service cost	3,784,164	-	3,784,164
Interest on total pension liability	12,950,656	-	12,950,656
Benefit changes	(23,512)	-	(23,512)
Differences between expected and actual experience	(2,568,605)	-	(2,568,605)
Assumption change	5,687,254	-	5,687,254
Employer contributions	-	6,353,070	(6,353,070)
Employee contribution	-	1,593,679	(1,593,679)
Net investment income	-	35,530,257	(35,530,257)
Benefit payments	(11,919,837)	(11,919,837)	-
Administrative expense	-	(164,187)	164,187
Other	-	(331,308)	331,308
Net changes	\$ 7,910,120	\$ 31,061,674	\$ (23,151,554)
Balance at June 30, 2021	\$ 211,218,817	\$ 186,019,846	\$ 25,198,971

Pension Plans: Municipal Employees Retirement System of Michigan

The City's net pension liability was measured as of December 31, 2020, 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	\$ 161,362,030
Plan fiduciary net position	<u>91,700,938</u>
City's net pension liability	<u>\$ 69,661,092</u>
-Plan fiduciary net position as percentage of total pension liability	56.83%

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, 2019	\$ 153,769,909	\$ 85,878,625	\$ 67,891,284
Changes for the Year			
Service cost	2,020,330	-	2,020,330
Interest	11,338,841	-	11,338,841
Changes in benefits	(95,157)	-	(95,157)
Differences between expected and actual experience	154,694	-	154,694
Changes in assumptions	5,342,989	-	5,342,989
Contributions: employer	-	5,881,291	(5,881,291)
Contributions: employee	-	828,777	(828,777)
Net investment loss	-	10,450,840	(10,450,840)
Benefit payments, including refunds	(11,169,576)	(11,169,576)	-
Administrative expense	-	(169,019)	169,019
Net changes	\$ 7,592,121	\$ 5,822,313	\$ 1,769,808
Balances at December 31, 2020	\$ 161,362,030	\$ 91,700,938	\$ 69,661,092

For the year ended June 30, 2021, the City recognized pension expense of \$8,127,469.

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, 2017 through 2021

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>City Customers</u>					
Residential	14,771	14,754	14,791	14,806	14,967
Commercial (1)	1,634	1,646	1,671	1,650	1,511
Industrial.....	<u>126</u>	<u>126</u>	<u>124</u>	<u>123</u>	<u>123</u>
Sub-total.....	<u>16,513</u>	<u>16,526</u>	<u>16,586</u>	<u>16,586</u>	<u>16,601</u>
<u>Customer Communities</u>					
Emmett	699	708	714	714	714
Bedford.....	428	428	429	430	429
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>1,127</u>	<u>1,136</u>	<u>1,143</u>	<u>1,144</u>	<u>1,143</u>
Total Customers	<u><u>17,658</u></u>	<u><u>17,662</u></u>	<u><u>17,729</u></u>	<u><u>17,723</u></u>	<u><u>17,744</u></u>

(1) Includes governmental and tax-exempt customers.

(2) Leroy has one water customer.

(3) Pennfield has approximately 341 metered water customers.

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

Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Approximate Number of Wastewater Customers by User Classification and Location
Fiscal Years Ended June 30, 2017 through 2021

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>City Customers (1)</u>					
Residential	15,740	15,707	15,735	15,764	15,945
Commercial (2)	1,583	1,613	1,631	1,615	1,471
Industrial.....	<u>117</u>	<u>118</u>	<u>116</u>	<u>116</u>	<u>116</u>
Sub-total.....	<u>17,440</u>	<u>17,438</u>	<u>17,482</u>	<u>17,495</u>	<u>17,532</u>
<u>Customer Communities</u>					
Emmett (3).....	1,688	1,686	1,690	1,688	1,687
Bedford (4)	551	551	554	555	557
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>2,239</u>	<u>2,237</u>	<u>2,244</u>	<u>2,243</u>	<u>2,244</u>
Total Customers	<u><u>19,679</u></u>	<u><u>19,675</u></u>	<u><u>19,726</u></u>	<u><u>19,738</u></u>	<u><u>19,776</u></u>

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

(2) Includes governmental and tax-exempt customers.

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

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

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

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

Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Water Volume as Billed by User Classification and Location (1)
Fiscal Years Ended June 30, 2017 through 2021

<u>City Customers</u>	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential.....	109,281,509	106,630,876	103,873,324	101,247,759	110,045,782
Commercial (2)	90,252,021	89,941,367	85,985,666	80,523,471	83,408,109
Industrial	<u>113,625,946</u>	<u>102,822,926</u>	<u>104,534,592</u>	<u>110,750,621</u>	<u>117,380,631</u>
Sub-total.....	313,159,476	299,395,169	294,393,582	292,521,851	310,834,552
<u>Customer Communities</u>					
Emmett Township	25,738,764	27,512,531	29,987,370	23,612,244	25,784,938
Bedford Township.....	2,820,489	3,110,360	3,090,877	2,717,530	2,894,348
Springfield City.....	17,389,269	17,243,502	16,925,328	19,146,343	18,010,490
Pennfield Township	<u>2,199,500</u>	<u>2,255,800</u>	<u>2,218,00</u>	<u>2,213,400</u>	<u>2,157,900</u>
Sub-total.....	<u>48,148,022</u>	<u>50,122,193</u>	<u>52,222,175</u>	<u>47,689,517</u>	<u>48,847,676</u>
Total Water Billed	<u>361,307,498</u>	<u>349,517,362</u>	<u>346,615,757</u>	<u>340,211,368</u>	<u>359,682,198</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, 2017 Through 2021

<u>City Customers</u>	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential.....	114,331,877	112,157,456	109,764,654	107,918,337	116,380,311
Commercial (2)	76,958,752	75,611,297	75,207,462	68,801,690	67,770,882
Industrial	<u>33,223,800</u>	<u>33,052,416</u>	<u>38,215,999</u>	<u>39,091,900</u>	<u>39,625,132</u>
Sub-total.....	224,514,429	220,820,869	223,188,115	215,811,927	223,776,325
<u>Customer Communities</u>					
Emmett Township	32,901,531	33,767,468	35,373,893	30,081,969	30,875,709
Bedford Township.....	6,382,474	6,543,986	6,883,023	6,543,615	6,860,185
Springfield City.....	15,711,208	15,892,464	14,779,666	15,027,078	15,058,012
Pennfield Township	<u>14,531,008</u>	<u>14,724,732</u>	<u>14,576,875</u>	<u>14,487,868</u>	<u>14,289,260</u>
Sub-total.....	<u>69,526,221</u>	<u>70,928,650</u>	<u>71,613,457</u>	<u>66,320,530</u>	<u>67,083,166</u>
Total Wastewater Billed	<u>294,040,650</u>	<u>291,749,519</u>	<u>294,801,572</u>	<u>282,132,457</u>	<u>290,859,491</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, 2017 Through 2021**

<u>City Customers</u>	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential.....	\$ 3,724,145	\$ 3,826,175	\$ 3,871,053	\$ 3,953,830	\$ 4,172,430
Commercial (1).....	2,124,857	2,102,968	2,150,138	2,140,818	2,300,744
Industrial	<u>1,939,402</u>	<u>1,579,649</u>	<u>1,651,605</u>	<u>1,777,862</u>	<u>1,882,016</u>
Sub-total.....	7,788,404	7,508,692	7,672,796	7,872,510	8,355,190
<u>Customer Communities</u>					
Emmett Township	695,064	709,973	742,075	693,906	777,471
Bedford Township.....	99,809	105,058	107,763	108,217	113,524
Leroy Township	11,817	11,156	12,989	13,086	15,133
Springfield City.....	290,922	224,405	228,116	162,726	285,116
Pennfield Township	<u>35,524</u>	<u>44,202</u>	<u>46,033</u>	<u>44,912</u>	<u>66,279</u>
Sub-total.....	<u>1,133,136</u>	<u>1,094,794</u>	<u>1,136,976</u>	<u>1,022,847</u>	<u>1,257,523</u>
Total Water Revenue	<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>	<u><u>\$ 9,612,713</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**

<u>City Customers</u>	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential.....	\$ 5,148,865	\$ 5,432,302	\$ 5,637,868	\$ 5,869,353	\$ 6,238,700
Commercial (1).....	2,841,250	3,132,960	2,961,203	3,242,680	3,490,002
Industrial	<u>6,115,683</u>	<u>5,809,955</u>	<u>5,833,930</u>	<u>7,136,176</u>	<u>7,775,654</u>
Sub-total.....	14,105,798	14,474,217	14,433,001	16,248,209	17,504,356
<u>Customer Communities</u>					
Emmett Township	1,090,616	1,026,430	1,081,177	1,202,641	1,418,201
Bedford Township.....	211,904	190,646	229,160	259,229	279,514
Leroy Township	11,306	11,085	13,613	13,978	16,936
Springfield City.....	696,193	487,718	573,952	502,982	714,152
Pennfield Township	<u>550,298</u>	<u>489,705</u>	<u>557,253</u>	<u>622,752</u>	<u>603,539</u>
Sub-total.....	<u>2,560,047</u>	<u>2,205,584</u>	<u>2,455,155</u>	<u>2,601,582</u>	<u>3,032,342</u>
Total Wastewater Revenue	<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>	<u><u>\$ 20,536,698</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, 2021

<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.....	33,437,687	9.30%	\$465,264	4.84%
Kellogg Company-Plant	Breakfast Foods ...	29,225,642	8.13	396,842	4.13
Prairie Farms Dairy.....	Dairy Processing ...	12,869,347	3.58	185,503	1.93
Graphic Packaging.....	Paper Mill.....	12,544,617	3.49	177,785	1.85
Fire Keepers Casino.....	Gambling/Entertain	8,201,300	2.28	156,373	1.63
Rock-Tenn/Waldorf Corp	Paperboard	5,569,970	1.55	55,277	0.58
Denso Mfg - Michigan	Automotive Parts...	5,338,537	1.48	105,231	1.09
Bronson Battle Creek Health	Medical Services ...	3,545,625	0.99	76,253	0.79
VA Medical Center.....	Medical Services ...	3,185,041	0.89	91,832	0.96
City of Battle Creek-WWTP.....	Government.....	<u>3,092,600</u>	<u>0.86</u>	<u>46,667</u>	<u>0.49</u>
	Total	<u>117,010,366</u>	<u>32.55%</u>	<u>\$1,757,027</u>	<u>18.29%</u>

(1) Based on water volume of 359,682,198 for the fiscal year ended June 30, 2021.

(2) Based on water revenue of \$9,612,713 for the fiscal year ended June 30, 2021.

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, 2021

<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	21,607,233	7.43%	\$1,999,296	9.74%
Kellogg Company - Plant	Breakfast Foods.....	21,952,807	7.55	1,284,909	6.26
Post Foods.....	Breakfast Foods	20,915,032	7.19	1,287,256	6.27
Rock-Tenn/Waldorf Corp.....	Paperboard.....	10,666,257	3.67	1,020,359	4.97
Prairie Farms Dairy.....	Dairy Processing ...	12,869,347	4.42	460,098	2.24
Fire Keepers Casino	Gambling/Entertain	7,087,100	2.44	314,879	1.53
Denso Manufacturing	Automotive Parts ...	5,338,537	1.84	197,777	0.96
VA Medical Center-Hospital.	Medical Services ...	3,763,667	1.29	169,886	0.83
Bronson Battle Creek Health	Medical Services ...	3,131,700	1.08	121,440	0.59
Ft Custer Training Center	Govt-MilitaryTrain.	<u>2,359,299</u>	<u>0.81</u>	<u>86,797</u>	<u>0.42</u>
	Total	<u>109,690,979</u>	<u>37.72%</u>	<u>\$6,942,697</u>	<u>33.81%</u>

(1) Based on treated wastewater volume of 290,859,491 for the fiscal year ended June 30, 2021.

(2) Based on wastewater revenue of \$20,536,698 for the fiscal year ended June 30, 2021.

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)	2021	(1)	Budgeted	2022	(2)	Projected	2023	(3)	Projected	2024	(3)		
Operating Revenues																									
Charges for services	\$ 25,841,894		\$ 27,570,117		\$ 25,925,301		\$ 25,613,729		\$ 25,955,170		\$ 28,081,728		\$ 30,518,398		\$ 31,908,650		\$ -		\$ -		\$ -		\$ -		
Rent and Leases	195,993		246,507		197,807		213,253		237,740		223,412		226,720		230,000		-		-		-		-		
Other	518,481		591,774		554,308		586,991		1,078,393		716,603		428,774		117,300										
Total Operating Revenues	\$ 26,556,368		\$ 28,408,398		\$ 26,677,416		\$ 26,413,973		\$ 27,271,303		\$ 29,021,743		\$ 31,173,892		\$ 32,255,950		\$ 32,255,950		\$ 32,255,950						
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		\$ 21,041,864		\$ -		\$ -		\$ -		\$ -		\$ -		
Depreciation	6,248,164		6,196,554		6,220,151		5,917,458		5,868,013		6,256,018		6,684,218												
Total Operating Expenses	\$ 23,267,548		\$ 24,674,578		\$ 25,591,349		\$ 25,502,826		\$ 26,415,384		\$ 26,802,960		\$ 27,726,082		\$ 23,158,741		\$ 23,853,503		\$ 24,569,108						
Operating Income (Loss)	\$ 3,288,820		\$ 3,733,820		\$ 1,086,067		\$ 911,147		\$ 855,919		\$ 2,218,783		\$ 3,447,810		\$ 9,097,209		\$ 8,402,447		\$ 7,686,842						
Non-Operating Revenues (Expenses) (5)																									
Interest Income	\$ 59,350		\$ 215,329		\$ (6,297)		\$ (23,975)		\$ 533,023		\$ 468,448		\$ (5,794)		\$ -		\$ -		\$ -		\$ -		\$ -		
Intergovernmental Subsidies	\$ 38,043		\$ 23,427		\$ 25,860		\$ 10,391		\$ 32,401		\$ 456,218		\$ 17,982		\$ -		\$ -		\$ -		\$ -		\$ -		
Loss on Disposal of Capital Assets	-		-		(3,996,528)		-		(36,461)		-		(3,038)		(3,038)		(3,038)		(3,038)		(3,038)		(3,038)		
Depreciation	6,248,164		6,196,554		6,220,151		5,917,458		5,868,013		6,256,018		6,684,218		-		-		-		-		-		
Total Non-Operating Revenues (Expenses)	\$ 6,345,557		\$ 6,435,310		\$ 2,243,186		\$ 5,903,874		\$ 6,396,976		\$ 7,180,684		\$ 6,693,368		\$ (3,038)		\$ (3,038)		\$ (3,038)		\$ (3,038)		\$ (3,038)		
Operating Transfers																									
Operating transfers in	-		-		-		-		-		-		-		-		-		-		-		-		
Operating transfers out	(361,592)		(395,993)		(481,376)		(301,999)		(212,806)		(172,000)		(172,000)		(172,000)		(172,000)		(177,160)		(182,475)		(182,475)		
Net Operating Transfers	\$ (361,592)		\$ (395,993)		\$ (481,376)		\$ (301,999)		\$ (212,806)		\$ (172,000)		\$ (172,000)		\$ (172,000)		\$ (172,000)		\$ (177,160)		\$ (182,475)		\$ (182,475)		
NET INCOME AVAILABLE FOR DEBT SERVICE	\$ 9,272,785		\$ 9,773,137		\$ 2,847,877		\$ 6,513,022		\$ 7,040,089		\$ 9,227,467		\$ 9,969,178		\$ 8,922,171		\$ 8,222,249		\$ 7,501,329						
Debt Service Requirements																									
2016 QECB (Revenue Bonds)(7)	\$ -		\$ -		\$ 474,061		\$ 474,850		\$ 489,691		\$ 487,802		\$ 474,849		\$ 474,850		\$ 474,850		\$ 474,850		\$ 474,850		\$ 474,850		
2016 Tax-Exempt (Revenue Bonds)	-		-		\$ 592,341		\$ 595,850		\$ 595,650		\$ 595,050		\$ 594,050		\$ 592,650		\$ 592,650		\$ 592,650		\$ 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		\$ 1,067,500		\$ 1,067,500		\$ 1,067,500		
Coverage Ratio Including the GO Bonds	4.08x		4.29x		0.85x		3.62x		3.88x		5.09x		5.53x		4.95x		7.70x		7.70x		7.03x		7.03x		
Coverage Ratio Revenue Only Bonds	6.02x		6.30x		1.09x		6.08x		6.49x		8.52x		9.33x		8.36x		7.70x		7.70x		7.03x		7.03x		

(1) Actual.

(2) Adopted Budget.

(3) Operating revenues for the fiscal years ending June 30, 2023 and thereafter are not assumed to change.

(4) Operating expenditures, excluding depreciation, as projected for the fiscal year ending June 30, 2023 and thereafter are assumed to grow 3% annually.

(5) For the fiscal year ending June 30, 2023 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