

BATTLE CREEK TAX INCREMENT
FINANCE AUTHORITY
(A Component Unit of the
City of Battle Creek, Michigan)

Year Ended
June 30, 2020

Financial
Statements and
Supplementary
Information

Rehmann

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BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

December 21, 2020

To the Board of Directors of the
Battle Creek Tax Increment Finance Authority
City of Battle Creek, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the ***Battle Creek Tax Increment Finance Authority, a component unit of the City of Battle Creek, Michigan*** (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Battle Creek Tax Increment Finance Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Management's Discussion and Analysis

The Battle Creek Tax Increment Finance Authority (the “Authority”) was established pursuant to Public Act 450 of 1980. The Authority is a component unit of the City of Battle Creek, Michigan, and presents this management discussion and analysis of its financial performance as an overview of financial activities for the fiscal year ended June 30, 2020.

Using this Annual Report

This discussion and analysis is intended to serve as an introduction to the Authority’s basic financial statements. The basic financial statements are comprised of the following:

- The statement of net position presents information on all of the Authority’s assets, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The statement of activities presents information showing how the Authority’s net position changed during the most recent fiscal year.
- The balance sheet and statement of revenues, expenditures and changes in fund balances – governmental funds focuses on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.
- The statement of revenues, expenditures, and changes in fund balance – budget and actual – general fund presents information showing the comparison of the Authority’s actual revenues and expenditures to what was budgeted.
- The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

The net position of the Authority is summarized for the purpose of determining the overall fiscal position. As shown below, the Authority’s assets exceeded liabilities by \$26,850,647 at the end of the fiscal year, of which \$23,121,150 was the investment in capital assets, leaving \$3,244 restricted net position for debt service and \$3,726,253 in unrestricted net position. The investment in capital assets increased by \$122,487 in the current year due to the airport bridge engineering project. The Authority had an increase in capital project expenditures related to this project which also increased capital assets.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Management's Discussion and Analysis

A comparative analysis of the data is presented below:

	Net Position as of June 30,	
	2020	2019
Assets		
Current and other assets	\$ 10,366,115	\$ 11,135,608
Capital assets, net	<u>23,121,150</u>	<u>22,998,663</u>
Total assets	<u>33,487,265</u>	<u>34,134,271</u>
Liabilities		
Other liabilities	2,824,391	2,990,677
Long-term debt	<u>3,812,227</u>	<u>4,136,431</u>
Total liabilities	<u>6,636,618</u>	<u>7,127,108</u>
Net position		
Investment in capital assets	23,121,150	22,998,663
Restricted for debt service	3,244	3,350
Unrestricted	<u>3,726,253</u>	<u>4,005,150</u>
Total net position	<u>\$ 26,850,647</u>	<u>\$ 27,007,163</u>

For the current year, net position decreased by \$156,516. This change from the prior year is a result of the decrease in revenues of \$742,085 mainly due to recording a change in estimate for the collectability of property tax revenues from State audits. Additionally, total expenses as compared to the prior year decreased by \$2,990,249 due to a decrease in administration fees and a decrease in capital project related expenses in the current year.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Management's Discussion and Analysis

	Changes in Net Position for the Year Ending June 30,	
	2020	2019
Revenues		
Program revenues:		
Charges for services	\$ 75,322	\$ 67,406
Capital grants and contributions	1,465,532	1,690,489
General revenues:		
Property taxes	1,191,604	1,596,192
Unrestricted investment earnings	377,050	497,506
Total revenues	<u>3,109,508</u>	<u>3,851,593</u>
Total expenses	<u>3,266,024</u>	<u>6,256,273</u>
Change in net position	(156,516)	(2,404,680)
Net position, beginning of year	<u>27,007,163</u>	<u>29,411,843</u>
Net position, end of year	<u><u>\$ 26,850,647</u></u>	<u><u>\$ 27,007,163</u></u>

Governmental funds. As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$4,805,268 an increase of \$8,487 from the prior year. This is a result of an increase in rents and leases revenue in the current year.

The fund balance of the Authority's general fund increased by \$393,523 during the current fiscal year. This is a result of a decrease in transfers to other funds for debt service payments and airport operations.

General Fund Budgetary Highlights

The general fund original adopted budget reflected revenues in excess of expenditures and an increase of fund balance of \$420,199. Mid-year budget adjustments were made to reflect a decrease in the state aid revenue through the personal property tax reimbursements resulting in a budgeted increase in fund balance of \$221,864. Ultimately actual revenues were over budget (primarily in the unrestricted investment earnings line item) resulting in an ending increase to fund balance in the amount of \$393,523.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Management's Discussion and Analysis

Capital Assets

The Authority had \$23,121,150 in capital assets at the end of the fiscal year. Capital assets include land, construction in progress, land improvements, buildings, and equipment with an original cost of more than \$10,000. Major outlays for capital assets are capitalized as projects are constructed or the assets are otherwise acquired and placed into service.

	2020	2019
Land	\$ 14,114,255	\$ 14,385,579
Construction in progress	1,571,738	7,029,934
Land improvements	7,377,657	1,496,475
Buildings	-	16,945
Equipment	57,500	69,730
Total	\$ 23,121,150	\$ 22,998,663

The Authority had an increase in capital assets of \$122,487 at the end of the fiscal year as a result of the construction in progress for the airport bridge engineering project.

Long-term Debt

At the end of the current fiscal year, the Authority had general obligation bonds outstanding of \$3,820,000. General obligation bonds were issued to provide funds for the construction and acquisition of major capital assets. All debt is related to infrastructure or other capital assets for which the Authority does not hold legal ownership. While the Authority may be obligated to repay the debt issued to finance the related projects, such capital assets become the property of the City when they are placed into service and, accordingly, are reported in the City's capital assets. These bonds are outstanding with varying amounts of principal maturing until 2030.

	2020	2019
General obligation bonds		
2009 Limited tax bonds	\$ 2,120,000	\$ 2,310,000
2010 Limited tax bonds (hangar)	1,700,000	1,835,000
Total	\$ 3,820,000	\$ 4,145,000

The City's total bonded debt decreased by \$325,000 during the current fiscal year as a result of scheduled debt payments.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Management's Discussion and Analysis

Economic Factors

The Battle Creek Tax Increment Finance Authority's expenses are governed by the laws of the State of Michigan and bond indenture covenants. These laws and covenants determine how bond proceeds are spent and how and when debt retirement payments are made. During 2020, total community development expenses were \$3,095,423, which included \$114,831 of depreciation (a non-cash item).

Contacting the Battle Creek Tax Increment Finance Authority

This financial report is designed to provide a general overview of the Battle Creek Tax Increment Finance Authority's finances and to show accountability for the money it receives and expends. The financial statements can be found on the City's website: www.battlecreekmi.gov. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Revenue Services Director, P.O. Box 1717, Battle Creek, MI 49016-1717.

BASIC FINANCIAL STATEMENTS

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Pooled cash and investments	\$ 7,531,403
Accounts receivable	1,200
Interest receivable	83,650
Loans receivables - due in more than one year	2,749,862
Capital assets not being depreciated	15,685,993
Capital assets being depreciated, net	<u>7,435,157</u>
Total assets	<u>33,487,265</u>
Liabilities	
Accounts payable and accrued liabilities	2,810,985
Accrued interest payable	13,406
Long-term debt:	
Due within one year	339,204
Due in more than one year	<u>3,473,023</u>
Total liabilities	<u>6,636,618</u>
Net position	
Investment in capital assets	23,121,150
Restricted for debt service	3,244
Unrestricted	<u>3,726,253</u>
Total net position	<u>\$ 26,850,647</u>

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

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Capital Grants and Contributions	
Governmental activities				
Community development	\$ 3,095,423	\$ 75,322	\$ 1,465,532	\$ (1,554,569)
Interest on long-term debt	170,601	-	-	(170,601)
Total governmental activities	<u>\$ 3,266,024</u>	<u>\$ 75,322</u>	<u>\$ 1,465,532</u>	<u>(1,725,170)</u>
General revenues				
Property taxes				1,191,604
Unrestricted investment earnings				377,050
Total general revenues				<u>1,568,654</u>
Change in net position				(156,516)
Net position, beginning of year				<u>27,007,163</u>
Net position, end of year				<u>\$ 26,850,647</u>

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

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Balance Sheet

Governmental Funds

June 30, 2020

	General	Debt Service	Airport Bonds
Assets			
Pooled cash and investments	\$ 3,590,824	\$ -	\$ 9,336
Accounts receivable	-	-	-
Interest receivable	83,650	-	-
Loans receivables - due in more than one year	2,749,862	-	-
Total assets	<u>\$ 6,424,336</u>	<u>\$ -</u>	<u>\$ 9,336</u>
Liabilities			
Accounts payable	\$ 2,786,504	\$ -	\$ -
Deferred inflows of resources			
Unavailable revenue -			
Loans receivable	2,749,862	-	-
Fund balances			
Restricted for debt service	-	-	9,336
Committed for capital projects	-	-	-
Unassigned	887,970	-	-
Total fund balances	<u>887,970</u>	<u>-</u>	<u>9,336</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,424,336</u>	<u>\$ -</u>	<u>\$ 9,336</u>

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



Capital Projects	Total Governmental Funds
\$ 3,931,243	\$ 7,531,403
1,200	1,200
-	83,650
-	2,749,862
<u>\$ 3,932,443</u>	<u>\$ 10,366,115</u>
<u>\$ 24,481</u>	<u>\$ 2,810,985</u>
<u>-</u>	<u>2,749,862</u>
-	9,336
3,907,962	3,907,962
-	887,970
<u>3,907,962</u>	<u>4,805,268</u>
<u>\$ 3,932,443</u>	<u>\$ 10,366,115</u>

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BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Reconciliation

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

Fund balances - total governmental funds	\$ 4,805,268
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Amounts reported for *governmental activities* in the statement of net position
are different because:

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

Capital assets not being depreciated	15,685,993
Capital assets being depreciated, net	7,435,157

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 loans receivable	2,749,862
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Certain liabilities, such as bonds payable, are not due and payable in the current period
and therefore are not reported in the funds.

Bonds payable, net of issuance discounts	(3,812,227)
Accrued interest payable on long-term debt	(13,406)
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Net position of governmental activities	<u><u>\$ 26,850,647</u></u>
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The accompanying notes are an integral part of these financial statements.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	General	Debt Service	Airport Bonds
Revenues			
Property taxes	\$ 1,698,337	\$ -	\$ -
Intergovernmental:			
State	1,287,371	-	-
Local	178,161	-	-
Rents and leases	40,779	-	-
Unrestricted investment earnings	377,050	-	-
Total revenues	<u>3,581,698</u>	<u>-</u>	<u>-</u>
Expenditures			
Community development	2,592,859	-	-
Debt service:			
Principal	-	135,000	190,000
Interest and fiscal charges	-	78,831	91,985
Total expenditures	<u>2,592,859</u>	<u>213,831</u>	<u>281,985</u>
Revenues over (under) expenditures	<u>988,839</u>	<u>(213,831)</u>	<u>(281,985)</u>
Other financing sources (uses)			
Transfers in	-	213,831	281,485
Transfers out	(595,316)	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(595,316)</u>	<u>213,831</u>	<u>281,485</u>
Net change in fund balances	<u>393,523</u>	<u>-</u>	<u>(500)</u>
Fund balances, beginning of year	<u>494,447</u>	<u>-</u>	<u>9,836</u>
Fund balances, end of year	<u>\$ 887,970</u>	<u>\$ -</u>	<u>\$ 9,336</u>

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



Capital Projects	Total Governmental Funds
\$ -	\$ 1,698,337
-	1,287,371
-	178,161
34,543	75,322
-	377,050
<u>34,543</u>	<u>3,616,241</u>
910,556	3,503,415
-	325,000
-	170,816
<u>910,556</u>	<u>3,999,231</u>
<u>(876,013)</u>	<u>(382,990)</u>
100,000	595,316
-	(595,316)
<u>391,477</u>	<u>391,477</u>
<u>491,477</u>	<u>391,477</u>
(384,536)	8,487
<u>4,292,498</u>	<u>4,796,781</u>
<u>\$ 3,907,962</u>	<u>\$ 4,805,268</u>

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BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$ 8,487
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	645,828
Depreciation expense	(114,831)
Proceeds from sale of capital assets	(391,477)
Loss on disposal of capital assets	(17,033)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather deferred to subsequent fiscal years.	
Change in unavailable revenues related to taxes receivable	(506,733)
Governmental funds report loans to other component units of the reporting entity as an expenditure; however, in the statement of activities, those costs are eliminated and capitalized as long-term receivables.	
Loans made to other component units	72,189
Amounts collected by other component units on loans	(178,161)
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	325,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in accrued interest payable on long-term debt	215
Change in net position of governmental activities	\$ (156,516)

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

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,741,847	\$ 1,692,178	\$ 1,698,337	\$ 6,159
Intergovernmental:				
State	1,447,664	1,287,371	1,287,371	-
Local	178,162	178,161	178,161	-
Rents and leases	28,625	40,557	40,779	222
Unrestricted investment earnings	162,166	263,676	377,050	113,374
Total revenues	3,558,464	3,461,943	3,581,698	119,755
Expenditures				
Community development	2,542,949	2,594,263	2,592,859	(1,404)
Revenues over expenditures	1,015,515	867,680	988,839	121,159
Other financing uses				
Transfers out	(595,316)	(645,816)	(595,316)	(50,500)
Change in fund balance	420,199	221,864	393,523	171,659
Fund balance, beginning of year	494,447	494,447	494,447	-
Fund balance, end of year	\$ 914,646	\$ 716,311	\$ 887,970	\$ 171,659

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

NOTES TO FINANCIAL STATEMENTS

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

These financial statements present the activities of the Battle Creek Tax Increment Finance Authority (the "Authority"). The Authority was organized pursuant to Public Act 450 of 1980. The primary purpose of the Authority is to encourage economic activity in the Fort Custer Industrial Park Development District. The Authority's activities are primarily funded through tax increment financing and bonded debt.

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

Government-wide and Fund Financial Statements

The statements of net position and activities display information about the financial activities of the Authority. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes and other nonexchange transactions.

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

The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Authority reports the following major governmental funds:

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

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

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

The *capital projects fund* accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balances

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board. A formal resolution of the Board is required to establish, modify, or rescind a fund balance commitment. Assigned fund balances are neither restricted nor committed. The Board authorized City management to assign fund balance. Unassigned fund balance is the residual classification for the general fund.

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

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. The Authority 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, if any, are recorded at the estimated acquisition cost as of 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, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Infrastructure assets (e.g., roads, curbs, sidewalks, storm sewers and similar items), along with water and wastewater subsystems, constructed by the Authority are not recorded as the Authority's capital assets, even though the Authority may be obligated to repay the debt issued to finance the related projects. Such capital assets become the property of the City when they are placed into service and, accordingly, are reported in the City's capital assets.

The Authority's capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	50
Buildings	25
Equipment	10

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no deferred outflows of resources at year-end.

Long-term Obligations

In the government-wide financial statements, long-term debt is reported as a liability. Bond discounts, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond discount.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and/or governmental funds balance sheet will sometime report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Budgetary Information

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

- The Authority submits a proposed budget to the City Manager. After review and approval, the City Manager submits a recommended operating budget to the City Commission. Public hearings are held to obtain taxpayer comments. The budget is legally adopted at the fund level through a City Commission resolution prior to the beginning of the budgetary year for the Authority's funds.
- The budget is adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or amended by the City Commission during the year. Individual amendments were not material in relation to the original appropriations.

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

2. CASH AND INVESTMENTS

At year-end, the carrying amount of the Authority's pooled cash and investments, which were deposited entirely in the City's internal cash management pool, was \$7,531,403. Because it is infeasible to allocate risk to individual pool participants, aggregate cash and investment categorizations are presented in the City's financial statements.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

3. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 14,385,579	\$ -	\$ (271,324)	\$ -	\$ 14,114,255
Construction in progress	7,029,934	645,828	-	(6,104,024)	1,571,738
	<u>21,415,513</u>	<u>645,828</u>	<u>(271,324)</u>	<u>(6,104,024)</u>	<u>15,685,993</u>
Capital assets being depreciated:					
Land improvements	1,908,417	-	(140,021)	6,104,024	7,872,420
Buildings	315,845	-	(315,845)	-	-
Equipment	<u>388,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,325</u>
Total capital assets being depreciated	<u>2,612,587</u>	<u>-</u>	<u>(455,866)</u>	<u>6,104,024</u>	<u>8,260,745</u>
Less accumulated depreciation for:					
Land improvements	(411,942)	(100,091)	17,270	-	(494,763)
Buildings	(298,900)	(2,510)	301,410	-	-
Equipment	<u>(318,595)</u>	<u>(12,230)</u>	<u>-</u>	<u>-</u>	<u>(330,825)</u>
Total accumulated depreciation	<u>(1,029,437)</u>	<u>(114,831)</u>	<u>318,680</u>	<u>-</u>	<u>(825,588)</u>
Total capital assets being depreciated, net	<u>1,583,150</u>	<u>(114,831)</u>	<u>(137,186)</u>	<u>6,104,024</u>	<u>7,435,157</u>
Total capital assets, net	<u><u>\$ 22,998,663</u></u>	<u><u>\$ 530,997</u></u>	<u><u>\$ (408,510)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,121,150</u></u>

Depreciation expense in the amount of \$114,831 was reported in the community development function in the government-wide statement of activities.

At June 30, 2020, the Authority had outstanding commitments through a construction contract of approximately \$72,000 for land improvements.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

4. LOANS RECEIVABLE

During the year ended June 30, 2008, the Authority approved a loan to the Battle Creek Brownfield Redevelopment Authority ("BCBRA"; a component unit of the City of Battle Creek, Michigan) in the total amount of \$3,530,000 to be used in accordance with a particular brownfield plan. As of June 30, 2020, there was no balance outstanding (\$2,560,708 had been drawn) on the authorized amount (no amount was drawn during the current year). Future repayment from the BCBRA is based on its collection of tax increment revenues.

During the year ended June 30, 2010, the Authority approved a loan to the BCBRA in the total amount of \$5,500,000 to be used in accordance with another particular brownfield plan. As of June 30, 2020, \$2,749,862 had been drawn and is outstanding on the authorized amount and is also included in the long-term receivable reported in the statement of net position. Future repayment of this loan by the BCBRA is based on its collection of tax increment revenues.

Each of the above loans includes interest at 5% per annum. The total amount drawn by BCBRA on the loans through June 30, 2020 is \$5,310,570 (\$72,189 in the current year). As of June 30, 2020, \$2,560,708 has been paid on the loans resulting in a net balance of \$2,749,862. No amount is presently reported as due within one year since repayment is based on the future collection of incremental tax revenues.

5. TRANSFERS

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

Transfers In	Transfers Out
	General
Debt service	\$ 213,831
Airport bonds	281,485
Capital projects	<u>100,000</u>
Totals	<u>\$ 595,316</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 and (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.

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

6. LONG-TERM DEBT

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

	Year of Maturity	Interest Rate	Original Amount	Outstanding Principal
General Obligation Bonds				
2009 Limited tax bonds	12/1/2028	3.00 - 4.30%	\$ 3,935,000	\$ 2,120,000
2010 Limited tax bonds (hangar)	6/1/2030	2.00 - 4.75%	3,585,000	<u>1,700,000</u>
				<u>\$ 3,820,000</u>

All debt is related to infrastructure or other capital assets for which the Authority does not hold legal ownership. Even though the Authority may be obligated to repay the debt issued to finance the related projects, such capital assets become the property of the City when they are placed into service and, accordingly, are reported in the City's capital assets.

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

Year Ending June 30,	Authority Obligation	
	Principal	Interest
2021	\$ 340,000	\$ 156,986
2022	350,000	143,839
2023	365,000	129,849
2024	380,000	115,269
2025	400,000	99,435
2026-2030	<u>1,985,000</u>	<u>226,417</u>
	<u>\$ 3,820,000</u>	<u>\$ 871,795</u>

Changes in Long-term Debt. Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 4,145,000	\$ -	\$ (325,000)	\$ 3,820,000	\$ 340,000
Less bond issuance discounts	<u>(8,569)</u>	<u>-</u>	<u>796</u>	<u>(7,773)</u>	<u>(796)</u>
	<u>\$ 4,136,431</u>	<u>\$ -</u>	<u>\$ (324,204)</u>	<u>\$ 3,812,227</u>	<u>\$ 339,204</u>

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

7. PROPERTY TAXES

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

Except for property taxes captured from local schools that exceed contractual obligations, the Authority is entitled to all taxes levied on property within the Battle Creek Tax Increment Finance Authority district to the extent that the current taxable value exceeds the base year taxable value. Renaissance zone property is tax abated property against which property taxes are not currently levied, but in the near future will return or revert to the ad valorem tax rolls. Similarly, industrial and commercial facility tax properties are abated personal property that receive up to a 50% reduction in the millage rate for a stated number of years as approved by the City of Battle Creek, Michigan (or applicable taxing jurisdiction).

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

Ad valorem property	\$ 76,383,588
IFT*/CFT**/ Other property	<u>30,200,951</u>
Total	<u><u>\$ 106,584,539</u></u>

* Industrial Facility Tax

** Commercial Facility Tax

8. CONTINGENCIES

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

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Notes to Financial Statements

9. CORONAVIRUS (COVID-19)

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

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SUPPLEMENTARY INFORMATION

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Continuing Bond Disclosures (Unaudited)

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

Assessed Value as of December 31	Year of Tax Levy	Fiscal Year Ended June 30	Ad Valorem SEV		Ad Valorem TV	
			Amount	% Change	Amount	% Change
2018	2019	2020	\$ 98,030,039	2.34%	\$ 93,178,301	-0.05%
2017	2018	2019	95,785,996	16.31%	93,222,049	17.08%
2016	2017	2018	82,356,184	-5.06%	79,625,099	-6.34%
2015	2016	2017	86,744,497	-37.71%	85,017,939	-38.88%
2014	2015	2016	139,269,155	2.31%	139,089,323	2.25%
2013	2014	2015	136,121,530	1.73%	136,027,637	1.77%
2012	2013	2014	133,808,353	-6.63%	133,662,882	-6.42%
2011	2012	2013	143,315,610	2.04%	142,831,246	2.09%
2010	2011	2012	140,456,959	-6.35%	139,913,722	-6.26%
2009	2010	2011	149,976,594	-3.71%	149,264,563	-3.70%

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

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

Fiscal Year Ended June 30	Commercial	Industrial	Total
2020	\$ 12,866,474	\$ 80,311,827	\$ 93,178,301
2019	13,681,269	79,540,780	93,222,049
2018	10,156,357	69,468,742	79,625,099
2017	9,931,597	75,086,342	85,017,939
2016	10,524,286	128,565,037	139,089,323
2015	12,741,620	123,286,017	136,027,637
2014	15,134,007	118,528,875	133,662,882
2013	16,765,363	126,065,883	142,831,246
2012	15,558,198	124,355,524	139,913,722
2011	14,226,748	135,037,815	149,264,563

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

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BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Continuing Bond Disclosures (Unaudited)

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

Fiscal Year Ended June 30	Real	Personal	Total
2020	\$ 60,866,173	\$ 32,312,128	\$ 93,178,301
2019	57,813,745	35,408,304	93,222,049
2018	54,549,418	25,075,681	79,625,099
2017	53,021,161	31,996,778	85,017,939
2016	52,029,712	87,059,611	139,089,323
2015	54,665,855	81,361,782	136,027,637
2014	53,835,599	79,827,283	133,662,882
2013	56,813,866	86,017,380	142,831,246
2012	57,040,919	82,872,803	139,913,722
2011	61,672,808	87,591,755	149,264,563

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

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

Fiscal Year Ended June 30	Real	Personal	Total
2020	\$ 15,433,457	\$ 15,849,490	\$ 31,282,947
2019	16,077,055	32,427,099	48,504,154
2018	18,550,392	34,760,516	53,310,908
2017	19,424,778	42,196,701	61,621,479
2016	20,646,502	111,453,701	132,100,203
2015	19,304,922	111,027,139	130,332,061
2014	26,064,354	98,794,626	124,858,980
2013	28,196,419	115,284,126	143,480,545
2012	26,521,613	121,779,255	148,300,868
2011	25,959,973	128,444,334	154,404,307

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

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BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Continuing Bond Disclosures (Unaudited)

5. Property Tax Collections

Fiscal Year Ended June 30	Taxes Levied	Collections to March 1	MBT Reimbursement	Total Collected
2020	\$ 1,844,261	\$ 1,694,059	\$ -	\$ 1,694,059
2019	1,645,241	1,547,781	-	1,547,781
2018	1,413,591	1,354,888	-	1,354,888
2017	2,015,970	1,885,239	-	1,885,239
2016	3,862,179	3,862,179	-	3,862,179
2015	4,896,858	4,896,858	-	4,896,858
2014	4,713,335	4,713,335	644,265	5,357,600
2013	5,002,634	5,002,634	837,365	5,839,999
2012	5,509,155	5,509,155	2,604,869	8,114,024
2011	5,622,324	5,622,324	3,860,229	9,482,553

Note - Starting in 2017 levied and collections to March 1 amounts are lower than prior year due to the State Reimbursement of Tax Incremental Finance Authority Personal Property Loss for Authorities with Increased Captured Loss.

6. Captured Property Tax Rates

(per \$1,000 of value)

Fiscal Year Ended June 30	City	B.C. & ISD Schools	County	State Education Tax
2020	9.4159	20.7327	4.0334	6.0000
2019	9.4159	20.7327	4.0334	6.0000
2018	9.6720	20.7327	4.0334	6.0000
2017	13.4310	20.7327	4.0334	6.0000
2016	12.3910	20.7327	4.0334	6.0000
2015	12.9980	20.7327	4.0334	6.0000
2014	13.3390	20.7327	4.0334	6.0000
2013	13.6180	20.7327	4.0334	6.0000
2012	13.6790	20.7327	4.0334	6.0000
2011	13.6790	20.7794	4.0334	6.0000

Note - Starting in 2018, the Authority's Board of Directors approved a 35% pass through of the City captured property tax to the community-wide economic development fund.

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BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Continuing Bond Disclosures (Unaudited)

7. Taxable Value of Twenty Largest Ad Valorem Taxpayers (Fiscal Year Ended June 30, 2020)

Taxpayer		Product or Service	Taxable Value	% of Taxable Value
1	Denso Manufacturing	Automotive parts	\$ 11,366,281	12.20%
2	Denso Manufacturing North Carolina	Automotive parts	9,392,087	10.08%
3	Musashi Auto Parts	Automotive parts	4,978,106	5.34%
4	TRMI Inc.	Automotive parts	4,896,570	5.26%
5	Prairie Farms Dairy Inc	Dairy Products	4,731,707	5.08%
6	II Stanley Co., Inc.	Automotive parts	4,657,045	5.00%
7	Consumers Energy Co	Laundry Services	3,954,621	4.24%
8	Agracel Inc	Industrial developer	2,842,994	3.05%
9	Duncan Aviation Inc	Aviation	2,189,583	2.35%
10	Dickman Road Associates LLC	Property Management	2,036,787	2.19%
11	Eagles Ridge Properties LLC	Property Management	1,968,837	2.11%
12	Advantage Sintered Metals Inc	Manufacturer	1,876,103	2.01%
13	Adient US LLC	Automotive seating	1,788,313	1.92%
14	Systex Products Corp.	Plastic manufacturer	1,674,834	1.80%
15	VIB Inc	Industrial Printing	1,672,871	1.80%
16	Yorozu Automotive	Automotive parts	1,663,076	1.78%
17	Semco Energy Inc	Natural gas utility	1,595,346	1.71%
18	Lotte USA Inc.	Automotive parts	1,593,910	1.71%
19	Hi-Lex Corp.	Automotive parts	1,569,679	1.68%
20	ASMO Manufacturing	Automotive parts	1,493,097	1.60%
			<u>\$ 67,941,847</u>	<u>72.91%</u>

continued...

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Continuing Bond Disclosures (Unaudited)

8. Taxable Value of Largest IFT Taxpayers (Fiscal Year Ended June 30, 2020)

Taxpayer	Product or Service	Taxable Value	% of Taxable Value
1 Denso Manufacturing Michigan, Inc.	Automotive parts	\$ 4,473,207	14.30%
2 Dieomatic Inc	Automotive parts	3,956,871	12.65%
3 Musashi Auto Parts	Automotive parts	3,673,311	11.74%
4 Toda America Inc	Automotive parts	3,519,211	11.25%
5 Bleistahl North America LP	Solar panels	3,385,362	10.82%
6 Roesler Metal Finishing	Automotive parts	2,332,289	7.46%
7 II Stanley Company, Inc	Electronic switches	1,642,336	5.25%
8 TRMI, INC.	Metal finishing	1,459,698	4.67%
9 Geislinger Corp.	Molded parts	1,284,386	4.11%
10 Bowers Aluminum Company	Dairy products	1,168,505	3.74%
11 Prairie Farms Dairy Inc.	Automotive parts	903,691	2.89%
12 ASMO Manufacturing	Automotive parts	784,359	2.51%
13 Hi-Lex Corp	Specialty tools	526,930	1.68%
14 Advanced Special Tools Inc.	Plastic moldings	344,626	1.10%
15 Systex Products Corp.	Heating elements	327,519	1.05%
16 Nexthermal Corporation	Aluminum Manufacturer	229,796	0.73%
17 EPI Printers, Inc.	Printing	139,162	0.44%
18 Hill Brady Investments LLC	Automotive parts	49,692	0.16%
		<u>\$ 30,200,951</u>	<u>96.55%</u>

concluded.

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

December 21, 2020

To the Board of Directors of the
Battle Creek Tax Increment Finance Authority
City of Battle Creek, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the **Battle Creek Tax Increment Finance Authority, a component unit of the City of Battle Creek, Michigan** (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control Over Financial Reporting

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

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

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

Rehmann is an independent member of Nexia International.



Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The script is cursive and fluid, with the letters "L" and "L" in "Lehmann" and "Lobson" being particularly prominent.