

# City of Battle Creek, Michigan

For the Year  
Ended June 30,  
2016

Comprehensive  
Annual Financial  
Report

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# CITY OF BATTLE CREEK, MICHIGAN

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## INTRODUCTORY SECTION

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# CITY OF BATTLE CREEK

## FINANCE DEPARTMENT

December 2, 2016

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

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Battle Creek for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the City of Battle Creek. 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, 2016 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, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## Profile of the Government

The City of Battle Creek, incorporated as a City in 1859 and as a Home Rule City in 1913, is located in southwest Michigan, approximately 115 miles west of Detroit and 160 miles northeast of Chicago. It is the largest city in Calhoun County, encompassing an area of 44 square miles, with a current population of 51,589. 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 council is responsible, among other things, for passing ordinances and resolutions, making public policy decisions, adopting the budget, appointing boards, commissions, and committees, approving contracts, authorizing real estate transactions, awarding bids, selling property, and hiring the government's manager and attorney. Four Commissioners are elected at-large for two-year terms and five Commissioners are elected from the five wards in the City, also serving two-year terms. The City Commission elects a Mayor and Vice-Mayor from among its members.

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 government's department heads.

The City of Battle Creek provides a full range of services 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 \$3.2 billion for the year ended June 30, 2016. The residential amenities provides 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, the W.K. Kellogg Foundation, the Hart-Dole-Inouye Federal Center, and the International Food Protection Training Institute. Battle Creek has many other major corporate community members including Post Cereals, Tree House Foods, Denso, Il Stanley, and Duncan Aviation. The City is revitalizing its downtown to accommodate food science, small business, entrepreneurs, and other innovation industries. Battle Creek's general aviation airport and industrial park are diversifying the economy and attracting worldwide business for military, aviation, 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 2017-2022 are over \$227 million in capital needs including new facilities for both police and fire. Many of the projects included in the September, 2013 \$15.4 million capital improvement bond issue are complete with the \$3.5 million project for Downtown Quiet Zone still ongoing.

From an operational perspective, the City's revenue profile is diverse and has shown improvement over the prior year. Income tax revenue accounts for 36.7% of general fund revenues for the year ending June 30, 2016. Property tax revenue makes up another 31.0% of general fund revenues for the year ending June 30, 2016, and the City has a 1.1222-mill (9.9%) margin available under the Headlee roll-back limit for operation. This could generate approximately \$1.1 million in additional property tax revenue.

A Legacy Cost Committee has been established for evaluation of unfunded liabilities for pension and other postemployment benefits. This committee is looking at best practices as well as cost containment. Work has just begun by the Committee, which is comprised of City staff, a City Commissioner, a City resident, financial experts, and business representatives.

There is a continued transition to using the Priority Based Budgeting methodology. This includes program identification and costing, prioritization by departments and independent committees, and analysis of mandated programs and partnership opportunities to identify potential savings.

*New Accounting Standards.* Governmental Accounting Standards Board (GASB) pronouncement number 72, *Fair Value Measurement and Application*, was implemented for the year ended June 30, 2016. The new standard required the City to disclose in the footnotes the method used to measure fair value based on a 3-level hierarchy of fair value.

#### 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 of Battle Creek for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

**Rebecca L. Fleury**  
City Manager

**Linda A. Morrison**  
Finance Director

[Signatures omitted for security purposes.]

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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

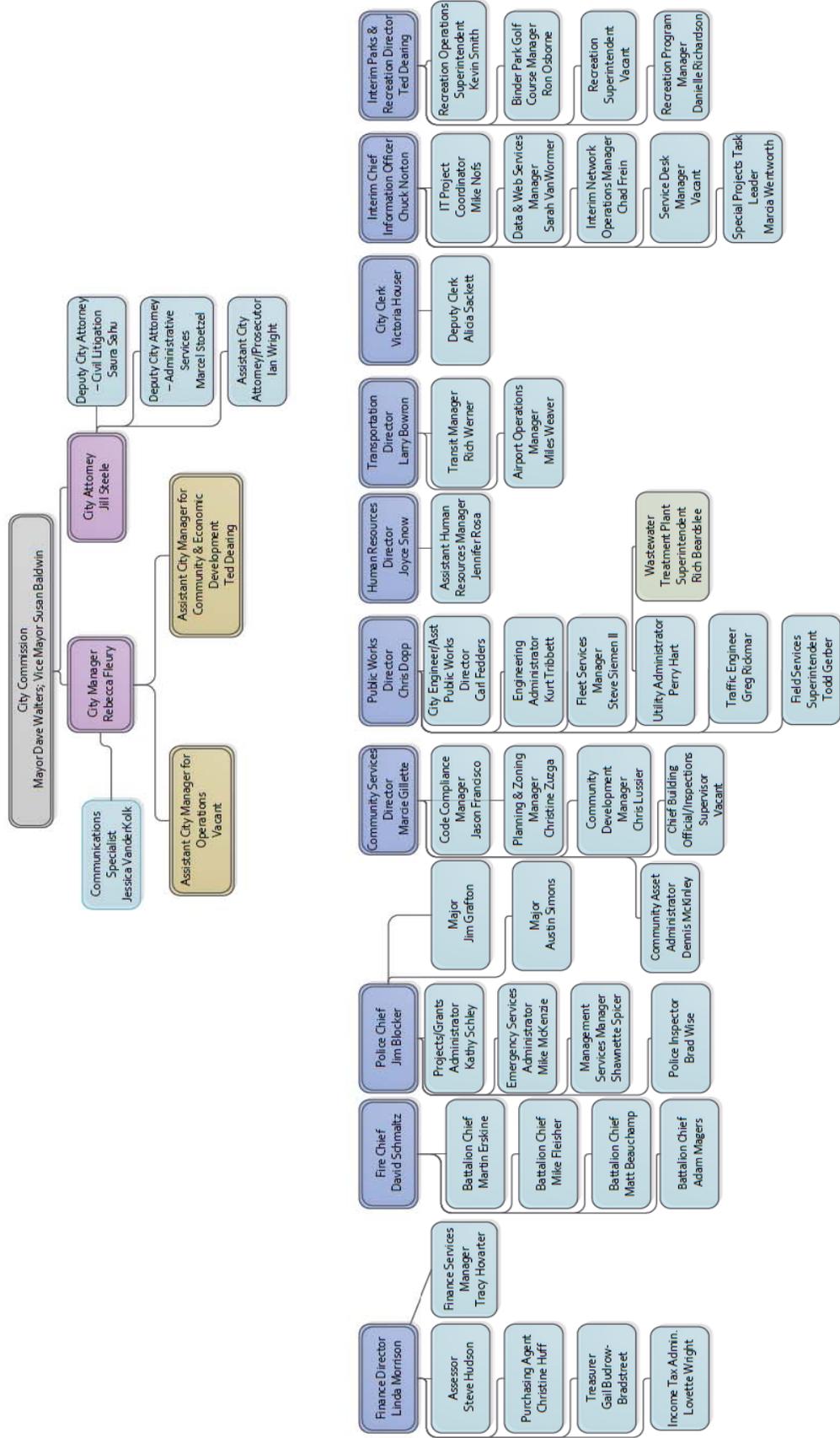
**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

# CITY OF BATTLE CREEK, MICHIGAN

## Organizational Chart



# CITY OF BATTLE CREEK, MICHIGAN

## List of Principal City Officials

### CITY COMMISSION:

David Walters  
*Mayor*

Susan Baldwin  
*Vice Mayor*

Deborah Owens  
Lynn Ward Gray  
Kate Flores  
Mike Sherzer  
Mark Behnke  
Kaytee Faris  
Andy Helmboldt

### Administration

Rebecca L. Fleury  
*City Manager*

Jill Humphreys Steele  
*City Attorney*

Linda A. Morrison  
*Finance Director*

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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

December 2, 2016

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, 2016, 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.

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, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and community development special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section 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 and statistical section have 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 them.

#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 2, 2016 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.

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

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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, 2016. 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	\$264,568,695
· Change in total net position	(12,827,190)
· Fund balances, governmental funds	15,965,274
· Change in fund balances, governmental funds	(2,346,592)
· Unassigned fund balance, general fund	6,181,573
· Change in fund balance, general fund	104,398
· Installment debt outstanding	32,520,380
· Change in installment debt	(4,324,815)

### 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, parks and recreation and community development. The business-type activities of the City include water, wastewater, public transit, solid waste collection, airport, parking and economic development.

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 Downtown Development Authority, the Lakeview Downtown Development Authority, the Tax Incremental Financing Authority, the Brownfield Redevelopment Authority and the Local Development Finance Authority. 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 26 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, the community development special revenue fund, and the building authority bonds debt service fund, which are considered to be major funds. Data from the other 23 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 and Battle Creek Transit System 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.

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

#### 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 \$264,568,695 at the close of the most recent fiscal year.

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	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and other assets	\$ 37,814,573	\$ 43,052,648	\$ 29,287,168	\$ 26,548,254	\$ 67,101,741	\$ 69,600,902
Capital assets	232,516,309	236,668,821	99,987,476	99,659,775	332,503,785	336,328,596
<b>Total assets</b>	<b>270,330,882</b>	<b>279,721,469</b>	<b>129,274,644</b>	<b>126,208,029</b>	<b>399,605,526</b>	<b>405,929,498</b>
<b>Deferred outflows of resources</b>						
Deferred charge on refunding	1,098,853	234,810	-	72,359	1,098,853	307,169
Deferred pension amounts	24,259,505	10,685,157	5,908,214	1,307,308	30,167,719	11,992,465
<b>Total deferred outflows of resources</b>	<b>25,358,358</b>	<b>10,919,967</b>	<b>5,908,214</b>	<b>1,379,667</b>	<b>31,266,572</b>	<b>12,299,634</b>
<b>Liabilities</b>						
Other liabilities	9,357,037	11,074,101	2,495,744	2,301,837	11,852,781	13,375,938
Long-term liabilities	30,679,685	32,470,306	6,259,671	8,492,481	36,939,356	40,962,787
Other liabilities due in more than one year:						
Net other postemployment benefits liability	11,922,659	9,568,940	-	-	11,922,659	9,568,940
Net pension liability	79,786,740	57,934,810	25,239,343	18,990,772	105,026,083	76,925,582
<b>Total liabilities</b>	<b>131,746,121</b>	<b>111,048,157</b>	<b>33,994,758</b>	<b>29,785,090</b>	<b>165,740,879</b>	<b>140,833,247</b>
<b>Deferred inflows of resources</b>						
Deferred pension amounts	369,382	-	193,142	-	562,524	-
<b>Net position</b>						
Net investment in capital assets	209,385,180	212,763,742	94,256,830	91,757,657	303,642,010	304,521,399
Restricted	10,573,097	6,422,246	-	-	10,573,097	6,422,246
Unrestricted (deficit)	(56,384,540)	(39,592,709)	6,738,128	6,044,949	(49,646,412)	(33,547,760)
<b>Total net position</b>	<b>\$163,573,737</b>	<b>\$179,593,279</b>	<b>\$100,994,958</b>	<b>\$ 97,802,606</b>	<b>\$264,568,695</b>	<b>\$277,395,885</b>

An additional portion of the City's net position (4.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position (deficit)* may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report 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. All three components City's business-type activities net position are stated as a positive balance; the same held true for the prior fiscal year.

# CITY OF BATTLE CREEK, MICHIGAN

## Management's Discussion and Analysis

The City's net position decreased by \$12,827,190. This large reduction was primarily a result of an increase in the net pension liability. The change in the amount of the decrease between the current and prior year was \$8,335,027 there are a variety of offsetting increases and decreases in the revenues and expenses and between the governmental and business-type activities, which are discussed in the succeeding sections.

	Changes in Net Position					
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 8,539,058	\$ 8,013,409	\$ 34,529,048	\$ 32,925,393	\$ 43,068,106	\$ 40,938,802
Grants and contributions:						
Operating	14,753,846	12,533,025	4,336,403	3,987,451	19,090,249	16,520,476
Capital	34,404	762,199	-	-	34,404	-
General revenues:						
Property taxes	16,189,320	16,028,806	-	-	16,189,320	16,028,806
Income taxes	16,414,572	16,475,837	-	-	16,414,572	16,475,837
Grants and contributions not restricted to specific programs	5,637,815	5,441,022	-	-	5,637,815	5,441,022
Unrestricted investment earnings	770,022	856,338	516,150	74,665	1,286,172	931,003
<b>Total revenues</b>	<b>62,339,037</b>	<b>60,110,636</b>	<b>39,381,601</b>	<b>36,987,509</b>	<b>101,720,638</b>	<b>97,098,145</b>
<b>Expenses</b>						
General government	13,522,067	8,841,596	-	-	13,522,067	8,841,596
Public safety	38,643,958	29,790,342	-	-	38,643,958	29,790,342
Public works	2,016,152	2,239,223	-	-	2,016,152	2,239,223
Highways and streets	11,759,289	14,960,926	-	-	11,759,289	14,960,926
Parks and recreation	7,662,739	6,491,021	-	-	7,662,739	6,491,021
Community development	2,960,152	2,709,435	-	-	2,960,152	2,709,435
Interest on long-term debt	1,193,277	1,307,722	-	-	1,193,277	1,307,722
Wastewater	-	-	16,616,652	15,833,103	16,616,652	15,833,103
Water	-	-	8,407,774	7,881,178	8,407,774	7,881,178
Public transit	-	-	4,519,401	4,551,257	4,519,401	4,551,257
Solid waste collection	-	-	3,021,188	2,977,648	3,021,188	2,977,648
Airport	-	-	2,566,234	2,512,780	2,566,234	2,512,780
Parking	-	-	1,475,329	1,369,956	1,475,329	1,369,956
Economic development	-	-	183,616	124,121	183,616	124,121
<b>Total expenses</b>	<b>77,757,634</b>	<b>66,340,265</b>	<b>36,790,194</b>	<b>35,250,043</b>	<b>114,547,828</b>	<b>101,590,308</b>
<b>Change in net position, before transfers</b>	<b>(15,418,597)</b>	<b>(6,229,629)</b>	<b>2,591,407</b>	<b>1,737,466</b>	<b>(12,827,190)</b>	<b>(4,492,163)</b>
<b>Transfers</b>	<b>(600,945)</b>	<b>(453,061)</b>	<b>600,945</b>	<b>453,061</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(16,019,542)</b>	<b>(6,682,690)</b>	<b>3,192,352</b>	<b>2,190,527</b>	<b>(12,827,190)</b>	<b>(4,492,163)</b>
<b>Net position:</b>						
Beginning of year	179,593,279	230,303,932	97,802,606	112,727,888	277,395,885	343,031,820
Restatement for implementation of GASB 68	-	(44,027,963)	-	(17,115,809)	-	(61,143,772)
	<b>179,593,279</b>	<b>186,275,969</b>	<b>97,802,606</b>	<b>95,612,079</b>	<b>277,395,885</b>	<b>281,888,048</b>
<b>Net position, end of year</b>	<b>\$163,573,737</b>	<b>\$179,593,279</b>	<b>\$100,994,958</b>	<b>\$ 97,802,606</b>	<b>\$264,568,695</b>	<b>\$277,395,885</b>

## CITY OF BATTLE CREEK, MICHIGAN

### Management's Discussion and Analysis

Governmental activities. Governmental activities decreased the City's net position by \$16,019,542 (as compared to a prior year decrease of \$6,682,690). Key elements of this decrease and the change from the prior year include:

The total revenue increase of \$2.2 million includes increased operating grants in the Special Grants fund and general fund. There also was an increase in parks and recreation charges for services of \$321,422. Public safety expenses increased \$8.4 million from the prior year as a result of increased pension liability in the police and fire pension fund for the year. General government expenses increased by \$4.7 million from the prior year due to a combination of increased pension liability and the continued expenditure of the capital improvement bond funds.

Business-type activities. Business-type activities increased the City's net position by \$3,192,352 as compared to an increase of \$2,190,527 the prior year. Key elements of this increase and the change from the prior year include:

Water and wastewater charges for services increased \$1.7 million over the prior year. Revenue increases include a rate increase that was effective 7/1/15. There continue to be unrestricted net position deficits in the W.K. Kellogg Airport fund and the Battle Creek Transit fund due to the net pension liability.

#### 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 \$15,965,274 a decrease of \$2,346,592 from the prior year. Nonspendable portion of fund balance increased from \$1,467,007 to \$1,527,390. 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 (\$647,481).

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 \$6,181,573, while total fund balance was \$8,073,116. 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, 2016 is 14.0%.

The fund balance of the City's general fund increased by \$104,398 during the current fiscal year. This was favorable as compared to the final budgeted decrease in fund balance of \$478,289.

The community development fund has a fund balance of \$56 which decreased from the previous year of \$101. Original budget estimates anticipated a greater level of activity than actually occurred; however, community development grant funds may be carried over to subsequent years.

*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 \$159,290. The fund had an increase in total net position for the year of \$3,410,313. 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 had a total net position deficit of \$1,497,573; the fund had a decrease in net position of \$365,684 for the year primarily as a result of the increase in net pension liability.

# CITY OF BATTLE CREEK, MICHIGAN

## Management's Discussion and Analysis

### General Fund Budgetary Highlights

Mid-year adjustments were made to the general fund budget to account for anticipated decreases in income tax revenue of \$427,000, interest income of \$300,000, and constitutional state shared revenues of \$193,000. General fund expenditure budget adjustments included increases in the fire department of \$400,000, increases in the police department of \$200,000, and a decrease in the transfer out to the major streets fund of \$200,000. Budgeted expenses also increased for any prior year encumbrances carried forward, as they are a use of the prior year fund balance and were reflected in the assigned fund balance at 6/30/15. The original general fund budget reflected a use of fund balance in the amount of \$52,000. This was increased to \$478,289 by the mid-year budget adjustments. The actual increase of fund balance in the amount of \$104,398 was better than the original and amended budgeted use primarily due to other intergovernmental revenues that exceeded expectations and fuel cost savings.

### 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, 2016, amounted to \$332,503,785 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, vehicles, equipment, infrastructure and systems. Net capital assets for governmental activities decreased by 1.8%, and for business-type activities increased by 0.3%.

	City of Battle Creek's Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land and land improvements	\$ 19,201,085	\$ 18,036,321	\$ 5,389,805	\$ 5,351,258	\$ 24,590,890	\$ 23,387,579
Construction in progress	155,531	5,507,305	8,616,468	5,408,415	8,771,999	10,915,720
Buildings	31,194,692	29,102,266	15,257,188	16,403,825	46,451,880	45,506,091
Vehicles	2,498,806	2,113,817	678,913	876,485	3,177,719	2,990,302
Equipment	3,347,260	3,559,667	933,184	1,133,509	4,280,444	4,693,176
Infrastructure	176,118,935	178,349,445	-	-	176,118,935	178,349,445
Systems	-	-	69,111,918	70,486,283	69,111,918	70,486,283
<b>Total</b>	<b>\$232,516,309</b>	<b>\$236,668,821</b>	<b>\$ 99,987,476</b>	<b>\$ 99,659,775</b>	<b>\$332,503,785</b>	<b>\$336,328,596</b>

Major capital asset events during the current fiscal year included:

- The 2013 capital improvements bond (refunded in the current year) was used to fund \$6.98 million in improvements. Major improvements were made to the Kellogg Arena, the police facility located on Elm Street, various culverts and diversion channels, and the Bailey Park facilities.
- Willard Beach relocation in the amount of \$419,278

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

# CITY OF BATTLE CREEK, MICHIGAN

## Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$30,151,000. Of this amount, \$24,770,000 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	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 24,770,000	\$ 26,710,000	\$ -	\$ -	\$ 24,770,000	\$ 26,710,000
Revenue bonds	-	-	5,381,000	7,407,000	5,381,000	7,407,000
<b>Total</b>	<b>\$ 24,770,000</b>	<b>\$ 26,710,000</b>	<b>\$ 5,381,000</b>	<b>\$ 7,407,000</b>	<b>\$ 30,151,000</b>	<b>\$ 34,117,000</b>

The City's total bonded debt decreased by \$3,966,000 (11.6 percent) during the current fiscal year. During the year, the City advance refunded the 2013 capital improvement bonds.

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	Aa3	AA-	AA
Water and wastewater revenue bonds	Aa3	A	AA-

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 \$159,775,597.

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

### Economic Factors

Low fuel costs and low unemployment had positive effects on the City's financial results for the year. The recovery of the national economy had begun to work its way to the public sector, and the progress at the state level in regards to road funding is being watched closely.

### Next Year's Budgets and Rates

- Developed the fiscal year ending June 30, 2017 budget with a .500 mill dedicated to capital projects and the related debt, and a total property tax increase of .683 mills.
- Included debt service in the general fund for a new police facility.
- Included a use of general fund fund balance in the amount of \$591,896.
- Included 2-3% wage raises in many collective bargaining agreements.
- General fund expenditures include Central Business District maintenance costs as well as Downtown Economic Development costs that have been covered by the DDA in the past. Revenues in the DDA allow for debt service payments with room for little else.
- During the year, employees will begin paying 20% of health insurance premiums based on collective bargaining agreements.

### 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](http://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 Finance Director, P.O. Box 1717, Battle Creek, Michigan 49016-1717.

## BASIC FINANCIAL STATEMENTS

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

# CITY OF BATTLE CREEK, MICHIGAN

## Statement of Net Position

June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Pooled cash and investments	\$ 21,681,863	\$ 18,511,555	\$ 40,193,418	\$ 21,928,512
Receivables	10,925,382	9,005,357	19,930,739	878,258
Receivables, long-term portion	3,538,386	127,285	3,665,671	3,865,182
Internal balances	(121,504)	121,504	-	-
Inventories, prepaid items and other assets	1,790,446	1,521,467	3,311,913	21,082
Capital assets not being depreciated	2,277,862	12,069,331	14,347,193	12,675,578
Capital assets being depreciated, net	230,238,447	87,918,145	318,156,592	1,092,868
<b>Total assets</b>	<b>270,330,882</b>	<b>129,274,644</b>	<b>399,605,526</b>	<b>40,461,480</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	1,098,853	-	1,098,853	1,206,272
Deferred pension amounts	24,259,505	5,908,214	30,167,719	-
<b>Total deferred outflows of resources</b>	<b>25,358,358</b>	<b>5,908,214</b>	<b>31,266,572</b>	<b>1,206,272</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	8,643,209	2,376,403	11,019,612	3,153,070
Accrued interest payable	266,683	-	266,683	292,876
Unearned revenue	447,145	119,341	566,486	1,694
Long-term liabilities:				
Due within one year	3,613,098	2,724,871	6,337,969	4,817,604
Due in more than one year	27,066,587	3,534,800	30,601,387	38,134,319
Other liabilities due in more than one year:				
Net other postemployment benefits liability	11,922,659	-	11,922,659	-
Net pension liability	79,786,740	25,239,343	105,026,083	-
<b>Total liabilities</b>	<b>131,746,121</b>	<b>33,994,758</b>	<b>165,740,879</b>	<b>46,399,563</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	369,382	193,142	562,524	-
<b>Net position</b>				
Net investment in capital assets	209,385,180	94,256,830	303,642,010	13,768,446
Restricted for:				
Debt service	8,158,336	-	8,158,336	-
Endowment - nonexpendable	879,909	-	879,909	-
Endowment - expendable	90,286	-	90,286	-
Other purposes	1,444,566	-	1,444,566	1,266,447
Unrestricted (deficit)	(56,384,540)	6,738,128	(49,646,412)	(19,766,704)
<b>Total net position (deficit)</b>	<b>\$ 163,573,737</b>	<b>\$ 100,994,958</b>	<b>\$ 264,568,695</b>	<b>\$ (4,731,811)</b>

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, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 13,522,067	\$ 3,598,573	\$ 5,609,494	\$ -	\$ (4,314,000)
Public safety	38,643,958	907,947	708,517	-	(37,027,494)
Public works	2,016,152	144,941	91,028	-	(1,780,183)
Highways and streets	11,759,289	6,932	6,530,700	34,404	(5,187,253)
Parks and recreation	7,662,739	3,822,885	-	-	(3,839,854)
Community development	2,960,152	57,780	1,814,107	-	(1,088,265)
Interest on long-term debt	1,193,277	-	-	-	(1,193,277)
<b>Total governmental activities</b>	<b>77,757,634</b>	<b>8,539,058</b>	<b>14,753,846</b>	<b>34,404</b>	<b>(54,430,326)</b>
Business-type activities:					
Wastewater	16,616,652	18,278,650	-	-	1,661,998
Water	8,407,774	9,883,241	23,427	-	1,498,894
Public transit	4,519,401	407,480	2,782,714	-	(1,329,207)
Solid waste collection	3,021,188	3,212,994	-	-	191,806
Airport	2,566,234	1,354,099	1,530,262	-	318,127
Parking	1,475,329	1,384,948	-	-	(90,381)
Economic development	183,616	7,636	-	-	(175,980)
<b>Total business-type activities</b>	<b>36,790,194</b>	<b>34,529,048</b>	<b>4,336,403</b>	<b>-</b>	<b>2,075,257</b>
<b>Total primary government</b>	<b>\$ 114,547,828</b>	<b>\$ 43,068,106</b>	<b>\$ 19,090,249</b>	<b>\$ 34,404</b>	<b>\$ (52,355,069)</b>
<b>Component units</b>					
Community development	\$ 13,027,249	\$ 58,538	\$ 34,800	\$ 10,195	\$ (12,923,716)

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenues	\$ (54,430,326)	\$ 2,075,257	\$ (52,355,069)	\$ (12,923,716)
General revenues:				
Property taxes	16,189,320	-	16,189,320	11,049,993
Income taxes	16,414,572	-	16,414,572	-
Grants and contributions not restricted to specific programs	5,637,815	-	5,637,815	-
Unrestricted investment earnings	770,022	269,643	1,039,665	890,776
Rents and leases	-	246,507	246,507	26,898
Transfers	(600,945)	600,945	-	-
Total general revenues and transfers	38,410,784	1,117,095	39,527,879	11,967,667
Change in net position	(16,019,542)	3,192,352	(12,827,190)	(956,049)
Net position (deficit), beginning of year	179,593,279	97,802,606	277,395,885	(3,775,762)
Net position (deficit), end of year	\$ 163,573,737	\$ 100,994,958	\$ 264,568,695	\$ (4,731,811)

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, 2016

	General	Community Development	Building Authority Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Pooled cash and investments	\$ 6,762,076	\$ -	\$ 5,311	\$ 6,913,064	\$ 13,680,451
Receivables:					
Interest	67,092	-	34,019	24,105	125,216
Accounts	2,671,600	69,763	-	1,834,191	4,575,554
Special assessments	137,452	-	-	59,002	196,454
Grants	41,181	70,298	-	692,299	803,778
Loans	1,351,478	2,714,379	465,000	53,329	4,584,186
Loans, long-term portion	-	-	3,160,000	378,386	3,538,386
Inventories	10,517	-	-	114,516	125,033
Prepaid items	497,825	-	-	24,623	522,448
Assets held for resale	-	137,000	-	-	137,000
Interfund receivable	1,201,774	-	-	-	1,201,774
<b>Total assets</b>	<b>\$ 12,740,995</b>	<b>\$ 2,991,440</b>	<b>\$ 3,664,330</b>	<b>\$ 10,093,515</b>	<b>\$ 29,490,280</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,157,111	\$ 2,601	\$ -	\$ 353,422	\$ 1,513,134
Accrued payroll	2,026,794	-	-	-	2,026,794
Retentions, deposits and other liabilities	-	-	-	252,513	252,513
Interfund payable	-	137,404	-	825,682	963,086
Unearned revenue	81,742	-	-	282,645	364,387
<b>Total liabilities</b>	<b>3,265,647</b>	<b>140,005</b>	<b>-</b>	<b>1,714,262</b>	<b>5,119,914</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue:					
Assets held for resale	-	137,000	-	-	137,000
Special assessments	50,754	-	-	59,002	109,756
Loans and related interest	1,351,478	2,714,379	3,659,019	433,460	8,158,336
<b>Total deferred inflows of resources</b>	<b>1,402,232</b>	<b>2,851,379</b>	<b>3,659,019</b>	<b>492,462</b>	<b>8,405,092</b>
<b>Fund balances</b>					
Nonspendable	508,342	-	-	1,019,048	1,527,390
Restricted	384,726	56	-	4,791,612	5,176,394
Committed	936,502	-	5,311	1,722,039	2,663,852
Assigned	61,973	-	-	354,092	416,065
Unassigned	6,181,573	-	-	-	6,181,573
<b>Total fund balances</b>	<b>8,073,116</b>	<b>56</b>	<b>5,311</b>	<b>7,886,791</b>	<b>15,965,274</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,740,995</b>	<b>\$ 2,991,440</b>	<b>\$ 3,664,330</b>	<b>\$ 10,093,515</b>	<b>\$ 29,490,280</b>

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, 2016

Fund balances - total governmental funds	\$ 15,965,274
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	422,216,288
Accumulated depreciation	(189,699,979)
Less: capital assets being accounted for in internal service funds	(3,077,523)
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	7,371,224
Portion of internal service funds cumulative net operating income attributed to business-type funds	(121,504)
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.	
Assets held for resale	137,000
Unavailable special assessments	109,756
Loans receivable related to the sale of capital assets and other loans	8,158,336
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	1,098,853
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 installment contracts payable	(27,817,435)
Accrued interest on bonds and installment contracts payable	(266,683)
Net pension liability	(79,786,740)
Deferred outflows related to the net pension liability	24,259,505
Deferred inflows related to the net pension liability	(369,382)
Net other postemployment benefits liability	(11,922,659)
Compensated absences	(2,680,594)
Net position of governmental activities	<u><u>\$ 163,573,737</u></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, 2016

	General	Community Development	Building Authority Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 31,082,953	\$ -	\$ -	\$ 1,520,939	\$ 32,603,892
Licenses and permits	1,021,229	8,586	-	-	1,029,815
Intergovernmental	8,698,540	1,433,217	-	9,894,690	20,026,447
Charges for services	2,378,225	-	-	2,704,489	5,082,714
Fines and forfeitures	129,805	-	-	-	129,805
Investment income	426,096	111	-	75,715	501,922
Contributions	-	-	-	142,797	142,797
Rents and leases	-	-	-	59,545	59,545
Other	1,034,513	49,194	601,000	27,787	1,712,494
<b>Total revenues</b>	<b>44,771,361</b>	<b>1,491,108</b>	<b>601,000</b>	<b>14,425,962</b>	<b>61,289,431</b>
<b>Expenditures</b>					
Current expenditures:					
General government	6,772,153	-	-	3,226,915	9,999,068
Public safety	27,204,080	-	-	223,005	27,427,085
Public works	2,571,981	-	-	-	2,571,981
Highway and streets	-	-	-	10,667,566	10,667,566
Parks and recreation	3,301,833	-	-	2,193,169	5,495,002
Community development	-	1,488,618	-	365,287	1,853,905
Inspections	-	-	-	616,610	616,610
Unallocated	1,286,389	-	-	-	1,286,389
Debt service:					
Principal retirement	-	-	450,000	2,089,826	2,539,826
Interest	-	-	151,000	1,056,672	1,207,672
<b>Total expenditures</b>	<b>41,136,436</b>	<b>1,488,618</b>	<b>601,000</b>	<b>20,439,050</b>	<b>63,665,104</b>
Revenue over (under) expenditures	3,634,925	2,490	-	(6,013,088)	(2,375,673)
<b>Other financing sources (uses)</b>					
Issuance of long-term debt	-	-	-	12,605,000	12,605,000
Payment to escrow agent	-	-	-	(13,548,312)	(13,548,312)
Premium on issuance of long-term debt	-	-	-	971,682	971,682
Discount on issuance of long-term debt	-	-	-	(111,044)	(111,044)
Transfers in	97,131	-	-	5,299,461	5,396,592
Transfers out	(3,627,658)	(2,535)	-	(1,654,644)	(5,284,837)
<b>Total other financing sources (uses)</b>	<b>(3,530,527)</b>	<b>(2,535)</b>	<b>-</b>	<b>3,562,143</b>	<b>29,081</b>
Net change in fund balances	104,398	(45)	-	(2,450,945)	(2,346,592)
Fund balances, beginning of year	7,968,718	101	5,311	10,337,736	18,311,866
<b>Fund balances, end of year</b>	<b>\$ 8,073,116</b>	<b>\$ 56</b>	<b>\$ 5,311</b>	<b>\$ 7,886,791</b>	<b>\$ 15,965,274</b>

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, 2016

Net change in fund balances - total governmental funds \$ (2,346,592)

Amounts reported for *governmental activities* 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.

Capital outlay	5,755,521
Donated capital assets	34,404
Depreciation expense	(10,030,223)

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	(89,452)
Change in assets held for resale	119,347
Change in unavailable revenues related to loans receivable	179,184

Bond proceeds provide current financial resources to governmental funds in the period  
issued, but issuing bonds increases long-term liabilities in the statement of net position.  
Repayment of bond principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	2,539,826
Amount received from other entities for their share of debt principal	(450,000)
Proceeds from issuance of long-term debt	(12,605,000)
Payment to escrow agent	13,548,312
Bond premium on issuance of long-term debt	(971,682)
Bond discount on issuance of long-term debt	111,044

Internal service funds are used by management to charge the costs of certain  
equipment usage to individual governmental funds. The net revenues (expense)  
attributable to those funds is reported with governmental activities.

Net operating loss from governmental activities in internal service funds	(459,679)
Intergovernmental subsidies in governmental internal service funds	200,000
Interest earnings from governmental internal service funds	131,654
Interest paid from governmental activities in internal service funds	(736)
Transfers received in governmental internal service funds	632,168
Transfers made from governmental internal services funds	(1,344,868)

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	14,395
Change in the net pension liability and related deferred amounts	(8,646,964)
Change in net other postemployment benefits liability	(2,353,719)
Change in the accrual for compensated absences	13,518

Change in net position of governmental activities \$ (16,019,542)

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, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
<b>Taxes:</b>				
City income	\$ 16,825,000	\$ 16,398,000	\$ 16,414,572	\$ 16,572
Real estate	11,340,848	11,693,848	11,779,803	85,955
Personal property	2,364,045	2,364,045	2,111,167	(252,878)
Administration fees	733,497	733,497	713,614	(19,883)
Other	1,000	63,241	63,797	556
<b>Total taxes</b>	<b>31,264,390</b>	<b>31,252,631</b>	<b>31,082,953</b>	<b>(169,678)</b>
Licenses and permits	759,875	890,400	1,021,229	130,829
<b>Intergovernmental:</b>				
State shared - statutory	1,436,386	1,436,386	1,436,386	-
State shared - constitutional	4,166,404	3,973,404	3,962,883	(10,521)
Other	2,983,082	2,985,582	3,299,271	313,689
<b>Total intergovernmental</b>	<b>8,585,872</b>	<b>8,395,372</b>	<b>8,698,540</b>	<b>303,168</b>
<b>Charges for services:</b>				
Parks and recreation	1,305,333	1,505,833	1,560,803	54,970
Police services	798,982	798,982	817,422	18,440
<b>Total charges for services</b>	<b>2,104,315</b>	<b>2,304,815</b>	<b>2,378,225</b>	<b>73,410</b>
Fines and forfeitures	150,800	150,800	129,805	(20,995)
Investment income	750,876	450,876	426,096	(24,780)
<b>Other:</b>				
Rent and leases	252,531	252,531	215,363	(37,168)
Contributions and donations	-	-	4,404	4,404
Miscellaneous and other	516,705	580,894	814,746	233,852
<b>Total other</b>	<b>769,236</b>	<b>833,425</b>	<b>1,034,513</b>	<b>201,088</b>
<b>Total revenues</b>	<b>44,385,364</b>	<b>44,278,319</b>	<b>44,771,361</b>	<b>493,042</b>

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, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures</b>				
General government:				
Administration:				
Mayor and city commission	\$ 105,336	\$ 105,336	\$ 104,338	\$ (998)
City clerk	380,892	380,892	252,900	(127,992)
City manager	944,668	944,668	930,663	(14,005)
City hall	377,404	383,604	365,840	(17,764)
Neighborhood code compliance	198,414	328,939	239,365	(89,574)
Employee relations	150,079	150,079	223,774	73,695
Human resources	383,346	383,346	406,232	22,886
Labor attorney	21,012	21,012	-	(21,012)
Legal department	882,859	898,219	855,672	(42,547)
Elections	120,016	120,016	127,612	7,596
Civil service	61,601	61,601	69,932	8,331
Data processing	884,422	884,422	884,422	-
Administrative reimbursements	(1,097,427)	(1,097,427)	(1,105,323)	(7,896)
<b>Total administration</b>	<b>3,412,622</b>	<b>3,564,707</b>	<b>3,355,427</b>	<b>(209,280)</b>
Community development:				
City planning	684,951	685,159	628,333	(56,826)
Housing board of appeals	5,202	5,202	971	(4,231)
<b>Total community development</b>	<b>690,153</b>	<b>690,361</b>	<b>629,304</b>	<b>(61,057)</b>
Finance:				
Accounting	803,561	808,458	861,598	53,140
Purchasing	269,804	269,804	271,815	2,011
Treasurer's office	350,038	350,038	291,940	(58,098)
Assessing	834,157	774,226	717,128	(57,098)
Income tax division	590,045	590,045	644,941	54,896
<b>Total finance</b>	<b>2,847,605</b>	<b>2,792,571</b>	<b>2,787,422</b>	<b>(5,149)</b>
<b>Total general government</b>	<b>6,950,380</b>	<b>7,047,639</b>	<b>6,772,153</b>	<b>(275,486)</b>

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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, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued)</b>				
Public safety:				
Police department:				
Administration	\$ 919,961	\$ 919,961	\$ 906,915	\$ (13,046)
Crime lab	707,943	707,943	713,486	5,543
Investigation	1,534,743	1,534,743	1,369,593	(165,150)
Fleet management	264,930	269,522	254,301	(15,221)
Special investigative unit	674,072	674,072	636,984	(37,088)
Management service	876,008	847,608	769,578	(78,030)
Patrol	9,783,305	9,935,575	10,383,440	447,865
Community service	903,365	981,189	960,517	(20,672)
Officer training	339,048	339,048	225,943	(113,105)
Detention center	116,785	116,785	110,975	(5,810)
<b>Total police department</b>	<b>16,120,160</b>	<b>16,326,446</b>	<b>16,331,732</b>	<b>5,286</b>
Fire department:				
Administration	1,004,151	1,006,251	1,084,389	78,138
Fire fighting	8,031,549	8,430,140	8,423,912	(6,228)
<b>Total fire department</b>	<b>9,035,700</b>	<b>9,436,391</b>	<b>9,508,301</b>	<b>71,910</b>
Dispatch	1,296,794	1,200,794	1,200,245	(549)
Civil defense	172,560	172,560	163,802	(8,758)
<b>Total public safety</b>	<b>26,625,214</b>	<b>27,136,191</b>	<b>27,204,080</b>	<b>67,889</b>
Public works:				
Street and storm sewers	400,253	400,253	477,427	77,174
Engineering	76,027	76,027	91,896	15,869
Street lighting	1,300,000	1,180,926	1,180,926	-
Downtown maintenance	650,000	650,000	653,548	3,548
Outside service	150,885	185,561	168,184	(17,377)
<b>Total public works</b>	<b>2,577,165</b>	<b>2,492,767</b>	<b>2,571,981</b>	<b>79,214</b>

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, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Parks and recreation:				
Administration	\$ 969,559	\$ 900,507	\$ 956,689	\$ 56,182
Sports	1,318,343	1,485,343	1,525,726	40,383
Youth center and water park	818,480	795,222	819,418	24,196
Total parks and recreation	3,106,382	3,181,072	3,301,833	120,761
Unallocated:				
Special projects	243,745	344,827	264,615	(80,212)
Other	1,091,520	1,022,179	1,021,774	(405)
Total unallocated	1,335,265	1,367,006	1,286,389	(80,617)
Total expenditures	40,594,406	41,224,675	41,136,436	(88,239)
Revenue over expenditures	3,790,958	3,053,644	3,634,925	581,281
Other financing sources (uses)				
Transfers in	14,600	101,206	97,131	(4,075)
Transfers out	(3,857,558)	(3,633,139)	(3,627,658)	(5,481)
Total other financing uses	(3,842,958)	(3,531,933)	(3,530,527)	(1,406)
Net change in fund balance	(52,000)	(478,289)	104,398	582,687
Fund balance, beginning of year	7,968,718	7,968,718	7,968,718	-
Fund balance, end of year	\$ 7,916,718	\$ 7,490,429	\$ 8,073,116	\$ 582,687

concluded.

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 - Community Development Special Revenue Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ -	\$ 8,586	\$ 8,586	\$ -
Intergovernmental	1,638,734	2,018,384	1,433,217	(585,167)
Investment income	-	111	111	-
Loan collection and other	-	49,194	49,194	-
<b>Total revenues</b>	<b>1,638,734</b>	<b>2,076,275</b>	<b>1,491,108</b>	<b>(585,167)</b>
<b>Expenditures</b>				
Community development	1,636,394	2,073,742	1,488,618	(585,124)
<b>Revenues over expenditures</b>	<b>2,340</b>	<b>2,533</b>	<b>2,490</b>	<b>(43)</b>
<b>Other financing uses</b>				
Transfers out	(2,340)	(2,535)	(2,535)	-
<b>Net change in fund balance</b>	<b>-</b>	<b>(2)</b>	<b>(45)</b>	<b>(43)</b>
Fund balance, beginning of year	101	101	101	-
<b>Fund balance, end of year</b>	<b>\$ 101</b>	<b>\$ 99</b>	<b>\$ 56</b>	<b>\$ (43)</b>

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

CITY OF BATTLE CREEK, MICHIGAN

**Statement of Net Position**

Proprietary Funds  
June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>					
Current assets:					
Pooled cash and investments	\$ 10,911,125	\$ -	\$ 7,839,118	\$ 18,750,243	\$ 8,011,557
Receivables:					
Interest	-	-	36,103	36,103	89,865
Accounts	3,589,015	-	703,778	4,292,793	550,329
Special assessments	118,967	-	-	118,967	-
Grants	15,861	1,250,569	-	1,266,430	-
Loans, current portion	-	-	3,291,064	3,291,064	-
Inventories	1,430,426	78,532	-	1,508,958	481,628
Prepaid items	12,509	-	-	12,509	487,083
Total current assets	<u>16,077,903</u>	<u>1,329,101</u>	<u>11,870,063</u>	<u>29,277,067</u>	<u>9,620,462</u>
Noncurrent assets:					
Loans receivable, long-term portion	-	-	127,285	127,285	-
Capital assets, net	80,589,927	1,864,454	17,533,095	99,987,476	3,077,523
Total noncurrent assets	<u>80,589,927</u>	<u>1,864,454</u>	<u>17,660,380</u>	<u>100,114,761</u>	<u>3,077,523</u>
Total assets	<u>96,667,830</u>	<u>3,193,555</u>	<u>29,530,443</u>	<u>129,391,828</u>	<u>12,697,985</u>
Deferred outflows of resources					
Deferred pension amounts	<u>4,096,935</u>	<u>1,308,145</u>	<u>503,134</u>	<u>5,908,214</u>	<u>-</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities	1,692,997	52,437	292,845	2,038,279	509,301
Accrued payroll	-	-	-	-	35,546
Compensated absences	403,290	77,110	48,625	529,025	127,567
Retentions, deposits and other liabilities	195,236	-	82,004	277,240	-
Accrued interest payable	55,633	-	5,251	60,884	-
Claims payable, current portion	-	-	-	-	2,432,447
Interfund payable	-	238,688	-	238,688	-
Unearned revenue	32,728	-	86,613	119,341	82,758
Lease payable, current portion	-	-	102,500	102,500	10,290
Bonds payable, current portion	2,093,346	-	-	2,093,346	-
Total current liabilities	<u>4,473,230</u>	<u>368,235</u>	<u>617,838</u>	<u>5,459,303</u>	<u>3,197,909</u>
Noncurrent liabilities:					
Claims payable	-	-	-	-	2,085,053
Lease payable	-	-	83,072	83,072	43,799
Bonds payable	3,451,728	-	-	3,451,728	-
Net pension liability	17,501,734	5,588,274	2,149,335	25,239,343	-
Total noncurrent liabilities	<u>20,953,462</u>	<u>5,588,274</u>	<u>2,232,407</u>	<u>28,774,143</u>	<u>2,128,852</u>
Total liabilities	<u>25,426,692</u>	<u>5,956,509</u>	<u>2,850,245</u>	<u>34,233,446</u>	<u>5,326,761</u>
Deferred inflows of resources					
Deferred pension amounts	<u>133,930</u>	<u>42,764</u>	<u>16,448</u>	<u>193,142</u>	<u>-</u>
<b>Net position</b>					
Net investment in capital assets	75,044,853	1,864,454	17,347,523	94,256,830	3,077,523
Unrestricted (deficit)	159,290	(3,362,027)	9,819,361	6,616,624	4,293,701
Total net position	<u>\$ 75,204,143</u>	<u>\$ (1,497,573)</u>	<u>\$ 27,166,884</u>	<u>\$ 100,873,454</u>	<u>\$ 7,371,224</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, 2016

Net position - total enterprise funds	\$ 100,873,454
Amounts reported for <i>business-type activities</i> 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.	<u>121,504</u>
Net position of business-type activities	<u><u>\$ 100,994,958</u></u>

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, 2016

	Business-type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Nonmajor Enterprise Funds		Internal Service Funds
Operating revenues					
Charges for services	\$ 27,570,117	\$ 405,882	\$ 5,872,817	\$ 33,848,816	\$ 17,778,837
Rents and leases	246,507	-	-	246,507	1,598,996
Other	591,774	1,598	86,860	680,232	534,038
<b>Total operating revenues</b>	<b>28,408,398</b>	<b>407,480</b>	<b>5,959,677</b>	<b>34,775,555</b>	<b>19,911,871</b>
Operating expenses					
Personal services	9,232,110	3,151,198	1,197,164	13,580,472	3,296,389
Materials and supplies	2,411,693	418,289	220,263	3,050,245	1,888,719
Contractual and other	6,834,221	583,191	4,787,416	12,204,828	14,491,664
Depreciation	6,196,554	336,696	1,063,082	7,596,332	872,717
<b>Total operating expenses</b>	<b>24,674,578</b>	<b>4,489,374</b>	<b>7,267,925</b>	<b>36,431,877</b>	<b>20,549,489</b>
Operating income (loss)	3,733,820	(4,081,894)	(1,308,248)	(1,656,322)	(637,618)
Nonoperating revenues (expenses)					
Intergovernmental subsidies	23,427	2,782,714	1,530,262	4,336,403	200,000
Interest earnings	215,329	-	54,314	269,643	131,654
Interest expense	(166,270)	-	(14,108)	(180,378)	(736)
<b>Total nonoperating revenues</b>	<b>72,486</b>	<b>2,782,714</b>	<b>1,570,468</b>	<b>4,425,668</b>	<b>330,918</b>
Income (loss) before transfers	3,806,306	(1,299,180)	262,220	2,769,346	(306,700)
Transfers in	-	938,230	84,647	1,022,877	632,168
Transfers out	(395,993)	(4,734)	(21,205)	(421,932)	(1,344,868)
Change in net position	3,410,313	(365,684)	325,662	3,370,291	(1,019,400)
Net position, beginning of year	71,793,830	(1,131,889)	26,841,222	97,503,163	8,390,624
Net position, end of year	\$ 75,204,143	\$ (1,497,573)	\$ 27,166,884	\$ 100,873,454	\$ 7,371,224

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, 2016

Change in net position - total enterprise funds	\$ 3,370,291
Amounts reported for <i>business-type activities</i> in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain services to individual governmental and enterprise funds. The current year net operating loss of the internal service funds are allocated to governmental and business-type activities.	<u>(177,939)</u>
Change in net position of business-type activities	<u><u>\$ 3,192,352</u></u>

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, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers and users	\$ 28,094,503	\$ 514,801	\$ 6,108,287	\$ 34,717,591	\$ -
Receipts from interfund services	-	-	-	-	19,911,871
Payments to suppliers and contractors	(7,872,559)	(1,019,033)	(5,376,284)	(14,267,876)	(16,484,087)
Payments to employees	(7,908,634)	(3,024,951)	(1,056,410)	(11,989,995)	(3,331,670)
Payments for interfund services	(183,578)	(30,027)	(37,482)	(251,087)	-
Net cash provided by (used in) operating activities	<u>12,129,732</u>	<u>(3,559,210)</u>	<u>(361,889)</u>	<u>8,208,633</u>	<u>96,114</u>
Cash flows from noncapital financing activities					
Transfers in	-	938,230	84,647	1,022,877	632,168
Transfers out	(395,993)	(4,734)	(21,205)	(421,932)	(1,344,868)
Intergovernmental subsidies	23,427	2,782,714	1,530,262	4,336,403	200,000
Net cash provided by (used in) noncapital financing activities	<u>(372,566)</u>	<u>3,716,210</u>	<u>1,593,704</u>	<u>4,937,348</u>	<u>(512,700)</u>
Cash flows from capital and related financing activities					
Advances from other government	-	-	(397,540)	(397,540)	-
Principal and interest paid on debt	(2,211,724)	-	(154,328)	(2,366,052)	-
Principal and interest paid on capital lease	-	-	-	-	(3,225)
Issuance of capital lease	-	-	-	-	56,578
Purchase of capital assets	(5,931,014)	(157,000)	(1,836,019)	(7,924,033)	(978,151)
Net cash used in capital and related financing activities	<u>(8,142,738)</u>	<u>(157,000)</u>	<u>(2,387,887)</u>	<u>(10,687,625)</u>	<u>(924,798)</u>
Cash flows from investing activities					
Interest earnings on investments	217,470	-	52,640	270,110	134,761
Net change in pooled cash and investments	3,831,898	-	(1,103,432)	2,728,466	(1,206,623)
Pooled cash and investments, beginning of year	7,079,227	-	8,942,550	16,021,777	9,218,180
Pooled cash and investments, end of year	<u>\$ 10,911,125</u>	<u>\$ -</u>	<u>\$ 7,839,118</u>	<u>\$ 18,750,243</u>	<u>\$ 8,011,557</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Operating income (loss)	\$ 3,733,820	\$ (4,081,894)	\$ (1,308,248)	\$ (1,656,322)	\$ (637,618)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	6,196,554	336,696	1,063,082	7,596,332	872,717
Changes in assets and liabilities:					
Accounts receivable	(371,019)	2,200	330,329	(38,490)	27,965
Special assessments receivable	17,620	-	-	17,620	-
Grants receivable	11,861	105,121	-	116,982	-
Loans receivable	-	-	(181,738)	(181,738)	-
Inventories	172,365	4,024	-	176,389	58,875
Prepaid items	(12,509)	-	220	(12,289)	(24,187)
Accounts payable and accrued liabilities	1,023,498	(51,604)	(412,290)	559,604	(649)
Compensated absences	47,003	(28,011)	(16,004)	2,988	(35,281)
Retentions, deposits and other liabilities	6,423	-	5,983	12,406	-
Claims payable	-	-	-	-	(164,087)
Interfund payable	-	(253,318)	-	(253,318)	-
Unearned revenue	27,643	-	19	27,662	(1,621)
Net pension liability and related deferred outflows/inflows	1,276,473	407,576	156,758	1,840,807	-
Net cash provided by (used in) operating activities	\$ 12,129,732	\$ (3,559,210)	\$ (361,889)	\$ 8,208,633	\$ 96,114

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, 2016

	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets</b>		
Pooled cash and investments	\$ 1,210,164	\$ 170,875
Cash and cash equivalents	6,811,306	-
Investments:		
Fixed income:		
Corporate bonds	29,600,568	-
Foreign bonds	2,954,088	-
Municipal bonds	995,316	-
U.S. Government securities	28,230,696	-
Equity-indexed	23,712,251	-
U.S. equities	22,768,208	-
Foreign equities	2,609,216	-
American depositary receipts	13,370,705	-
Real estate trusts	624,514	-
Mutual funds	4,054,536	-
Interest receivable	408,356	-
Pension contributions receivable	97,131	-
Delinquent taxes receivable	-	688,423
<b>Total assets</b>	<b>137,447,055</b>	<b>\$ 859,298</b>
<b>Liabilities</b>		
Obligation for impaired investment of securities lending collateral	131,239	\$ -
Undistributed receipts	-	859,298
<b>Total liabilities</b>	<b>131,239</b>	<b>\$ 859,298</b>
<b>Net position</b>		
Restricted for pension and postemployment healthcare benefits	<b>\$ 137,315,816</b>	

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

# CITY OF BATTLE CREEK, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Year Ended June 30, 2016

### Additions

#### Investment income:

##### From investing activities:

Net appreciation in fair value of investments	\$ 215,513
Interest and dividends	2,911,421
Less investment expenses	<u>(445,606)</u>

Net income from investing activities	<u>2,681,328</u>
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##### From securities lending activities:

Gross earnings	17,159
Borrower rebates	(23,455)
Securities lending fees	<u>12,173</u>

Net income from securities lending activities	<u>5,877</u>
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Total net investment income	<u>2,687,205</u>
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#### Contributions:

Employer	5,272,810
Employees	<u>1,295,908</u>

Total contributions	<u>6,568,718</u>
---------------------	------------------

Total additions	<u>9,255,923</u>
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### Deductions

Pension benefit payments	9,441,511
Contribution refunds	3,067
Medical insurance premiums/benefits	1,206,196
Administrative expenses	<u>226,331</u>

Total deductions	<u>10,877,105</u>
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Change to net position restricted for benefits	(1,621,182)
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Net position, beginning of year	<u>138,936,998</u>
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Net position, end of year	<u><u>\$ 137,315,816</u></u>
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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, 2016

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority
<b>Assets</b>			
Pooled cash and investments	\$ 1,132,480	\$ 99,264	\$ 20,245,908
Receivables, net	355,068	5,965	410,569
Prepaid items	2,170	-	18,912
Loans receivable, net:			
Due within one year	106,637	-	-
Due in more than one year	166,022	-	3,699,160
Capital assets not being depreciated	-	-	12,675,578
Capital assets being depreciated, net	-	-	1,092,868
<b>Total assets</b>	<b>1,762,377</b>	<b>105,229</b>	<b>38,142,995</b>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	1,206,272	-	-
<b>Liabilities</b>			
Accounts payable and accrued liabilities	426,855	6,563	2,448,489
Accrued interest payable	275,251	-	17,625
Unearned revenue	1,694	-	-
Long-term liabilities:			
Due within one year	4,387,064	-	430,540
Due in more than one year	29,495,320	-	4,939,839
<b>Total liabilities</b>	<b>34,586,184</b>	<b>6,563</b>	<b>7,836,493</b>
<b>Net position</b>			
Investment in capital assets	-	-	13,768,446
Restricted for loan commitments and minority lending	1,266,447	-	-
Unrestricted (deficit)	(32,883,982)	98,666	16,538,056
<b>Total net position (deficit)</b>	<b>\$ (31,617,535)</b>	<b>\$ 98,666</b>	<b>\$ 30,306,502</b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Net Position

Component Units

June 30, 2016

	Brownfield Redevelopment Authority	Local Development Finance Authority	Total
<b>Assets</b>			
Pooled cash and investments	\$ 426,783	\$ 24,077	\$ 21,928,512
Receivables, net	-	19	771,621
Prepaid items	-	-	21,082
Loans receivable, net:			
Due within one year	-	-	106,637
Due in more than one year	-	-	3,865,182
Capital assets not being depreciated	-	-	12,675,578
Capital assets being depreciated, net	-	-	1,092,868
<b>Total assets</b>	<b>426,783</b>	<b>24,096</b>	<b>40,461,480</b>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	-	-	1,206,272
<b>Liabilities</b>			
Accounts payable and accrued liabilities	271,163	-	3,153,070
Accrued interest payable	-	-	292,876
Unearned revenue	-	-	1,694
Long-term liabilities:			
Due within one year	-	-	4,817,604
Due in more than one year	3,699,160	-	38,134,319
<b>Total liabilities</b>	<b>3,970,323</b>	<b>-</b>	<b>46,399,563</b>
<b>Net position</b>			
Investment in capital assets	-	-	13,768,446
Restricted for loan commitments and minority lending	-	-	1,266,447
Unrestricted (deficit)	(3,543,540)	24,096	(19,766,704)
<b>Total net position (deficit)</b>	<b>\$ (3,543,540)</b>	<b>\$ 24,096</b>	<b>\$ (4,731,811)</b>

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, 2016

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority
Expenses			
Community development	\$ 2,541,766	\$ 1,953,541	\$ 8,077,425
Program revenues			
Charges for services	29,687	-	28,851
Operating grants and contributions	-	27,399	-
Capital grants and contributions	-	-	-
Total program revenues	29,687	27,399	28,851
Net program expenses	(2,512,079)	(1,926,142)	(8,048,574)
General revenues			
Property taxes	5,026,214	1,870,505	3,856,933
Rents and leases	-	-	26,898
Unrestricted investment earnings	43,298	21,437	825,470
Total general revenues	5,069,512	1,891,942	4,709,301
Change in net position	2,557,433	(34,200)	(3,339,273)
Net position (deficit), beginning of year	(34,174,968)	132,866	33,645,775
Net position (deficit), end of year	\$ (31,617,535)	\$ 98,666	\$ 30,306,502

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Activities

Component Units

For the Year Ended June 30, 2016

	Brownfield Redevelopment Authority	Local Development Finance Authority	Total
Expenses			
Community development	\$ 453,017	\$ 1,500	\$ 13,027,249
Program revenues			
Charges for services	-	-	58,538
Operating grants and contributions	7,401	-	34,800
Capital grants and contributions	10,195	-	10,195
Total program revenues	17,596	-	103,533
Net program expenses	(435,421)	(1,500)	(12,923,716)
General revenues			
Property taxes	296,341	-	11,049,993
Rents and leases	-	-	26,898
Unrestricted investment earnings	-	571	890,776
Total general revenues	296,341	571	11,967,667
Change in net position	(139,080)	(929)	(956,049)
Net position (deficit), beginning of year	(3,404,460)	25,025	(3,775,762)
Net position (deficit), end of year	\$ (3,543,540)	\$ 24,096	\$ (4,731,811)

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 six 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 five 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
Downtown Development Authority (DDA); corrects and prevents deterioration in the downtown district, encourages historical preservation and promotes economic	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
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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### *Basis of Presentation*

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

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

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

The City reports the following major governmental funds:

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

*Community development special revenue fund.* This fund accounts for grants under the Housing and Community Development Act of 1974, as amended. The Act provides for a series of grants over a period of years to be used for various community development activities.

*Building authority bonds debt service fund.* This fund accounts for the financial resources restricted, committed or assigned to expenditure for principal and interest.

The City has the following major enterprise funds:

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

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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.

### 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/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.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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, Prepaid Items and Other Assets*

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when purchased.

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

### *Capital Assets*

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

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

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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 liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

### *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits, subject to certain limitations. Certain bargaining unit employees (i.e., firefighters) are also permitted to accumulate earned but unused sick leave. All vacation and compensatory time pay and 50 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 reported as current liabilities; the liability for sick leave in the governmental activities is allocated between current and long-term. The entire liability for the business-type activities and proprietary funds is current. The classifications between current and long-term are based on approximate recent historical usage.

### *Long-term Obligations*

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net 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: assets held for resale, property taxes, and loans 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 changes in expected and actual investment returns, assumptions, and benefits provided in its pension plans.

### *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 require 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*

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 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 fund 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, bonds or notes, the total of which was not significant in relation to the original budget appropriation valuations.

### 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 fund level basis, although budget and actual information in the fund financial statements have been presented at a level of detail greater than the level of legal budgetary control.

During the year ended June 30, 2016, 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:			
Police department	\$ 16,326,446	\$ 16,331,732	\$ 5,286
Fire department	9,436,391	9,508,301	71,910
Public works	2,492,767	2,571,981	79,214
Parks and recreation	3,181,072	3,301,833	120,761
Nonmajor governmental fund -			
Kellogg arena fund	1,124,500	1,233,426	108,926

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 4. DEPOSITS AND INVESTMENTS - POOLED CASH AND INVESTMENTS

Following is a reconciliation of deposit and investment balances, including both pooled cash and investments as well as pension and other employee benefits trust fund balances, as of June 30, 2016:

	Primary Government	Component Units	Total
<b>Statement of net position</b>			
Pooled cash and investments	\$ 40,193,418	\$ 21,928,512	\$ 62,121,930
<b>Statement of fiduciary net position</b>			
Pooled cash and investments:			
Agency funds	170,875	-	170,875
Other employee benefits	1,210,164	-	1,210,164
Cash and cash equivalents - pension	6,811,306	-	6,811,306
Investments:			
Pension	124,865,562	-	124,865,562
Other employee benefits	4,054,536	-	4,054,536
<b>Total</b>	<b>\$ 177,305,861</b>	<b>\$ 21,928,512</b>	<b>\$ 199,234,373</b>
<b>Deposits and investments:</b>			
Bank deposits (checking, savings and certificates of deposit)			\$ 4,710,883
Portfolio cash - pension			6,811,306
Investments in securities, mutual funds and similar vehicles:			
Pool			58,777,466
Pension			124,865,562
Other employee benefits			4,054,536
Cash on hand			14,620
<b>Total</b>			<b>\$ 199,234,373</b>

*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, 2016, \$4,519,062 of the City's total bank balance of \$5,273,297 (total book balance was \$4,710,883) was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

*Custodial Credit Risk - Investments.* Following is a summary of the City's pooled investments as of June 30, 2016:

U.S. agencies	\$ 47,333,315
Municipal bonds	5,055,000
Money market accounts	<u>6,389,151</u>
 Total investments	 <u>\$ 58,777,466</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, 2016, 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, 2016, all of the City's investments in securities of U.S. agencies were rated AA+ by Standard & Poor's. The City also held investments in money market accounts, which are not rated. The municipal bonds were rated AAA by Standard and Poor's. 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, 2016, the investment portfolio was concentrated as follows:

	% of portfolio
U.S. agencies	
Federal Farm Credit Bank	27.6%
Federal National Mortgage Association	22.0%
Federal Home Loan Bank	19.4%
Federal Home Loan Mortgage Corporation	11.3%

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

*Interest Rate Risk.* As of June 30, 2016, 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
U.S. agencies	\$ 47,333,315	\$ 2,554,715	\$ 35,589,990	\$ 9,188,610
Municipal bonds	5,055,000	-	-	5,055,000
	<u>\$ 52,388,315</u>	<u>\$ 2,554,715</u>	<u>\$ 35,589,990</u>	<u>\$ 14,243,610</u>

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

*Fair Value.* 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; 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. The investment manager will request the information from the fund manager, if necessary.

The City's recurring fair value measurements as of June 30, 2016 were related to its investments in government agency funds, municipal bonds, and money market accounts. These investments are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

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

The deposits and investments of the Police and Fire Retirement System Trust Fund (the "System") and of the other employee benefits trust funds are maintained separately from the City's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for these deposits and investments are presented separately.

**Deposits** - The System and the other employee benefits trust funds do not maintain any checking or other demand/time deposit accounts. Amounts reported as cash and cash equivalents in the statement of plan net position are composed entirely of short-term investments in money market accounts.

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

#### Investments at fair value, as determined by quoted market price

Fixed income:	
Corporate bonds	\$ 29,600,568
Foreign bonds	2,954,088
Municipal bonds	995,316
U.S. Government securities	28,230,696
Equity-indexed	23,712,251
U.S. equities	22,768,208
Foreign equities	2,609,216
American depositary receipts	13,370,705
Real estate trusts	624,514
	<hr/>
Total investments	<u>\$ 124,865,562</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

In addition to the above, the System and the other employee benefits trust funds had short-term investments of \$6,811,306 held in money market funds and \$1,210,164 included in the City's pooled cash and investments as of June 30, 2016. Also, the Retirement Health Funding Vehicle fund, one of the other employee benefits trust funds, had \$4,054,536 held in a mutual fund at year-end.

*Credit Risk.* The System's investment policy provides that its investments in fixed income securities be limited to those rated BBB or better by a nationally recognized statistical rating organization. As of June 30, 2016, the System's investments in securities of U.S. agencies were not rated by Standard & Poor's. The System's investments in corporate bonds, foreign bonds, municipal bonds, and U.S. Government securities were rated by Standard & Poor's as follows:

	Rating
AAA	\$ 4,568,404
AA	3,008,125
A	6,416,403
BBB	9,586,409
BB	237,300
B	49,800
Not rated	<u>37,914,227</u>
Totals	<u>\$ 61,780,668</u>

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

*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.

The System's investment policy requires that the securities of any one company or government agency should not exceed 10% of the total fund and no more than 25% of the total fund should be invested in any one industry.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

*Interest Rate Risk.* As of June 30, 2016, maturities of the System's debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
Corporate bonds	\$ 29,600,568	\$ 314,145	\$ 7,302,564	\$ 6,917,683	\$ 15,066,176
Foreign bonds	2,954,088	228,956	754,559	1,859,919	110,654
Municipal bonds	995,316	150,658	-	-	844,658
U.S Government securities	28,230,696	923	6,657,246	5,675,219	15,897,308
	<u>\$ 61,780,668</u>	<u>\$ 694,682</u>	<u>\$ 14,714,369</u>	<u>\$ 14,452,821</u>	<u>\$ 31,918,796</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.

*Foreign Currency Risk.* Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System has various investment holdings in international equities of \$2,609,216, foreign bonds of \$2,954,088, and American depository receipts of \$13,370,705; these holdings are primarily in common and preferred stocks of Canadian (dollars) and European (euros) companies. The System does not have any policies regarding foreign currency risk.

*Securities Lending.* A contract approved by the System's Board permits the System to lend its securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral cash is initially pledged at 100 percent of the fair value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned. Securities on loan at year-end are classified in the preceding schedule of investments according to the category for the collateral received on the securities lent.

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

Also at year-end, through a cash collateral investing program provided by the custodial bank, the System has an obligation to repay \$131,239 of cash collateral that was invested in a Sigma Finance Medium Term Note, which is impaired. Any current or future recoveries from Sigma Finance are not expected.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

*Fair Value Measurements.* The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System had the following recurring fair value measurements as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	\$ 570,151	\$ 29,030,417	\$ -	\$ 29,600,568
Foreign bonds	52,739	2,901,349	-	2,954,088
Municipal bonds	-	995,316	-	995,316
U.S. Government securities	-	28,230,696	-	28,230,696
Equity-indexed	23,712,251	-	-	23,712,251
U.S. equities	22,768,208	-	-	22,768,208
Foreign equities	2,609,216	-	-	2,609,216
American depository receipts	13,370,705	-	-	13,370,705
Real estate trusts	624,514	-	-	624,514
	<u>\$ 63,707,784</u>	<u>\$ 61,157,778</u>	<u>\$ -</u>	<u>\$ 124,865,562</u>

The Retirement Health Funding Vehicle fund's recurring fair value measurements as of June 30, 2016 were related to its investments in mutual funds. These investments are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

## 6. RECEIVABLES

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

	Governmental Activities	Business-type Activities
Interest	\$ 215,081	\$ 36,103
Accounts	6,168,179	4,978,926
Allowance for uncollectible accounts	(1,042,296)	(686,133)
Special assessments	196,454	118,967
Grants	803,778	1,266,430
Loans	4,584,186	3,291,064
Loans, long-term portion	3,538,386	127,285
	<u>\$ 14,463,768</u>	<u>\$ 9,132,642</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 2,105,216	\$ 17,115	\$ -	\$ 2,122,331
Construction in progress	5,507,305	120,508	(5,472,282)	155,531
	<u>7,612,521</u>	<u>137,623</u>	<u>(5,472,282)</u>	<u>2,277,862</u>
Capital assets being depreciated:				
Land improvements	22,732,466	2,816,616	-	25,549,082
Buildings	55,733,471	3,905,228	-	59,638,699
Vehicles	11,176,869	1,164,151	(410,346)	11,930,674
Equipment	26,142,116	562,668	(38,500)	26,666,284
Infrastructure	292,497,684	3,656,003	-	296,153,687
	<u>408,282,606</u>	<u>12,104,666</u>	<u>(448,846)</u>	<u>419,938,426</u>
Less accumulated depreciation for:				
Land improvements	(6,801,361)	(1,668,967)	-	(8,470,328)
Buildings	(26,631,205)	(1,812,802)	-	(28,444,007)
Vehicles	(9,063,052)	(759,583)	390,767	(9,431,868)
Equipment	(22,582,449)	(775,075)	38,500	(23,319,024)
Infrastructure	(114,148,239)	(5,886,513)	-	(120,034,752)
	<u>(179,226,306)</u>	<u>(10,902,940)</u>	<u>429,267</u>	<u>(189,699,979)</u>
Total capital assets being depreciated, net	<u>229,056,300</u>	<u>1,201,726</u>	<u>(19,579)</u>	<u>230,238,447</u>
Governmental activities capital assets, net	<u>\$ 236,668,821</u>	<u>\$ 1,339,349</u>	<u>\$ (5,491,861)</u>	<u>\$ 232,516,309</u>

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

<b>Governmental activities:</b>	
General government	\$ 271,042
Public safety	650,681
Public works, including depreciation of general infrastructure assets	7,747,443
Parks and recreation	1,361,057
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>872,717</u>
Total depreciation expense - governmental activities	<u>\$ 10,902,940</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,452,863	\$ -	\$ -	\$ 3,452,863
Construction in progress	5,408,415	3,213,167	(5,114)	8,616,468
	<u>8,861,278</u>	<u>3,213,167</u>	<u>(5,114)</u>	<u>12,069,331</u>
Capital assets being depreciated:				
Land improvements	6,408,359	171,798	-	6,580,157
Buildings	63,174,013	564,488	-	63,738,501
Vehicles	5,033,702	30,145	(28,868)	5,034,979
Equipment	15,177,878	76,787	(2,258)	15,252,407
Systems	189,166,941	3,872,762	(105,448)	192,934,255
	<u>278,960,893</u>	<u>4,715,980</u>	<u>(136,574)</u>	<u>283,540,299</u>
Less accumulated depreciation for:				
Land improvements	(4,509,964)	(133,251)	-	(4,643,215)
Buildings	(46,770,188)	(1,711,125)	-	(48,481,313)
Vehicles	(4,157,217)	(227,717)	28,868	(4,356,066)
Equipment	(14,044,369)	(277,112)	2,258	(14,319,223)
Systems	(118,680,658)	(5,247,127)	105,448	(123,822,337)
	<u>(188,162,396)</u>	<u>(7,596,332)</u>	<u>136,574</u>	<u>(195,622,154)</u>
Total capital assets being depreciated, net	<u>90,798,497</u>	<u>(2,880,352)</u>	<u>-</u>	<u>87,918,145</u>
Business-type activities capital assets, net	<u>\$ 99,659,775</u>	<u>\$ 332,815</u>	<u>\$ (5,114)</u>	<u>\$ 99,987,476</u>
<b>Business-type activities:</b>				
Wastewater				\$ 4,151,488
Water				2,045,066
Public transit				336,696
Airport				664,015
Parking				268,379
Other				<u>130,688</u>
Total depreciation expense - business-type activities				<u>\$ 7,596,332</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

At June 30, 2016, the City's had outstanding commitments through a construction contract of approximately \$9,000,000 for building, street and equipment improvements.

Activity for the TIFA for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component unit - TIFA				
Capital assets not being depreciated:				
Land	\$ 12,675,578	\$ -	\$ -	\$ 12,675,578
Capital assets being depreciated:				
Land improvements	1,165,421	153,964	-	1,319,385
Buildings	315,845	-	-	315,845
Equipment	446,951	-	-	446,951
	<u>1,928,217</u>	<u>153,964</u>	<u>-</u>	<u>2,082,181</u>
Less accumulated depreciation for:				
Land improvements	(285,799)	(24,847)	-	(310,646)
Buildings	(239,334)	(14,894)	-	(254,228)
Equipment	(403,833)	(20,606)	-	(424,439)
	<u>(928,966)</u>	<u>(60,347)</u>	<u>-</u>	<u>(989,313)</u>
Total capital assets being depreciated, net	<u>999,251</u>	<u>93,617</u>	<u>-</u>	<u>1,092,868</u>
TIFA capital assets, net	<u>\$ 13,674,829</u>	<u>\$ 93,617</u>	<u>\$ -</u>	<u>\$ 13,768,446</u>

## 8. PAYABLES

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

	Governmental Activities	Business-type Activities
Accounts payable and accrued liabilities	\$ 2,022,435	\$ 2,038,279
Accrued payroll	2,062,340	-
Retentions, deposits and other liabilities	252,513	277,240
Accrued interest payable	-	60,884
Claims payable, current portion	2,432,447	-
Claims payable, long-term portion	2,085,053	-
Negative equity in pooled cash	(211,579)	-
	<u>\$ 8,643,209</u>	<u>\$ 2,376,403</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2016, the following interfund balances were outstanding:

Receivable Fund	Payable Funds			Total
	Community Development Fund	Nonmajor Governmental Funds	Battle Creek Transit System Fund	
General fund	\$ 137,404	\$ 825,682	\$ 238,688	\$ 1,201,774

These balances result from negative cash balances in the respective funds with interfund payables, also to move charges for services from the general to nonmajor funds.

For the year ended June 30, 2016, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	General Fund	Nonmajor Governmental Funds	Battle Creek Transit System	Nonmajor Enterprise Funds
General fund	\$ -	\$ 2,455,273	\$ 938,230	\$ -
Nonmajor governmental funds	97,131	1,544,426	-	9,036
Water and wastewater fund	-	65,849	-	-
Internal service funds	-	1,233,913	-	75,611
	<u>\$ 97,131</u>	<u>\$ 5,299,461</u>	<u>\$ 938,230</u>	<u>\$ 84,647</u>

Transfers Out	Transfers In	
	Internal Service Funds	Total
General fund	\$ 234,155	3,627,658
Community development fund	2,535	2,535
Nonmajor governmental funds	4,051	1,654,644
Water and wastewater fund	330,144	395,993
Battle Creek Transit System fund	4,734	4,734
Nonmajor enterprise funds	21,205	21,205
Internal service funds	35,344	1,344,868
	<u>\$ 632,168</u>	<u>\$ 7,051,637</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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.

### 10. LONG-TERM DEBT

#### Primary Government

*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 20 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
<b>Governmental activities</b>				
2008 building authority refunding	2023	3.000% - 4.125%	\$ 8,605,000	\$ 3,625,000
2009 building authority - golf course refunding	2026	3.000% - 4.200%	2,240,000	1,930,000
2011 building authority limited tax refunding	2026	3.000% - 4.125%	6,725,000	5,385,000
2013 capital improvement	2018	2.000% - 5.000%	15,370,000	1,225,000
2016 capital improvement - refunding	2033	2.500% - 4.000%	12,605,000	12,605,000
<b>Total governmental activities</b>				<u><u>\$ 24,770,000</u></u>
<b>Discretely presented component units</b>				
2009 tax increment - airport	2029	3.000% - 4.300%	\$ 3,935,000	\$ 2,850,000
2010 tax increment - airport hangar	2030	2.000% - 4.750%	3,585,000	2,480,000
<b>Total component units</b>				<u><u>\$ 5,330,000</u></u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2017	\$ 1,785,000	\$ 977,925	\$ 380,000	\$ 208,890
2018	1,855,000	851,033	395,000	196,903
2019	1,985,000	774,758	410,000	183,787
2020	2,080,000	699,183	325,000	169,316
2021	2,170,000	616,709	340,000	156,986
2022-2026	8,525,000	1,893,141	1,910,000	570,495
2027-2031	4,395,000	766,569	1,570,000	144,314
2032-2033	1,975,000	93,125	-	-
	<u>\$ 24,770,000</u>	<u>\$ 6,672,443</u>	<u>\$ 5,330,000</u>	<u>\$ 1,630,691</u>

### Refunded Debt

During fiscal year 2016, the City issued \$12,605,000 of refunding bonds to partially advance refund \$12,280,000 of the 2013 capital improvement bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities. The refunding resulted in a savings of \$1,544,514 and an economic gain of \$1,250,372.

*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
<b>Business-type activities</b>				
2011 water and wastewater system refunding	2022	3.000% - 4.000%	\$ 6,045,000	\$ 3,905,000
2013 water and wastewater system refunding	2017	0.940%	4,385,000	<u>1,476,000</u>
<b>Total business-type activities</b>				<u>\$ 5,381,000</u>
<b>Discretely presented component units</b>				
2008 downtown development refunding	2022	5.000%	\$ 40,765,000	\$ 29,355,000
2013 downtown development refunding	2025	5.000%	3,675,000	<u>3,675,000</u>
<b>Total component units</b>				<u>\$ 33,030,000</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
2017	\$ 2,066,000	\$ 148,162	\$ 4,245,000	\$ 1,651,500
2018	610,000	117,225	4,485,000	1,439,250
2019	635,000	93,913	4,740,000	1,215,000
2020	660,000	69,600	5,005,000	978,000
2021	690,000	42,600	5,290,000	727,750
2022-2025	720,000	14,400	9,265,000	836,750
	<u>\$ 5,381,000</u>	<u>\$ 485,900</u>	<u>\$ 33,030,000</u>	<u>\$ 6,848,250</u>

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$6,045,000 and \$4,385,000 in water and wastewater system revenue bonds issued in June 2011 and July 2013, 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 2022. Annual principal and interest payments on the bonds are expected to require less than 22% of net revenues. The total principal and interest remaining to be paid on the bonds is \$5,866,900. Principal and interest paid for the current year and total customer net revenues were \$2,210,990 and \$10,169,130, respectively.

*Installment obligations.* The government has entered into various long-term installment payment agreements.

	Year of Maturity	Interest Rates	Original Amount	Amount
<b>Governmental activities</b>				
2007 energy savings equipment contract #1	2023	4.660%	\$ 3,708,005	\$ 1,937,702
2008 energy savings equipment contract #2	2023	4.560%	280,000	144,760
2008 energy savings equipment contract #3	2022	4.210%	90,420	47,255
2016 city hall copiers	2021	5.280%	56,579	54,090
<b>Total governmental activities</b>				<u>\$ 2,183,807</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2017	\$ 298,025	\$ 98,195
2018	312,095	84,124
2019	326,833	69,387
2020	342,266	53,954
2021	355,190	37,805
2022-2023	549,398	24,258
	<u>\$ 2,183,807</u>	<u>\$ 367,723</u>

*Capital leases.* The government entered into various lease agreements for airport snow removal equipment. The City did not enter into any new capital leases during the year. The cost of the assets acquired was \$876,442 and the accumulated amortization was \$796,037 at June 30, 2016.

	Year of Maturity	Interest Rates	Original Amount	Amount
<b>Business-type activities</b>				
2008 snow blower	2017	4.51%	\$ 536,032	\$ 64,124
2009 runway snowplow	2019	5.39%	340,410	121,449
<b>Total business-type activities</b>			<u>\$ 876,442</u>	<u>\$ 185,573</u>

Annual debt service requirements to maturity for the capital leases are as follows:

Year Ended June 30,	Business-type Activities	
	Principal	Interest
2017	\$ 102,500	\$ 9,493
2018	40,446	4,478
2019	42,627	2,298
	<u>\$ 185,573</u>	<u>\$ 16,269</u>

*Loans payable.* The TIFA (a discretely presented component unit) has borrowed from the Michigan Economic Development Corporation (MEDC) to fund certain economic development activities in the Fort Custer Industrial Park.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

During the year ended June 30, 2008, the Brownfield Redevelopment Authority entered a loan with the Battle Creek Tax Increment Finance Authority (a component unit of the City of Battle Creek) to borrow up to \$3,530,000 for use with a particular brownfield project. As of June 30, 2016, the Brownfield Redevelopment Authority had drawn a total of \$2,560,708 on the authorized amount (no amount was drawn during the current year). 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, 2016, a total of \$2,457,283 had been drawn on the authorized amount.

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.

Loans outstanding at year-end are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
Discretely presented component units				
Core communities loan	2017	6.000%	\$ 989,670	\$ 51,336
Brownfield redevelopment loans	n/a	5.000%	n/a	<u>3,699,160</u>
Total component units				<u>\$ 3,750,496</u>

Annual debt service requirements to maturity for the MEDC loans are as follows:

Year Ended June 30,	Component Units	
	Principal	Interest
2017	<u>\$ 51,336</u>	<u>\$ 1,158</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for fiscal 2016 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Primary government</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 26,710,000	\$ 12,605,000	\$ (14,545,000)	\$ 24,770,000	\$ 1,785,000
Installment contracts	2,404,545	56,579	(277,317)	2,183,807	298,025
Compensated absences	2,856,960	1,355,282	(1,404,081)	2,808,161	1,467,736
Deferred amounts:					
For issuance premiums	518,709	917,700	(402,566)	1,033,843	70,994
For issuance discounts	(19,908)	(104,875)	8,657	(116,126)	(8,657)
<b>Total governmental activities debt</b>	<b>\$ 32,470,306</b>	<b>\$ 14,829,686</b>	<b>\$ (16,620,307)</b>	<b>\$ 30,679,685</b>	<b>\$ 3,613,098</b>
<b>Business-type activities</b>					
Revenue bonds	\$ 7,407,000	\$ -	\$ (2,026,000)	\$ 5,381,000	\$ 2,066,000
Capital leases	323,650	-	(138,077)	185,573	102,500
Compensated absences	518,004	513,595	(502,574)	529,025	529,025
Deferred amounts -					
For issuance premiums	243,827	-	(79,754)	164,073	27,346
<b>Total business-type activities debt</b>	<b>\$ 8,492,481</b>	<b>\$ 513,595</b>	<b>\$ (2,746,405)</b>	<b>\$ 6,259,671</b>	<b>\$ 2,724,871</b>
<b>Component units</b>					
<b>DDA</b>					
Revenue bonds	\$ 35,895,000	\$ -	\$ (2,865,000)	\$ 33,030,000	\$ 4,245,000
Deferred amounts -					
For issuance premiums	994,447	-	(142,063)	852,384	142,064
<b>Total DDA debt</b>	<b>\$ 36,889,447</b>	<b>\$ -</b>	<b>\$ (3,007,063)</b>	<b>\$ 33,882,384</b>	<b>\$ 4,387,064</b>
<b>TIFA</b>					
General obligation bonds	\$ 5,700,000	\$ -	\$ (370,000)	\$ 5,330,000	\$ 380,000
Revenue bonds	545,000	-	(545,000)	-	-
Loans payable	149,535	-	(98,199)	51,336	51,336
Deferred amounts -					
For issuance discounts	(11,753)	-	796	(10,957)	(796)
<b>Total TIFA debt</b>	<b>\$ 6,382,782</b>	<b>\$ -</b>	<b>\$ (1,012,403)</b>	<b>\$ 5,370,379</b>	<b>\$ 430,540</b>
<b>Brownfield</b>					
Loans payable	\$ 3,545,390	\$ 153,770	\$ -	\$ 3,699,160	\$ -

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 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, 2016, the net appreciation on investments of donor-restricted endowments was \$5,612. 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 \$14,527 is reported in restricted fund balance/net position; the nonexpendable endowment balance is \$256,376.

*Kellogg Arena Endowment Permanent Trust Fund.* For the year ended June 30, 2016, the net appreciation on investments of donor-restricted endowments was \$15,794. 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 \$75,759 is reported in restricted fund balance/net position; the nonexpendable 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, liquor liability, and emergency medical treatment. 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. The City now self-administers general liability and related exposures, utilizing excess liability insurance for losses greater than a SIR of \$1 million per occurrence and \$2.5 million in the aggregate, annually. 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; then \$9 million per occurrence effective November 14, 2003.

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

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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 expense to \$50,000 per contract (i.e., employee and dependents), annually. Aggregate stop-loss insurance limits annual losses to 120 percent of expected claims.

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:

	2016	2015
Estimated liability, beginning of year	\$ 4,681,587	\$ 4,034,593
Estimated claims incurred, including changes in estimates	8,200,417	7,317,287
Claim payments	<u>(8,364,504)</u>	<u>(6,670,293)</u>
Estimated liability, end of year	<u>\$ 4,517,500</u>	<u>\$ 4,681,587</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 2015 levy, including industrial facilities and neighborhood enterprise zone properties, but net of renaissance zones, was \$1,480,506,262. The government's general operating tax rate for fiscal 2015-16 was 10.240 mills with an additional 4.496 mills for police and fire pension.

Property taxes for the DDA, LDDA, 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.

## 15. 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.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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 is currently involved in various tax appeals pending before the Michigan Tax Tribunal. The appeals cover various commercial and industrial properties for 2016. Due to the large number of appeals currently before the Tribunal, the time frame for resolution of these matters is unknown at this time. The City has an estimated maximum exposure of approximately \$1.31 million in taxable value. The City is vigorously defending all litigation.

### 16. 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 17. 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](http://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, 2015 plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	252
Terminated employees entitled to but not yet receiving benefits	9
Vested and non-vested active participants	<u>188</u>
Total membership	<u><u>449</u></u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

*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 7.50% and 10.00% 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, 2016 represented 33.16% of the annual covered payroll.

*Rate of Return.* For the year ended June 30, 2016, the annual money-weighted rate of return on plan investments, net of investment expenses, was 15.82 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Net Pension Liability of the City.* The City’s net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 (rolled forward to June 30, 2016). The components of the net pension liability of the City were as follows:

Total pension liability	\$ 175,665,481
Plan fiduciary net position	<u>(132,048,992)</u>
City’s net pension liability	<u>\$ 43,616,489</u>
Plan fiduciary net position as percentage of total pension liability	75.17%

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	4.25%
Salary increases	4.75 to 16.25%, including inflation
Investment rate of return	6.75%
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 projected to 2019 using the MP-2014 mortality improvement scale.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

# 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, 2016 (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. treasuries	0.00%	0.75%	0.00%
U.S. agencies	47.00%	0.75%	0.35%
Domestic corporate securities	30.00%	5.25%	1.58%
Domestic equities	8.00%	5.60%	0.46%
American depository receipts	3.00%	5.25%	0.17%
International equities	12.00%	5.25%	0.64%
Real estate investment trusts	0.00%	0.75%	0.00%
	100.00%		
Inflation			2.25%
Administrative expenses netted above			1.30%
Investment rate of return			6.75%

*Discount Rate.* The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the 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 6.75% 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 65,180,019	\$ 43,616,489	\$ 25,645,014

# 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, 2015	\$ 164,569,757	\$ 133,850,433	\$ 30,719,324
Changes for the year:			
Service cost	3,649,198	-	3,649,198
Interest on total pension liability	11,317,045	-	11,317,045
Benefit changes	704,651	-	704,651
Differences between expected and actual experience	(119,463)	-	(119,463)
Assumption changes	4,988,871	-	4,988,871
Employer contributions	-	4,664,957	(4,664,957)
Employee contributions	-	1,077,632	(1,077,632)
Net investment income	-	2,617,277	(2,617,277)
Benefit payments	(9,444,578)	(9,444,578)	-
Administrative expense	-	(216,729)	216,729
Other	-	(500,000)	500,000
Net changes	11,095,724	(1,801,441)	12,897,165
Balances at June 30, 2016	\$ 175,665,481	\$ 132,048,992	\$ 43,616,489

*Changes in Assumptions.* The City revised certain actuarial assumptions in the June 30, 2015 valuation that had a significant impact on the total pension liability from the prior measurement date. The most significant change was a decrease in the expected investment rate of return from 7.00% to 6.75%.

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the combining statements for the pension which are presented in footnote 18.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2016, the City recognized pension expense of \$6,008,917. At June 30, 2016, 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 of Resources
Difference between expected and actual experience	\$ 1,203,080	\$ 92,593	\$ 1,110,487
Changes in assumptions	6,502,742	-	6,502,742
Net difference between projected and actual earnings on pension plan investments	8,086,684	-	8,086,684
Total	\$ 15,792,506	\$ 92,593	\$ 15,699,913

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2017	\$ 4,684,059
2018	4,684,059
2019	4,502,740
2020	<u>1,829,055</u>
Total	<u>\$ 15,699,913</u>

*Payable to the Pension Plan.* At June 30, 2016, the City reported \$97,131 payable to the police and fire pension plan.

### 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 accessing the MERS website at [www.mersofmich.com](http://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 121.87% of annual payroll, or annual amounts ranging from \$0 to \$59,354 annually depending on division/bargaining unit.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2015, 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	\$ 138,929,728
Plan fiduciary net position	<u>77,520,134</u>
City's net pension liability	<u>\$ 61,409,594</u>
Plan fiduciary net position as percentage of total pension liability	55.80%

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	8.25%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

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

*Employees Covered by Benefit Terms.* At December 31, 2015, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	388
Inactive employees entitled to but not yet receiving benefits	44
Active employees	<u>335</u>
Total membership	<u>767</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

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	57.5%	5.02%	2.88%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.53%
Diversifying strategies	<u>10.0%</u>	6.56%	0.65%
	<u>100.0%</u>		
Inflation			3.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.25%</u>

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2015. 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.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### *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, 2014	\$ 129,613,024	\$ 83,406,765	\$ 46,206,259
Changes for the year:			
Service cost	1,843,040	-	1,843,040
Interest	10,393,511	-	10,393,511
Changes in benefits	(11,965)	-	(11,965)
Differences between expected and actual experience	(626,575)	-	(626,575)
Changes in assumptions	6,823,847	-	6,823,847
Employer contributions	-	4,104,291	(4,104,291)
Employee contributions	-	495,986	(495,986)
Net investment income (loss)	-	(1,203,250)	1,203,250
Benefit payments, including refunds of employee contributions	(9,105,154)	(9,105,154)	-
Administrative expense	-	(178,504)	178,504
Net changes	<u>9,316,704</u>	<u>(5,886,631)</u>	<u>15,203,335</u>
Balances at December 31, 2015	<u>\$ 138,929,728</u>	<u>\$ 77,520,134</u>	<u>\$ 61,409,594</u>

*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 8.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
\$ 75,548,216	\$ 61,409,594	\$ 49,310,464

*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 of Resources Related to Pensions*

For the year ended June 30, 2016, the City recognized pension expense of \$8,647,067. 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 of Resources
Difference between expected and actual experience	\$ -	\$ 469,931	\$ (469,931)
Changes in assumptions	5,117,885	-	5,117,885
Net difference between projected and actual earnings on pension plan investments	7,213,762	-	7,213,762
	<u>12,331,647</u>	<u>469,931</u>	<u>11,861,716</u>
Contributions subsequent to the measurement date	2,043,566	-	2,043,566
	<u>14,375,213</u>	<u>469,931</u>	<u>13,905,282</u>
<b>Total</b>	<b>\$ 14,375,213</b>	<b>\$ 469,931</b>	<b>\$ 13,905,282</b>

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, 2017. 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
2017	\$ 3,427,830
2018	3,427,830
2019	3,427,832
2020	<u>1,578,224</u>
<b>Total</b>	<b>\$ 11,861,716</b>

## 17. POSTEMPLOYMENT BENEFITS

The City provides health care benefits under a single-employer 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.

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 \$512,795 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 Retirement 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.

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

For all other eligible City employees, the City contributes a maximum of \$200 per month towards the purchase of retiree health care.

The Systems' 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 plan utilizes a retirement health funding vehicle trust established with the Municipal Employees Retirement System of Michigan to invest plan assets.

Plan membership consisted of 303 retirees currently receiving benefits and 497 active members (for a total of 800) as of June 30, 2015, the date of the latest actuarial valuation.

The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's general 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, 2016, \$1,383,466 was contributed towards the cost of benefits and funding the plan. See below for summary:

Fund	Employee	Employer	Total
Retirement health funding vehicle	\$ -	\$ 357,853	\$ 357,853
Fire retiree health care	218,276	250,000	468,276
Police and fire pension fund	-	500,000	500,000
Internal service - self-insurance fund	-	57,337	57,337
	<u>\$ 218,276</u>	<u>\$ 1,165,190</u>	<u>\$ 1,383,466</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

*Funding Progress.* For the year ended June 30, 2016, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2015. Such valuation computes the annual required contribution (ARC) that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current combined ARC is 12.37% of annual covered payroll.

*Annual OPEB Cost and Net OPEB Obligation.* For fiscal year 2016, the components of the City's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the plan (including pay-as-you-go amounts), and changes in the City's net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 3,657,444
Interest on net OPEB obligation	478,447
Adjustment to annual required contribution	<u>(398,706)</u>
Annual OPEB cost	3,737,185
Contributions made	<u>(1,383,466)</u>
Increase in net OPEB obligation	2,353,719
Net OPEB obligation, beginning of year	<u>9,568,940</u>
 Net OPEB obligation, end of year	 <u><u>\$ 11,922,659</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 2,476,958	70.8%	\$ 9,312,938
6/30/2015	2,572,552	90.0%	9,568,940
6/30/2016	3,737,185	37.0%	11,922,659

The funded status of the plan as of June 30, 2015, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liability (AAL)	\$ 57,194,872
Actuarial value of assets	<u>5,086,500</u>
Unfunded AAL (UAAL)	<u><u>\$ 52,108,372</u></u>
 Funded ratio	 <u><u>8.9%</u></u>
 Covered payroll	 <u><u>\$ 29,578,633</u></u>
 UAAL as % of covered payroll	 <u><u>176.2%</u></u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Individual entry age
Amortization method	Level percent closed
Remaining amortization period	24 years closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	4.25%-17.3%
Inflation rate	4.25%
Healthcare inflation rate	9% (2016), grading to 4.25% (2025)

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 18. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

	Pension	Other Employee Benefits		Total
	Police and Fire Retirement System	Retirement Health Funding Vehicle	Fire Retiree Health Care	
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 67	\$ 1,210,097	\$ 1,210,164
Cash and cash equivalents	6,811,306	-	-	6,811,306
Investments:				
Fixed income:				
Corporate bonds	29,600,568	-	-	29,600,568
Foreign bonds	2,954,088	-	-	2,954,088
Municipal bonds	995,316	-	-	995,316
U.S. Government securities	28,230,696	-	-	28,230,696
Equity-indexed	23,712,251	-	-	23,712,251
U.S. equities	22,768,208	-	-	22,768,208
Foreign equities	2,609,216	-	-	2,609,216
American depository receipts	13,370,705	-	-	13,370,705
Real estate trusts	624,514	-	-	624,514
Mutual funds	-	4,054,536	-	4,054,536
Interest receivable	406,232	-	2,124	408,356
Pension contributions receivable	97,131	-	-	97,131
<b>Total assets</b>	<b>132,180,231</b>	<b>4,054,603</b>	<b>1,212,221</b>	<b>137,447,055</b>
<b>Liabilities</b>				
Obligation for impaired investment of securities lending collateral	131,239	-	-	131,239
<b>Net position</b>				
Restricted for pension and postemployment healthcare benefits	\$ 132,048,992	\$ 4,054,603	\$ 1,212,221	\$ 137,315,816

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

	Pension	Other Employee Benefits		Total
	Police and Fire Retirement System	Retirement Health Funding Vehicle	Fire Retiree Health Care	
<b>Additions</b>				
Investment income:				
From investing activities:				
Net appreciation in fair value of investments	\$ 215,513	\$ -	\$ -	\$ 215,513
Investment earnings and dividends	2,841,493	41,386	28,542	2,911,421
Less investment expenses	(445,606)	-	-	(445,606)
Net income from investing activities	<u>2,611,400</u>	<u>41,386</u>	<u>28,542</u>	<u>2,681,328</u>
From securities lending activities:				
Gross earnings	17,159	-	-	17,159
Borrower rebates	(23,455)	-	-	(23,455)
Securities lending fees	12,173	-	-	12,173
Net loss from securities lending activities	<u>5,877</u>	<u>-</u>	<u>-</u>	<u>5,877</u>
Total net investment income	<u>2,617,277</u>	<u>41,386</u>	<u>28,542</u>	<u>2,687,205</u>
Contributions:				
Employer	4,664,957	357,853	250,000	5,272,810
Employees	1,077,632	-	218,276	1,295,908
Total contributions	<u>5,742,589</u>	<u>357,853</u>	<u>468,276</u>	<u>6,568,718</u>
Total additions	<u>8,359,866</u>	<u>399,239</u>	<u>496,818</u>	<u>9,255,923</u>
<b>Deductions</b>				
Pension benefit payments	9,441,511	-	-	9,441,511
Contribution refunds	3,067	-	-	3,067
Medical insurance premiums/benefits	500,000	148,444	557,752	1,206,196
Administrative expenses	216,729	9,602	-	226,331
Total deductions	<u>10,161,307</u>	<u>158,046</u>	<u>557,752</u>	<u>10,877,105</u>
Net change to net position	(1,801,441)	241,193	(60,934)	(1,621,182)
<b>Net position:</b>				
Beginning of year	<u>133,850,433</u>	<u>3,813,410</u>	<u>1,273,155</u>	<u>138,936,998</u>
End of year	<u>\$ 132,048,992</u>	<u>\$ 4,054,603</u>	<u>\$ 1,212,221</u>	<u>\$ 137,315,816</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 19. 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	\$ 2,277,862	\$ 12,069,331
Capital assets being depreciated	<u>230,238,447</u>	<u>87,918,145</u>
	<u>232,516,309</u>	<u>99,987,476</u>
Long-term liabilities related to capital assets:		
General obligation bonds	24,770,000	-
Revenue bonds	-	5,381,000
Installment contracts	2,183,807	-
Capital leases	-	185,573
Deferred amounts:		
For issuance premiums	1,033,843	164,073
For issuance discounts	(116,126)	-
Deferred charge on refunding	(1,098,853)	-
Unexpended bond proceeds	<u>(3,641,542)</u>	<u>-</u>
Net long-term liabilities related to capital assets	<u>23,131,129</u>	<u>5,730,646</u>
Net investment in capital assets	<u>\$ 209,385,180</u>	<u>\$ 94,256,830</u>

# CITY OF BATTLE CREEK, MICHIGAN

## Notes to Financial Statements

### 20. FUND BALANCES - GOVERNMENTAL FUNDS

	General	Community Development	Building Authority Bonds	Nonmajor Governmental	Total Governmental
Nonspendable:					
Inventories	\$ 10,517	\$ -	\$ -	\$ 114,516	\$ 125,033
Prepaid items	497,825	-	-	24,623	522,448
Endowments	-	-	-	879,909	879,909
	<u>508,342</u>	<u>-</u>	<u>-</u>	<u>1,019,048</u>	<u>1,527,390</u>
Restricted for:					
Michigan justice training	-	-	-	31,353	31,353
Narcotics forfeiture	-	-	-	201,268	201,268
Building inspection	-	-	-	826,964	826,964
Binder park golf course	-	-	-	199	199
Youth center	-	-	-	14,527	14,527
Kellogg arena	-	-	-	75,759	75,759
Community development	-	56	-	-	56
Special projects	384,726	-	-	-	384,726
Capital improvements (unexpended bond proceeds)	-	-	-	3,641,542	3,641,542
	<u>384,726</u>	<u>56</u>	<u>-</u>	<u>4,791,612</u>	<u>5,176,394</u>
Committed for:					
Major and local streets	-	-	-	920,675	920,675
Special grants	-	-	-	77,480	77,480
Debt service	-	-	5,311	55,175	60,486
Capital projects	-	-	-	577,462	577,462
Kellogg arena	-	-	-	91,247	91,247
Special projects	936,502	-	-	-	936,502
	<u>936,502</u>	<u>-</u>	<u>5,311</u>	<u>1,722,039</u>	<u>2,663,852</u>
Assigned for:					
Departmental appropriations	-	-	-	354,092	354,092
Capital outlay and projects (encumbrances)	61,973	-	-	-	61,973
	<u>61,973</u>	<u>-</u>	<u>-</u>	<u>354,092</u>	<u>416,065</u>
Unassigned (deficit)	<u>6,181,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,181,573</u>
Total fund balances, governmental funds	<u>\$ 8,073,116</u>	<u>\$ 56</u>	<u>\$ 5,311</u>	<u>\$ 7,886,791</u>	<u>\$ 15,965,274</u>

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## REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF BATTLE CREEK, MICHIGAN

## Required Supplementary Information Police and Fire Retirement System

### Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,		
	2016	2015	2014
<b>Total pension liability</b>			
Service cost	\$ 3,649,198	\$ 3,460,667	\$ 3,152,919
Interest on total pension liability	11,317,045	10,533,430	10,227,546
Benefit changes	704,651	2,043,014	-
Difference between expected and actual experience	(119,463)	-	-
Assumption changes	4,988,871	4,476,291	-
Benefit payments	(9,444,578)	(9,381,779)	(8,947,330)
<b>Net change in total pension liability</b>	<b>11,095,724</b>	<b>11,131,623</b>	<b>4,433,135</b>
<b>Total pension liability, beginning of year</b>	<b>164,569,757</b>	<b>153,438,134</b>	<b>149,004,999</b>
<b>Total pension liability, end of year</b>	<b>175,665,481</b>	<b>164,569,757</b>	<b>153,438,134</b>
<b>Plan fiduciary net position</b>			
Employer contributions	4,664,957	4,612,446	4,316,203
Employee contributions	1,077,632	1,076,523	984,463
Net investment income	2,617,277	4,868,622	17,087,045
Benefit payments and refunds	(9,444,578)	(9,381,779)	(8,947,330)
Administrative expense	(216,729)	(181,572)	(213,462)
Other	(500,000)	(1,040,952)	(356,758)
<b>Net change in plan fiduciary net position</b>	<b>(1,801,441)</b>	<b>(46,712)</b>	<b>12,870,161</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>133,850,433</b>	<b>133,897,145</b>	<b>121,026,984</b>
<b>Plan fiduciary net position, end of year</b>	<b>132,048,992</b>	<b>133,850,433</b>	<b>133,897,145</b>
<b>Net pension liability</b>	<b>\$ 43,616,489</b>	<b>\$ 30,719,324</b>	<b>\$ 19,540,989</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>75.17%</b>	<b>81.33%</b>	<b>87.26%</b>
<b>Covered employee payroll</b>	<b>\$ 14,069,533</b>	<b>\$ 13,495,955</b>	<b>\$ 11,700,630</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>310.01%</b>	<b>227.62%</b>	<b>167.01%</b>

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

CITY OF BATTLE CREEK, MICHIGAN

Required Supplementary Information  
Police and Fire Retirement System

Schedule of the Net Pension Liability

Fiscal Year Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2014	\$ 153,438,134	\$ 133,897,145	\$ 19,540,989	87.26%	\$ 11,700,630	167.01%
2015	164,569,757	133,850,433	30,719,324	81.33%	13,495,955	227.62%
2016	175,665,481	132,048,992	43,616,489	75.17%	14,069,533	310.01%

Fiscal Year Ending June 30,	Annual Return <sup>(1)</sup>
2014	14.01%
2015	3.44%
2016	15.82%

<sup>(1)</sup> Annual money-weighted rate of return, net of investment expenses.

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

# 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%

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

#### Notes to Schedule of Contributions

Valuation date June 30, 2015

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 29 years for all other liabilities
Asset valuation method	5-year smoothed market
Inflation	4.25%
Salary increases	4.75%-16.25% including inflation
Investment rate of return	6.75%
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 projected to 2019 using the MP-2014 mortality improvement scale.
Other information	None

# 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, 2016	Fiscal Year Ended June 30, 2015
Total pension liability		
Service cost	\$ 1,843,040	\$ 1,869,998
Interest on total pension liability	10,393,511	10,141,309
Benefit changes	(11,965)	-
Difference between expected and actual experience	(626,575)	-
Assumption changes	6,823,847	-
Benefit payments	(9,105,154)	(8,776,472)
Net change in total pension liability	<u>9,316,704</u>	<u>3,234,835</u>
Total pension liability, beginning of year	<u>129,613,024</u>	<u>126,378,189</u>
Total pension liability, end of year	<u>138,929,728</u>	<u>129,613,024</u>
Plan fiduciary net position		
Employer contributions	4,104,291	3,776,983
Employee contributions	495,986	618,872
Net investment income (loss)	(1,203,250)	5,143,720
Benefit payments and refunds	(9,105,154)	(8,776,472)
Administrative expense	(178,504)	(188,145)
Net change in plan fiduciary net position	<u>(5,886,631)</u>	<u>574,958</u>
Plan fiduciary net position, beginning of year	<u>83,406,765</u>	<u>82,831,807</u>
Plan fiduciary net position, end of year	<u>77,520,134</u>	<u>83,406,765</u>
Net pension liability	<u>\$ 61,409,594</u>	<u>\$ 46,206,259</u>
Plan fiduciary net position as a percentage of total pension liability	55.80%	64.35%
Covered employee payroll	<u>\$ 17,263,618</u>	<u>\$ 17,200,636</u>
Net pension liability as a percentage of covered employee payroll	355.72%	268.63%

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

# CITY OF BATTLE CREEK, MICHIGAN

## Required Supplementary Information Municipal Employees Retirement System of Michigan

### Schedule of the Net Pension Liability

Fiscal Year Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll
2015	\$ 129,613,024	\$ 83,406,765	\$ 46,206,259	64.35%	\$ 17,200,636
2016	138,929,728	77,520,134	61,409,594	55.80%	17,263,618

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

# 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	\$ -	\$ 17,200,636	22.96%
2016	4,134,354	4,134,354	-	17,263,618	23.95%

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

#### 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:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	23 years
Asset valuation method	Open; 10-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
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

CITY OF BATTLE CREEK, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2009	\$ 1,491,954	\$ 53,965,475	\$ 52,473,521	2.8%	\$ 32,793,335	160.0%
6/30/2011	3,094,002	51,185,806	48,091,804	6.0%	30,158,824	159.5%
6/30/2013	4,078,070	41,620,241	37,542,171	9.8%	28,591,928	131.3%
6/30/2015	5,086,500	57,194,872	52,108,372	8.9%	29,578,633	176.2%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2014	\$ 2,386,371	\$ 1,754,700	73.5%
2015	2,496,219	2,316,550	92.8%
2016	3,657,444	1,383,466	37.8%

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

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Assets</b>					
Pooled cash and investments	\$ 1,495,692	\$ 55,447	\$ 4,399,712	\$ 962,213	\$ 6,913,064
Receivables:					
Interest	14,352	1,745	26	7,982	24,105
Accounts	1,547,806	73,874	212,511	-	1,834,191
Special assessments	-	59,002	-	-	59,002
Grants	692,299	-	-	-	692,299
Loans	-	53,329	-	-	53,329
Loans, long-term portion	-	378,386	-	-	378,386
Inventories	114,516	-	-	-	114,516
Prepaid items	24,623	-	-	-	24,623
<b>Total assets</b>	<b>\$ 3,889,288</b>	<b>\$ 621,783</b>	<b>\$ 4,612,249</b>	<b>\$ 970,195</b>	<b>\$ 10,093,515</b>
<b>Liabilities</b>					
Accounts payable	\$ 315,805	\$ 397	\$ 37,220	\$ -	\$ 353,422
Retentions, deposits and other liabilities	252,513	-	-	-	252,513
Interfund payable	751,933	73,749	-	-	825,682
Unearned revenue	280,712	-	1,933	-	282,645
<b>Total liabilities</b>	<b>1,600,963</b>	<b>74,146</b>	<b>39,153</b>	<b>-</b>	<b>1,714,262</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue:					
Special assessments	-	59,002	-	-	59,002
Loans and related interest	-	433,460	-	-	433,460
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>492,462</b>	<b>-</b>	<b>-</b>	<b>492,462</b>
<b>Fund balances</b>					
Nonspendable	139,139	-	-	879,909	1,019,048
Restricted	1,059,784	-	3,641,542	90,286	4,791,612
Committed	1,089,402	55,175	577,462	-	1,722,039
Assigned	-	-	354,092	-	354,092
<b>Total fund balances</b>	<b>2,288,325</b>	<b>55,175</b>	<b>4,573,096</b>	<b>970,195</b>	<b>7,886,791</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,889,288</b>	<b>\$ 621,783</b>	<b>\$ 4,612,249</b>	<b>\$ 970,195</b>	<b>\$ 10,093,515</b>

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Revenues</b>					
Property tax	\$ -	\$ -	\$ 1,520,939	\$ -	\$ 1,520,939
Intergovernmental	9,399,448	73,874	421,368	-	9,894,690
Charges for services	2,704,489	-	-	-	2,704,489
Investment earnings	52,977	1,331	1	21,406	75,715
Contributions	142,797	-	-	-	142,797
Rents and leases	32,365	-	27,180	-	59,545
Other	24,895	1,241	1,651	-	27,787
<b>Total revenues</b>	<b>12,356,971</b>	<b>76,446</b>	<b>1,971,139</b>	<b>21,406</b>	<b>14,425,962</b>
<b>Expenditures</b>					
Current expenditures:					
General government	1,630,015	-	1,596,900	-	3,226,915
Public safety	223,005	-	-	-	223,005
Highway and streets	6,598,227	-	4,069,339	-	10,667,566
Parks and recreation	2,193,169	-	-	-	2,193,169
Community development	364,510	777	-	-	365,287
Inspections	616,610	-	-	-	616,610
Debt service:					
Principal retirement	610,000	1,479,826	-	-	2,089,826
Interest	85,454	721,029	250,189	-	1,056,672
<b>Total expenditures</b>	<b>12,320,990</b>	<b>2,201,632</b>	<b>5,916,428</b>	<b>-</b>	<b>20,439,050</b>
Revenues over (under) expenditures	35,981	(2,125,186)	(3,945,289)	21,406	(6,013,088)
<b>Other financing sources (uses)</b>					
Transfers in	1,117,386	2,337,210	1,844,865	-	5,299,461
Transfers out	(1,023,086)	(306,020)	(325,538)	-	(1,654,644)
Issuance of long-term debt	-	-	12,605,000	-	12,605,000
Payment to escrow agent	-	-	(13,548,312)	-	(13,548,312)
Discount on issuance of long-term debt	-	-	(111,044)	-	(111,044)
Premium on issuance of long-term debt	-	-	971,682	-	971,682
<b>Total other financing sources</b>	<b>94,300</b>	<b>2,031,190</b>	<b>1,436,653</b>	<b>-</b>	<b>3,562,143</b>
Net change in fund balances	130,281	(93,996)	(2,508,636)	21,406	(2,450,945)
Fund balances, beginning of year	2,158,044	149,171	7,081,732	948,789	10,337,736
Fund balances, end of year	\$ 2,288,325	\$ 55,175	\$ 4,573,096	\$ 970,195	\$ 7,886,791

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2016

	Major Street and Trunkline Maintenance	Local Street	Special Grants
<b>Assets</b>			
Pooled cash and investments	\$ -	\$ -	\$ -
Receivables:			
Interest	-	13,227	-
Accounts	1,030,832	375,695	2,926
Grants	-	-	642,491
Inventories	-	-	-
Prepaid items	-	-	-
<b>Total assets</b>	<b><u>\$ 1,030,832</u></b>	<b><u>\$ 388,922</u></b>	<b><u>\$ 645,417</u></b>
<b>Liabilities</b>			
Accounts payable	\$ 23,628	\$ 218	\$ 65,867
Due to other funds	-	-	-
Retentions, deposits and other liabilities	-	-	-
Interfund payable	431,369	40,486	279,707
Unearned revenue	3,378	-	222,363
<b>Total liabilities</b>	<b><u>458,375</u></b>	<b><u>40,704</u></b>	<b><u>567,937</u></b>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	572,457	348,218	77,480
<b>Total fund balances</b>	<b><u>572,457</u></b>	<b><u>348,218</u></b>	<b><u>77,480</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,030,832</u></b>	<b><u>\$ 388,922</u></b>	<b><u>\$ 645,417</u></b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2016

	HOME Program	Michigan Justice Training	Narcotics Forfeiture
<b>Assets</b>			
Pooled cash and investments	\$ 505	\$ 33,303	\$ 459,118
Receivables:			
Interest	-	-	1,125
Accounts	-	-	-
Grants	49,808	-	-
Inventories	-	-	-
Prepaid items	-	-	3,524
<b>Total assets</b>	<b>\$ 50,313</b>	<b>\$ 33,303</b>	<b>\$ 463,767</b>
<b>Liabilities</b>			
Accounts payable	\$ 49,808	\$ 1,950	\$ 6,462
Due to other funds	-	-	-
Retentions, deposits and other liabilities	-	-	252,513
Interfund payable	-	-	-
Unearned revenue	505	-	-
<b>Total liabilities</b>	<b>50,313</b>	<b>1,950</b>	<b>258,975</b>
<b>Fund balances</b>			
Nonspendable	-	-	3,524
Restricted	-	31,353	201,268
Committed	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>31,353</b>	<b>204,792</b>
<b>Total liabilities and fund balances</b>	<b>\$ 50,313</b>	<b>\$ 33,303</b>	<b>\$ 463,767</b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2016

	Public Safety Communications	Kellogg Arena	Binder Park Golf Course
<b>Assets</b>			
Pooled cash and investments	\$ -	\$ 174,866	\$ 18,430
Receivables:			
Interest	-	-	-
Accounts	-	116,460	-
Grants	-	-	-
Inventories	-	29,054	85,462
Prepaid items	-	17,600	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 337,980</b>	<b>\$ 103,892</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 158,263	\$ 5,581
Due to other funds	-	-	-
Retentions, deposits and other liabilities	-	-	-
Interfund payable	-	-	-
Unearned revenue	-	41,816	12,650
<b>Total liabilities</b>	<b>-</b>	<b>200,079</b>	<b>18,231</b>
<b>Fund balances</b>			
Nonspendable	-	46,654	85,462
Restricted	-	-	199
Committed	-	91,247	-
<b>Total fund balances</b>	<b>-</b>	<b>137,901</b>	<b>85,661</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 337,980</b>	<b>\$ 103,892</b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2016

	Building Inspection Fund	Total
<b>Assets</b>		
Pooled cash and investments	\$ 809,470	\$ 1,495,692
Receivables:		
Interest	-	14,352
Accounts	21,893	1,547,806
Grants	-	692,299
Inventories	-	114,516
Prepaid items	3,499	24,623
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 834,862</b>	<b>\$ 3,889,288</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Accounts payable	4,028	\$ 315,805
Due to other funds	-	-
Retentions, deposits and other liabilities	-	252,513
Interfund payable	371	751,933
Unearned revenue	-	280,712
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>4,399</b>	<b>1,600,963</b>
	<hr/>	<hr/>
<b>Fund balances</b>		
Nonspendable	3,499	139,139
Restricted	826,964	1,059,784
Committed	-	1,089,402
	<hr/>	<hr/>
<b>Total fund balances</b>	<b>830,463</b>	<b>2,288,325</b>
	<hr/>	<hr/>
<b>Total liabilities and fund balances</b>	<b>\$ 834,862</b>	<b>\$ 3,889,288</b>
	<hr/> <hr/>	<hr/> <hr/>

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, 2016

	Major Street and Trunkline Maintenance	Local Street	Special Grants
<b>Revenues</b>			
Intergovernmental	\$ 4,648,845	\$ 1,881,855	\$ 1,496,417
Charges for services	-	-	-
Investment earnings (loss)	933	(1,994)	1,087
Contributions	-	-	110,531
Rents and leases	32,365	-	-
Other	16,684	6,347	-
<b>Total revenues</b>	<b>4,698,827</b>	<b>1,886,208</b>	<b>1,608,035</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	1,486,116
Public safety	-	-	221,348
Highways and streets	3,633,406	2,964,821	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>3,633,406</b>	<b>2,964,821</b>	<b>1,707,464</b>
<b>Revenues over (under) expenditures</b>	<b>1,065,421</b>	<b>(1,078,613)</b>	<b>(99,429)</b>
<b>Other financing sources (uses)</b>			
Transfers in	4,972	910,000	102,713
Transfers out	(1,022,501)	-	-
<b>Total other financing sources (uses)</b>	<b>(1,017,529)</b>	<b>910,000</b>	<b>102,713</b>
<b>Net change in fund balances</b>	<b>47,892</b>	<b>(168,613)</b>	<b>3,284</b>
<b>Fund balances, beginning of year</b>	<b>524,565</b>	<b>516,831</b>	<b>74,196</b>
<b>Fund balances, end of year</b>	<b>\$ 572,457</b>	<b>\$ 348,218</b>	<b>\$ 77,480</b>

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, 2016

	HOME Program	Michigan Justice Training	Narcotics Forfeiture
<b>Revenues</b>			
Intergovernmental	\$ 365,095	\$ 21,885	\$ 206,629
Charges for services	-	-	-
Investment earnings (loss)	-	-	9,467
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	1,152
<b>Total revenues</b>	<b>365,095</b>	<b>21,885</b>	<b>217,248</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	14,497	129,402
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	364,510	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>364,510</b>	<b>14,497</b>	<b>129,402</b>
<b>Revenues over (under) expenditures</b>	<b>585</b>	<b>7,388</b>	<b>87,846</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(585)	-	-
<b>Total other financing sources (uses)</b>	<b>(585)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>7,388</b>	<b>87,846</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>23,965</b>	<b>116,946</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 31,353</b>	<b>\$ 204,792</b>

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, 2016

	Public Safety Communications	Kellogg Arena	Binder Park Golf Course
<b>Revenues</b>			
Intergovernmental	\$ 430,722	\$ 348,000	\$ -
Charges for services	-	953,326	1,102,572
Investment earnings (loss)	24,700	-	-
Contributions	-	32,266	-
Rents and leases	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>455,422</b>	<b>1,333,592</b>	<b>1,102,572</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	1,657	-	-
Highways and streets	-	-	-
Parks and recreation	-	1,233,426	959,743
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	450,000	-	160,000
Interest	8,190	-	77,264
<b>Total expenditures</b>	<b>459,847</b>	<b>1,233,426</b>	<b>1,197,007</b>
<b>Revenues over (under) expenditures</b>	<b>(4,425)</b>	<b>100,166</b>	<b>(94,435)</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	99,701
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>99,701</b>
<b>Net change in fund balances</b>	<b>(4,425)</b>	<b>100,166</b>	<b>5,266</b>
<b>Fund balances, beginning of year</b>	<b>4,425</b>	<b>37,735</b>	<b>80,395</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 137,901</b>	<b>\$ 85,661</b>

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, 2016

	Building Inspection Fund	Total
<b>Revenues</b>		
Intergovernmental	\$ -	\$ 9,399,448
Charges for services	648,591	2,704,489
Investment income (loss)	18,784	52,977
Contributions	-	142,797
Rents and leases	-	32,365
Other	712	24,895
	<u>668,087</u>	<u>12,356,971</u>
<b>Total revenues</b>		
<b>Expenditures</b>		
Current expenditures:		
General government	-	1,630,015
Public safety	-	223,005
Highways and streets	-	6,598,227
Parks and recreation	-	2,193,169
Community development	-	364,510
Inspections	616,610	616,610
Debt service:		
Principal	-	610,000
Interest	-	85,454
	<u>616,610</u>	<u>12,320,990</u>
<b>Total expenditures</b>		
Revenues over (under) expenditures	<u>51,477</u>	<u>35,981</u>
<b>Other financing sources (uses)</b>		
Transfers in	-	1,117,386
Transfers out	-	(1,023,086)
	<u>-</u>	<u>94,300</u>
<b>Total other financing sources (uses)</b>		
Net change in fund balances	51,477	130,281
Fund balances, beginning of year	<u>778,986</u>	<u>2,158,044</u>
Fund balances, end of year	<u>\$ 830,463</u>	<u>\$ 2,288,325</u>

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, 2016

	Major Street and Trunkline Maintenance Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 4,601,609	\$ 4,648,845	\$ 47,236
Charges for services	-	-	-
Investment earnings (loss)	-	933	933
Contributions	-	-	-
Rents and leases	42,000	32,365	(9,635)
Other	3,600	16,684	13,084
<b>Total revenues</b>	<b>4,647,209</b>	<b>4,698,827</b>	<b>51,618</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	3,667,076	3,633,406	(33,670)
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>3,667,076</b>	<b>3,633,406</b>	<b>(33,670)</b>
<b>Revenues over (under) expenditures</b>	<b>980,133</b>	<b>1,065,421</b>	<b>85,288</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	4,972	4,972
Transfers out	(1,022,501)	(1,022,501)	-
<b>Total other financing sources (uses)</b>	<b>(1,022,501)</b>	<b>(1,017,529)</b>	<b>4,972</b>
<b>Net change in fund balances</b>	<b>(42,368)</b>	<b>47,892</b>	<b>90,260</b>
<b>Fund balances, beginning of year</b>	<b>524,565</b>	<b>524,565</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 482,197</b>	<b>\$ 572,457</b>	<b>\$ 90,260</b>

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, 2016

	Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 1,812,029	\$ 1,881,855	\$ 69,826
Charges for services	-	-	-
Investment earnings (loss)	-	(1,994)	(1,994)
Contributions	-	-	-
Rents and leases	-	-	-
Other	3,100	6,347	3,247
<b>Total revenues</b>	<b>1,815,129</b>	<b>1,886,208</b>	<b>71,079</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	2,992,309	2,964,821	(27,488)
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>2,992,309</b>	<b>2,964,821</b>	<b>(27,488)</b>
<b>Revenues over (under) expenditures</b>	<b>(1,177,180)</b>	<b>(1,078,613)</b>	<b>98,567</b>
<b>Other financing sources (uses)</b>			
Transfers in	910,000	910,000	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>910,000</b>	<b>910,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(267,180)</b>	<b>(168,613)</b>	<b>98,567</b>
<b>Fund balances, beginning of year</b>	<b>516,831</b>	<b>516,831</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 249,651</b>	<b>\$ 348,218</b>	<b>\$ 98,567</b>

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, 2016

	Special Grants Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 3,249,776	\$ 1,496,417	\$ (1,753,359)
Charges for services	-	-	-
Investment earnings (loss)	1,086	1,087	1
Contributions	301,230	110,531	(190,699)
Rents and leases	-	-	-
Other	912	-	(912)
<b>Total revenues</b>	<b>3,553,004</b>	<b>1,608,035</b>	<b>(1,944,969)</b>
<b>Expenditures</b>			
Current expenditures:			
General government	3,525,589	1,486,116	(2,039,473)
Public safety	536,722	221,348	(315,374)
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>4,062,311</b>	<b>1,707,464</b>	<b>(2,354,847)</b>
<b>Revenues over (under) expenditures</b>	<b>(509,307)</b>	<b>(99,429)</b>	<b>409,878</b>
<b>Other financing sources (uses)</b>			
Transfers in	436,155	102,713	(333,442)
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>436,155</b>	<b>102,713</b>	<b>(333,442)</b>
<b>Net change in fund balances</b>	<b>(73,152)</b>	<b>3,284</b>	<b>76,436</b>
<b>Fund balances, beginning of year</b>	<b>74,196</b>	<b>74,196</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 1,044</b>	<b>\$ 77,480</b>	<b>\$ 76,436</b>

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, 2016

	HOME Program Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 621,089	\$ 365,095	\$ (255,994)
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	505	-	(505)
<b>Total revenues</b>	<b>621,594</b>	<b>365,095</b>	<b>(256,499)</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	621,009	364,510	(256,499)
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>621,009</b>	<b>364,510</b>	<b>(256,499)</b>
Revenues over (under) expenditures	585	585	-
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(585)	(585)	-
<b>Total other financing sources (uses)</b>	<b>(585)</b>	<b>(585)</b>	<b>-</b>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2016

	Michigan Justice Training Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 18,400	\$ 21,885	\$ 3,485
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>18,400</b>	<b>21,885</b>	<b>3,485</b>
<b>Expenditures</b>			
Current expenditures:			
General government	20,000	14,497	(5,503)
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>20,000</b>	<b>14,497</b>	<b>(5,503)</b>
<b>Revenues over (under) expenditures</b>	<b>(1,600)</b>	<b>7,388</b>	<b>8,988</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,600)</b>	<b>7,388</b>	<b>8,988</b>
<b>Fund balances, beginning of year</b>	<b>23,965</b>	<b>23,965</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 22,365</b>	<b>\$ 31,353</b>	<b>\$ 8,988</b>

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, 2016

	Narcotics Forfeiture Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 150,000	\$ 206,629	\$ 56,629
Charges for services	-	-	-
Investment earnings (loss)	-	9,467	9,467
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	1,152	1,152
<b>Total revenues</b>	<b>150,000</b>	<b>217,248</b>	<b>67,248</b>
<b>Expenditures</b>			
Current expenditures:			
General government	168,655	129,402	(39,253)
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>168,655</b>	<b>129,402</b>	<b>(39,253)</b>
<b>Revenues over (under) expenditures</b>	<b>(18,655)</b>	<b>87,846</b>	<b>106,501</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(18,655)</b>	<b>87,846</b>	<b>106,501</b>
<b>Fund balances, beginning of year</b>	<b>116,946</b>	<b>116,946</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 98,291</b>	<b>\$ 204,792</b>	<b>\$ 106,501</b>

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, 2016

	Public Safety Communications		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 458,190	\$ 430,722	\$ (27,468)
Charges for services	-	-	-
Investment earnings (loss)	-	24,700	24,700
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>458,190</b>	<b>455,422</b>	<b>(2,768)</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	4,425	1,657	(2,768)
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	450,000	450,000	-
Interest	8,190	8,190	-
<b>Total expenditures</b>	<b>462,615</b>	<b>459,847</b>	<b>(2,768)</b>
<b>Revenues over (under) expenditures</b>	<b>(4,425)</b>	<b>(4,425)</b>	<b>-</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,425)</b>	<b>(4,425)</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>4,425</b>	<b>4,425</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2016

	Kellogg Arena Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ 370,000	\$ 348,000	\$ (22,000)
Charges for services	735,159	953,326	218,167
Investment earnings (loss)	-	-	-
Contributions	25,000	32,266	7,266
Rents and leases	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>1,130,159</b>	<b>1,333,592</b>	<b>203,433</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	1,124,500	1,233,426	108,926
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>1,124,500</b>	<b>1,233,426</b>	<b>108,926</b>
<b>Revenues over (under) expenditures</b>	<b>5,659</b>	<b>100,166</b>	<b>94,507</b>
<b>Other financing sources (uses)</b>			
Transfers in	15,000	-	(15,000)
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>15,000</b>	<b>-</b>	<b>(15,000)</b>
<b>Net change in fund balances</b>	<b>20,659</b>	<b>100,166</b>	<b>79,507</b>
Fund balances, beginning of year	37,735	37,735	-
<b>Fund balances, end of year</b>	<b>\$ 58,394</b>	<b>\$ 137,901</b>	<b>\$ 79,507</b>

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, 2016

	Binder Park Golf Course		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ -	\$ -	\$ -
Charges for services	1,230,775	1,102,572	(128,203)
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>1,230,775</b>	<b>1,102,572</b>	<b>(128,203)</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	995,198	959,743	(35,455)
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	160,000	160,000	-
Interest	77,264	77,264	-
<b>Total expenditures</b>	<b>1,232,462</b>	<b>1,197,007</b>	<b>(35,455)</b>
<b>Revenues over (under) expenditures</b>	<b>(1,687)</b>	<b>(94,435)</b>	<b>(92,748)</b>
<b>Other financing sources (uses)</b>			
Transfers in	99,701	99,701	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>99,701</b>	<b>99,701</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>98,014</b>	<b>5,266</b>	<b>(92,748)</b>
Fund balances, beginning of year	80,395	80,395	-
<b>Fund balances, end of year</b>	<b>\$ 178,409</b>	<b>\$ 85,661</b>	<b>\$ (92,748)</b>

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, 2016

	Building Inspection Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Intergovernmental revenue	\$ -	\$ -	\$ -
Charges for services	614,650	648,591	33,941
Investment earnings (loss)	10,000	18,784	8,784
Contributions	-	-	-
Rents and leases	-	-	-
Other	200	712	512
<b>Total revenues</b>	<b>624,850</b>	<b>668,087</b>	<b>43,237</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	624,850	616,610	(8,240)
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>624,850</b>	<b>616,610</b>	<b>(8,240)</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>51,477</b>	<b>51,477</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>51,477</b>	<b>51,477</b>
<b>Fund balances, beginning of year</b>	<b>778,986</b>	<b>778,986</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 778,986</b>	<b>\$ 830,463</b>	<b>\$ 51,477</b>

concluded.

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2016

	DPW Building	Special Assessment Debt Service	Michigan Transportation Fund Bonds Debt Service
<b>Assets</b>			
Pooled cash and investments	\$ 2,799	\$ 52,648	\$ -
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Special assessments	-	59,002	-
Loans	-	-	-
Loans, long-term portion	-	-	-
<b>Total assets</b>	<b>\$ 2,799</b>	<b>\$ 111,650</b>	<b>\$ -</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 397	\$ -
Interfund payable	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>397</b>	<b>-</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue:			
Special assessments	-	59,002	-
Loans and related interest	-	-	-
	-	59,002	-
<b>Fund balances</b>			
Committed	2,799	52,251	-
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,799</b>	<b>\$ 111,650</b>	<b>\$ -</b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2016

	Energy Savings	Capital Improvement Bonds	Total
<b>Assets</b>			
Pooled cash and investments	\$ -	\$ -	\$ 55,447
Receivables:			
Accounts	-	73,874	73,874
Interest	-	1,745	1,745
Special assessments	-	-	59,002
Loans	-	53,329	53,329
Loans, long-term portion	-	378,386	378,386
	<u>-</u>	<u>378,386</u>	<u>378,386</u>
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 507,334</u>	<u>\$ 621,783</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 397
Interfund payable	-	73,749	73,749
	<u>-</u>	<u>73,749</u>	<u>73,749</u>
<b>Total liabilities</b>	<u>-</u>	<u>73,749</u>	<u>74,146</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue:			
Special assessments	-	-	59,002
Loans and related interest	-	433,460	433,460
	<u>-</u>	<u>433,460</u>	<u>492,462</u>
<b>Fund balances</b>			
Committed	-	125	55,175
	<u>-</u>	<u>125</u>	<u>55,175</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ -</u>	<u>\$ 507,334</u>	<u>\$ 621,783</u>

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, 2016

	DPW Building	Special Assessment Debt Service	Michigan Transportation Fund Bonds Debt Service
<b>Revenues</b>			
Intergovernmental	\$ -	\$ -	\$ -
Investment earnings	-	1,331	-
Other	-	1,241	-
<b>Total revenues</b>	<u>-</u>	<u>2,572</u>	<u>-</u>
<b>Expenditures</b>			
Community development	-	777	-
Debt service:			
Principal retirement	535,000	-	-
Interest	223,891	-	-
<b>Total expenditures</b>	<u>758,891</u>	<u>777</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>(758,891)</u>	<u>1,795</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	758,626	-	-
Transfers out	-	-	(926)
<b>Total other financing sources (uses)</b>	<u>758,626</u>	<u>-</u>	<u>(926)</u>
<b>Net change in fund balances</b>	<u>(265)</u>	<u>1,795</u>	<u>(926)</u>
<b>Fund balances, beginning of year</b>	<u>3,064</u>	<u>50,456</u>	<u>926</u>
<b>Fund balances, end of year</b>	<u>\$ 2,799</u>	<u>\$ 52,251</u>	<u>\$ -</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, 2016

	Energy Savings	Capital Improvement Bonds	Total
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 73,874	\$ 73,874
Investment earnings	-	-	1,331
Other	-	-	1,241
<b>Total revenues</b>	<b>-</b>	<b>73,874</b>	<b>76,446</b>
<b>Expenditures</b>			
Community development	-	-	777
Debt service:			
Principal retirement	274,826	670,000	1,479,826
Interest	108,494	388,644	721,029
<b>Total expenditures</b>	<b>383,320</b>	<b>1,058,644</b>	<b>2,201,632</b>
Revenues over (under) expenditures	(383,320)	(984,770)	(2,125,186)
<b>Other financing sources (uses)</b>			
Transfers in	383,320	1,195,264	2,337,210
Transfers out	-	(305,094)	(306,020)
<b>Total other financing sources (uses)</b>	<b>383,320</b>	<b>890,170</b>	<b>2,031,190</b>
Net change in fund balances	-	(94,600)	(93,996)
Fund balances, beginning of year	-	94,725	149,171
Fund balances, end of year	\$ -	\$ 125	\$ 55,175

concluded.

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet Nonmajor Capital Projects Funds June 30, 2016

	Street Projects	Justice Center Construction	General Capital Improvement
<b>Assets</b>			
Pooled cash and investments	\$ 599,459	\$ -	\$ 331,309
Receivables:			
Interest	-	26	-
Accounts	11	-	25,000
<b>Total assets</b>	<b>\$ 599,470</b>	<b>\$ 26</b>	<b>\$ 356,309</b>
<b>Liabilities</b>			
Accounts payable	\$ 22,008	\$ 26	\$ 284
Unearned revenue	-	-	1,933
<b>Total liabilities</b>	<b>22,008</b>	<b>26</b>	<b>2,217</b>
<b>Fund balances</b>			
Restricted	-	-	-
Committed	577,462	-	-
Assigned	-	-	354,092
<b>Total fund balances</b>	<b>577,462</b>	<b>-</b>	<b>354,092</b>
<b>Total liabilities and fund balances</b>	<b>\$ 599,470</b>	<b>\$ 26</b>	<b>\$ 356,309</b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet Nonmajor Capital Projects Funds June 30, 2016

	Dispatch Capital Improvement	Downtown Transformation Projects	Capital Improvements Bond	Total
<b>Assets</b>				
Pooled cash and investments	\$ 1,498	\$ -	\$ 3,467,446	\$ 4,399,712
Receivables:				
Interest	-	-	-	26
Accounts	-	-	187,500	212,511
<b>Total assets</b>	<b>\$ 1,498</b>	<b>\$ -</b>	<b>\$ 3,654,946</b>	<b>\$ 4,612,249</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,498	\$ -	\$ 13,404	\$ 37,220
Unearned revenue	-	-	-	1,933
<b>Total liabilities</b>	<b>1,498</b>	<b>-</b>	<b>13,404</b>	<b>39,153</b>
<b>Fund balances</b>				
Restricted	-	-	3,641,542	3,641,542
Committed	-	-	-	577,462
Assigned	-	-	-	354,092
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>3,641,542</b>	<b>4,573,096</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,498</b>	<b>\$ -</b>	<b>\$ 3,654,946</b>	<b>\$ 4,612,249</b>

concluded.

# 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, 2016

	Street Projects	Justice Center Construction	General Capital Improvement
<b>Revenue</b>			
Property tax	\$ 1,520,939	\$ -	\$ -
Intergovernmental	233,868	-	-
Investment earnings	-	1	-
Rents and leases	-	-	27,180
Other	585	-	1,066
<b>Total revenue</b>	<u>1,755,392</u>	<u>1</u>	<u>28,246</u>
<b>Expenditures</b>			
General government	-	-	129,735
Highways and streets	3,544,822	-	-
Interest expense	-	-	-
<b>Total expenditures</b>	<u>3,544,822</u>	<u>-</u>	<u>129,735</u>
<b>Revenue over (under) expenditures</b>	<u>(1,789,430)</u>	<u>1</u>	<u>(101,489)</u>
<b>Other financing sources (uses)</b>			
Transfers in	1,538,771	-	1,000
Transfers out	(229,332)	(8,394)	-
Issuance of long-term debt	-	-	-
Payment to escrow agent	-	-	-
Discount on issuance of long-term debt	-	-	-
Premium on issuance of long-term debt	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,309,439</u>	<u>(8,394)</u>	<u>1,000</u>
<b>Net change in fund balances</b>	<u>(479,991)</u>	<u>(8,393)</u>	<u>(100,489)</u>
<b>Fund balances, beginning of year</b>	<u>1,057,453</u>	<u>8,393</u>	<u>454,581</u>
<b>Fund balances, end of year</b>	<u>\$ 577,462</u>	<u>\$ -</u>	<u>\$ 354,092</u>

continued...

# 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, 2016

	Dispatch Capital Improvement	Downtown Transformation Projects	Capital Improvements Bond	Total
<b>Revenue</b>				
Property tax	\$ -	\$ -	\$ -	\$ 1,520,939
Intergovernmental	-	-	187,500	421,368
Investment earnings	-	-	-	1
Rents and leases	-	-	-	27,180
Other	-	-	-	1,651
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>187,500</b>	<b>1,971,139</b>
<b>Expenditures</b>				
General government	-	-	1,467,165	1,596,900
Highways and streets	-	36	524,481	4,069,339
Interest expense	-	-	250,189	250,189
<b>Total expenditures</b>	<b>-</b>	<b>36</b>	<b>2,241,835</b>	<b>5,916,428</b>
<b>Revenue over (under) expenditures</b>	<b>-</b>	<b>(36)</b>	<b>(2,054,335)</b>	<b>(3,945,289)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	305,094	1,844,865
Transfers out	(87,812)	-	-	(325,538)
Issuance of long-term debt	-	-	12,605,000	12,605,000
Payment to escrow agent	-	-	(13,548,312)	(13,548,312)
Discount on issuance of long-term debt	-	-	(111,044)	(111,044)
Premium on issuance of long-term debt	-	-	971,682	971,682
<b>Total other financing sources (uses)</b>	<b>(87,812)</b>	<b>-</b>	<b>222,420</b>	<b>1,436,653</b>
<b>Net change in fund balances</b>	<b>(87,812)</b>	<b>(36)</b>	<b>(1,831,915)</b>	<b>(2,508,636)</b>
<b>Fund balances, beginning of year</b>	<b>87,812</b>	<b>36</b>	<b>5,473,457</b>	<b>7,081,732</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,641,542</b>	<b>\$ 4,573,096</b>

concluded.

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2016

	Youth Center Endowment	Kellogg Arena Endowment	Total
<b>Assets</b>			
Pooled cash and investments	\$ 266,083	\$ 696,130	\$ 962,213
Interest receivable	4,820	3,162	7,982
<b>Total assets</b>	<u>\$ 270,903</u>	<u>\$ 699,292</u>	<u>\$ 970,195</u>
<b>Fund balances</b>			
Nonspendable	\$ 256,376	\$ 623,533	\$ 879,909
Restricted	14,527	75,759	90,286
<b>Total fund balances</b>	<u>\$ 270,903</u>	<u>\$ 699,292</u>	<u>\$ 970,195</u>

# CITY OF BATTLE CREEK, MICHIGAN

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

Nonmajor Permanent Funds  
For the Year Ended June 30, 2016

	Youth Center Endowment	Kellogg Arena Endowment	Total
Revenues			
Investment earnings	\$ 5,612	\$ 15,794	\$ 21,406
Fund balances, beginning of year	<u>265,291</u>	<u>683,498</u>	<u>948,789</u>
Fund balances, end of year	<u><u>\$ 270,903</u></u>	<u><u>\$ 699,292</u></u>	<u><u>\$ 970,195</u></u>

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2016

	Automobile Parking System	FAA	Solid Waste Collection
<b>Assets</b>			
Current assets:			
Pooled cash and investments	\$ 216,622	\$ 917,465	\$ 235,940
Receivables:			
Interest	-	-	551
Accounts	23,165	34,951	562,283
Loans, current portion	76,371	-	-
Total current assets	<u>316,158</u>	<u>952,416</u>	<u>798,774</u>
Noncurrent assets:			
Loans receivable, net	127,285	-	-
Capital assets, net	4,563,968	1,090,329	-
Total noncurrent assets	<u>4,691,253</u>	<u>1,090,329</u>	<u>-</u>
Total assets	<u>5,007,411</u>	<u>2,042,745</u>	<u>798,774</u>
Deferred outflows of resources			
Deferred pension amounts	-	14,376	57,502
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,351	12,421	234,450
Compensated absences	-	-	3,889
Retentions, deposits and other liabilities	-	-	82,004
Accrued interest payable	-	-	-
Unearned revenue	-	33,700	-
Lease payable, current portion	-	-	-
Total current liabilities	<u>1,351</u>	<u>46,121</u>	<u>320,343</u>
Noncurrent liabilities:			
Lease payable	-	-	-
Net pension liability	-	61,409	245,639
Total noncurrent liabilities	<u>-</u>	<u>61,409</u>	<u>245,639</u>
Total liabilities	<u>1,351</u>	<u>107,530</u>	<u>565,982</u>
Deferred inflows of resources			
Deferred pension amounts	-	470	1,880
<b>Net position</b>			
Net investment in capital assets	4,563,968	1,090,329	-
Unrestricted (deficit)	442,092	858,792	288,414
Total net position	<u>\$ 5,006,060</u>	<u>\$ 1,949,121</u>	<u>\$ 288,414</u>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2016

	Economic Development	W.K. Kellogg Airport	Total
<b>Assets</b>			
Current assets:			
Pooled cash and investments	\$ 6,438,275	\$ 30,816	\$ 7,839,118
Receivables:			
Interest	21,040	14,512	36,103
Accounts	-	83,379	703,778
Loans, current portion	3,214,693	-	3,291,064
Total current assets	<u>9,674,008</u>	<u>128,707</u>	<u>11,870,063</u>
Noncurrent assets:			
Loans receivable, net	-	-	127,285
Capital assets, net	-	11,878,798	17,533,095
Total noncurrent assets	<u>-</u>	<u>11,878,798</u>	<u>17,660,380</u>
Total assets	<u>9,674,008</u>	<u>12,007,505</u>	<u>29,530,443</u>
Deferred outflows of resources			
Deferred pension amounts	-	431,256	503,134
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	13,390	31,233	292,845
Compensated absences	-	44,736	48,625
Retentions, deposits and other liabilities	-	-	82,004
Accrued interest payable	-	5,251	5,251
Unearned revenue	-	52,913	86,613
Lease payable, current portion	-	102,500	102,500
Total current liabilities	<u>13,390</u>	<u>236,633</u>	<u>617,838</u>
Noncurrent liabilities:			
Lease payable	-	83,072	83,072
Net pension liability	-	1,842,287	2,149,335
Total noncurrent liabilities	<u>-</u>	<u>1,925,359</u>	<u>2,232,407</u>
Total liabilities	<u>13,390</u>	<u>2,161,992</u>	<u>2,850,245</u>
Deferred inflows of resources			
Deferred pension amounts	-	14,098	16,448
<b>Net position</b>			
Net investment in capital assets	-	11,693,226	17,347,523
Unrestricted (deficit)	9,660,618	(1,430,555)	9,819,361
Total net position	<u>\$ 9,660,618</u>	<u>\$ 10,262,671</u>	<u>\$ 27,166,884</u>

concluded.

# 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, 2016

	Automobile Parking System	FAA	Solid Waste Collection
Operating revenues			
Charges for services	\$ 1,384,948	\$ 404,400	\$ 3,148,617
Other	-	-	64,377
<b>Total operating revenues</b>	<b>1,384,948</b>	<b>404,400</b>	<b>3,212,994</b>
Operating expenses			
Personal services	-	19,171	229,598
Materials and supplies	-	12,046	33,358
Contractual and other	1,206,950	135,265	2,756,416
Depreciation	268,379	130,688	-
<b>Total operating expenses</b>	<b>1,475,329</b>	<b>297,170</b>	<b>3,019,372</b>
Operating income (loss)	(90,381)	107,230	193,622
Nonoperating revenues (expenses)			
Intergovernmental subsidies	-	-	-
Investment income	8,501	-	-
Interest expense	-	-	-
<b>Total nonoperating revenues</b>	<b>8,501</b>	<b>-</b>	<b>-</b>
Income (loss) before transfers	(81,880)	107,230	193,622
Transfers in	9,036	-	-
Transfers out	(1,050)	(843)	(13,200)
Change in net position	(73,894)	106,387	180,422
Net position, beginning of year	5,079,954	1,842,734	107,992
Net position, end of year	\$ 5,006,060	\$ 1,949,121	\$ 288,414

continued...

# 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, 2016

	Economic Development	W.K. Kellogg Airport	Total
Operating revenues			
Charges for services	\$ -	\$ 934,852	\$ 5,872,817
Other	7,636	14,847	86,860
<b>Total operating revenues</b>	<b>7,636</b>	<b>949,699</b>	<b>5,959,677</b>
Operating expenses			
Personal services	-	948,395	1,197,164
Materials and supplies	-	174,859	220,263
Contractual and other	183,616	505,169	4,787,416
Depreciation	-	664,015	1,063,082
<b>Total operating expenses</b>	<b>183,616</b>	<b>2,292,438</b>	<b>7,267,925</b>
Operating income (loss)	(175,980)	(1,342,739)	(1,308,248)
Nonoperating revenues (expenses)			
Intergovernmental subsidies	-	1,530,262	1,530,262
Investment income	44,193	1,620	54,314
Interest expense	-	(14,108)	(14,108)
<b>Total nonoperating revenues</b>	<b>44,193</b>	<b>1,517,774</b>	<b>1,570,468</b>
Income (loss) before transfers	(131,787)	175,035	262,220
Transfers in	-	75,611	84,647
Transfers out	-	(6,112)	(21,205)
Change in net position	(131,787)	244,534	325,662
Net position, beginning of year	9,792,405	10,018,137	26,841,222
Net position, end of year	\$ 9,660,618	\$ 10,262,671	\$ 27,166,884

concluded.

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds  
For the Year Ended June 30, 2016

	Automobile Parking System	FAA	Solid Waste Collection
Cash flows from operating activities			
Receipts from customers and users	\$ 1,225,841	\$ 404,400	\$ 3,209,494
Payments to suppliers and contractors	(1,209,052)	(141,873)	(2,772,798)
Payments to employees	-	(14,693)	(212,326)
Payments for interfund services	-	-	-
Net cash provided by (used in) operating activities	<u>16,789</u>	<u>247,834</u>	<u>224,370</u>
Cash flows from noncapital financing activities			
Transfers in	9,036	-	-
Transfers out	(1,050)	(843)	(13,200)
Intergovernmental subsidies	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>7,986</u>	<u>(843)</u>	<u>(13,200)</u>
Cash flows from capital and related financing activities			
Advances from other government	-	(397,540)	-
Principal and interest paid on debt	-	-	-
Purchase of capital assets	(537,687)	(106,393)	-
Net cash used in capital and related financing activities	<u>(537,687)</u>	<u>(503,933)</u>	<u>-</u>
Cash flows from investing activities			
Interest earnings on investments	<u>8,501</u>	<u>-</u>	<u>309</u>
Net change in pooled cash and investments	(504,411)	(256,942)	211,479
Pooled cash and investments, beginning of year	<u>721,033</u>	<u>1,174,407</u>	<u>24,461</u>
Pooled cash and investments, end of year	<u>\$ 216,622</u>	<u>\$ 917,465</u>	<u>\$ 235,940</u>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds  
For the Year Ended June 30, 2016

	Economic Development	W.K. Kellogg Airport	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 29,554	\$ 1,238,998	\$ 6,108,287
Payments to suppliers and contractors	(177,173)	(1,075,388)	(5,376,284)
Payments to employees	-	(829,391)	(1,056,410)
Payments for interfund services	-	(37,482)	(37,482)
Net cash provided by (used in) operating activities	(147,619)	(703,263)	(361,889)
Cash flows from noncapital financing activities			
Transfers in	-	75,611	84,647
Transfers out	-	(6,112)	(21,205)
Intergovernmental subsidies	-	1,530,262	1,530,262
Net cash provided by (used in) noncapital financing activities	-	1,599,761	1,593,704
Cash flows from capital and related financing activities			
Advances from other government	-	-	(397,540)
Principal and interest paid on debt	-	(154,328)	(154,328)
Purchase of capital assets	-	(1,191,939)	(1,836,019)
Net cash used in capital and related financing activities	-	(1,346,267)	(2,387,887)
Cash flows from investing activities			
Interest earnings on investments	42,845	985	52,640
Net change in pooled cash and investments	(104,774)	(448,784)	(1,103,432)
Pooled cash and investments, beginning of year	6,543,049	479,600	8,942,550
Pooled cash and investments, end of year	\$ 6,438,275	\$ 30,816	\$ 7,839,118

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2016

	Automobile Parking System	FAA	Solid Waste Collection
Cash flows from operating activities			
Operating income (loss)	\$ (90,381)	\$ 107,230	\$ 193,622
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	268,379	130,688	-
Changes in assets and liabilities:			
Accounts receivable	44,549	-	(3,500)
Loans receivable	(203,656)	-	-
Prepaid items	-	-	-
Accounts payable and accrued liabilities	(2,102)	5,438	10,993
Retentions, deposits and other liabilities	-	-	5,983
Compensated absences	-	-	(643)
Unearned revenue	-	-	-
Net pension liability and related deferred outflows/inflows	-	4,478	17,915
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 16,789</b>	<b>\$ 247,834</b>	<b>\$ 224,370</b>

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2016

	Economic Development	W.K. Kellogg Airport	Total
Cash flows from operating activities			
Operating income (loss)	\$ (175,980)	\$ (1,342,739)	\$ (1,308,248)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	664,015	1,063,082
Changes in assets and liabilities:			
Accounts receivable	-	289,280	330,329
Loans receivable	21,918	-	(181,738)
Prepaid items	-	220	220
Accounts payable and accrued liabilities	6,443	(433,062)	(412,290)
Retentions, deposits and other liabilities	-	-	5,983
Compensated absences	-	(15,361)	(16,004)
Unearned revenue	-	19	19
Net pension liability and related deferred outflows/inflows	-	134,365	156,758
Net cash provided by (used in) operating activities	<u>\$ (147,619)</u>	<u>\$ (703,263)</u>	<u>\$ (361,889)</u>

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2016

	Equipment Center	Self- Insurance	Information Services	Reproduction	Total
<b>Assets</b>					
Current assets:					
Pooled cash and investments	\$ 2,617,439	\$ 5,312,008	\$ -	\$ 82,110	\$ 8,011,557
Receivables:					
Interest	-	89,865	-	-	89,865
Accounts	6,488	537,282	-	6,559	550,329
Inventories	481,628	-	-	-	481,628
Prepaid items	-	152,774	334,309	-	487,083
Total current assets	3,105,555	6,091,929	334,309	88,669	9,620,462
Noncurrent assets -					
Capital assets, net	2,309,109	43,110	674,383	50,921	3,077,523
Total assets	5,414,664	6,135,039	1,008,692	139,590	12,697,985
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	101,647	174,610	231,107	1,937	509,301
Accrued payroll	-	-	35,546	-	35,546
Compensated absences payable	56,404	20,499	44,098	6,566	127,567
Claims payable, current portion	-	2,432,447	-	-	2,432,447
Unearned revenue	350	82,408	-	-	82,758
Lease payable, current portion	-	-	-	10,290	10,290
Total current liabilities	158,401	2,709,964	310,751	18,793	3,197,909
Noncurrent liabilities:					
Claims payable	-	2,085,053	-	-	2,085,053
Lease payable	-	-	-	43,799	43,799
Total noncurrent liabilities	-	2,085,053	-	43,799	2,128,852
Total liabilities	158,401	4,795,017	310,751	62,592	5,326,761
<b>Net position</b>					
Investment in capital assets	2,309,109	43,110	674,383	50,921	3,077,523
Unrestricted	2,947,154	1,296,912	23,558	26,077	4,293,701
Total net position	\$ 5,256,263	\$ 1,340,022	\$ 697,941	\$ 76,998	\$ 7,371,224

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, 2016

	Equipment Center	Self- Insurance	Information Services	Reproduction	Total
Operating revenues					
Charges for services	\$ 4,315,948	\$ 12,033,587	\$ 1,142,048	\$ 287,254	\$ 17,778,837
Rents and leases	1,598,996	-	-	-	1,598,996
Other	216,504	317,294	240	-	534,038
<b>Total operating revenues</b>	<b>6,131,448</b>	<b>12,350,881</b>	<b>1,142,288</b>	<b>287,254</b>	<b>19,911,871</b>
Operating expenses					
Personal services	1,101,419	852,513	1,153,218	189,239	3,296,389
Materials and supplies	1,708,754	14,205	62,869	102,891	1,888,719
Contractual and other	1,237,764	12,783,352	430,607	39,941	14,491,664
Depreciation	680,453	10,398	176,208	5,658	872,717
<b>Total operating expenses</b>	<b>4,728,390</b>	<b>13,660,468</b>	<b>1,822,902</b>	<b>337,729</b>	<b>20,549,489</b>
<b>Operating income (loss)</b>	<b>1,403,058</b>	<b>(1,309,587)</b>	<b>(680,614)</b>	<b>(50,475)</b>	<b>(637,618)</b>
Nonoperating revenues					
Intergovernmental subsidies	200,000	-	-	-	200,000
Investment gain	-	131,654	-	-	131,654
Interest expense	-	-	-	(736)	(736)
<b>Total nonoperating revenues (expenses)</b>	<b>200,000</b>	<b>131,654</b>	<b>-</b>	<b>(736)</b>	<b>330,918</b>
<b>Income (loss) before transfers</b>	<b>1,603,058</b>	<b>(1,177,933)</b>	<b>(680,614)</b>	<b>(51,211)</b>	<b>(306,700)</b>
Transfers in	-	97,157	480,377	54,634	632,168
Transfers out	(791,265)	(553,135)	-	(468)	(1,344,868)
<b>Change in net position</b>	<b>811,793</b>	<b>(1,633,911)</b>	<b>(200,237)</b>	<b>2,955</b>	<b>(1,019,400)</b>
Net position, beginning of year	4,444,470	2,973,933	898,178	74,043	8,390,624
<b>Net position, end of year</b>	<b>\$ 5,256,263</b>	<b>\$ 1,340,022</b>	<b>\$ 697,941</b>	<b>\$ 76,998</b>	<b>\$ 7,371,224</b>

CITY OF BATTLE CREEK, MICHIGAN

**Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2016

	Equipment Center	Self- Insurance	Information Services	Reproduction	Total
Cash flows from operating activities					
Receipts from interfund services	\$ 6,131,448	\$ 12,350,881	\$ 1,142,288	\$ 287,254	\$ 19,911,871
Payments to suppliers and contractors	(2,933,241)	(13,002,688)	(400,778)	(147,380)	(16,484,087)
Payments to employees	(1,101,011)	(843,050)	(1,194,481)	(193,128)	(3,331,670)
Net cash provided by (used in) operating activities	<u>2,097,196</u>	<u>(1,494,857)</u>	<u>(452,971)</u>	<u>(53,254)</u>	<u>96,114</u>
Cash flows from noncapital financing activities					
Transfers in	-	97,157	480,377	54,634	632,168
Transfers out	(791,265)	(553,135)	-	(468)	(1,344,868)
Intergovernmental subsidies	200,000	-	-	-	200,000
Net cash provided by (used in) noncapital financing activities	<u>(591,265)</u>	<u>(455,978)</u>	<u>480,377</u>	<u>54,166</u>	<u>(512,700)</u>
Cash flows from capital and related financing activities					
Principal and interest paid on capital lease	-	-	-	(3,225)	(3,225)
Issuance of capital lease	-	-	-	56,578	56,578
Purchase of capital assets	(877,050)	(17,116)	(27,406)	(56,579)	(978,151)
Net cash used in capital and related financing activities	<u>(877,050)</u>	<u>(17,116)</u>	<u>(27,406)</u>	<u>(3,226)</u>	<u>(924,798)</u>
Cash flows from investing activities					
Interest earnings on investments	-	134,761	-	-	134,761
Net change in pooled cash and investments	628,881	(1,833,190)	-	(2,314)	(1,206,623)
Pooled cash and investments, beginning of year	<u>1,988,558</u>	<u>7,145,198</u>	<u>-</u>	<u>84,424</u>	<u>9,218,180</u>
Pooled cash and investments, end of year	<u>\$ 2,617,439</u>	<u>\$ 5,312,008</u>	<u>\$ -</u>	<u>\$ 82,110</u>	<u>\$ 8,011,557</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

**Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2016

	Equipment Center	Self- Insurance	Information Services	Reproduction	Total
Cash flows from operating activities					
Operating income (loss)	\$ 1,403,058	\$ (1,309,587)	\$ (680,614)	\$ (50,475)	\$ (637,618)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	680,453	10,398	176,208	5,658	872,717
Changes in assets and liabilities:					
Accounts receivable	16,608	15,714	-	(4,357)	27,965
Inventories	58,875	-	-	-	58,875
Prepaid items	-	(9,807)	(14,380)	-	(24,187)
Accounts payable and accrued liabilities	(62,206)	(45,330)	107,078	(191)	(649)
Compensated absences	408	9,463	(41,263)	(3,889)	(35,281)
Claims payable	-	(164,087)	-	-	(164,087)
Unearned revenue	-	(1,621)	-	-	(1,621)
Net cash provided by (used in) operating activities	<u>\$ 2,097,196</u>	<u>\$ (1,494,857)</u>	<u>\$ (452,971)</u>	<u>\$ (53,254)</u>	<u>\$ 96,114</u>

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# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

June 30, 2016

	Pension	Other Employee Benefits		Total
	Police and Fire Retirement System	Retirement Health Funding Vehicle	Fire Retiree Health Care	
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 67	\$ 1,210,097	\$ 1,210,164
Cash and cash equivalents	6,811,306	-	-	6,811,306
Investments:				
Fixed income:				
Corporate bonds	29,600,568	-	-	29,600,568
Foreign bonds	2,954,088	-	-	2,954,088
Municipal bonds	995,316	-	-	995,316
U.S. Government securities	28,230,696	-	-	28,230,696
Equity-indexed	23,712,251	-	-	23,712,251
U.S. equities	22,768,208	-	-	22,768,208
Foreign equities	2,609,216	-	-	2,609,216
American depositary receipts	13,370,705	-	-	13,370,705
Real estate trusts	624,514	-	-	624,514
Mutual funds	-	4,054,536	-	4,054,536
Interest receivable	406,232	-	2,124	408,356
Pension contributions receivable	97,131	-	-	97,131
<b>Total assets</b>	<b>132,180,231</b>	<b>4,054,603</b>	<b>1,212,221</b>	<b>137,447,055</b>
<b>Liabilities</b>				
Obligation for impaired investment of securities lending collateral	131,239	-	-	131,239
<b>Net position</b>				
Restricted for pension and postemployment healthcare benefits	\$ 132,048,992	\$ 4,054,603	\$ 1,212,221	\$ 137,315,816

# 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, 2016

	Pension	Other Employee Benefits		Total
	Police and Fire Retirement System	Retirement Health Funding Vehicle	Fire Retiree Health Care	
<b>Additions</b>				
Investment income:				
From investing activities:				
Net appreciation in fair value of investments	\$ 215,513	\$ -	\$ -	\$ 215,513
Investment earnings and dividends	2,841,493	41,386	28,542	2,911,421
Less investment expenses	(445,606)	-	-	(445,606)
<b>Net income from investing activities</b>	<b>2,611,400</b>	<b>41,386</b>	<b>28,542</b>	<b>2,681,328</b>
From securities lending activities:				
Gross earnings	17,159	-	-	17,159
Borrower rebates	(23,455)	-	-	(23,455)
Securities lending fees	12,173	-	-	12,173
<b>Net loss from securities lending activities</b>	<b>5,877</b>	<b>-</b>	<b>-</b>	<b>5,877</b>
<b>Total net investment income</b>	<b>2,617,277</b>	<b>41,386</b>	<b>28,542</b>	<b>2,687,205</b>
Contributions:				
Employer	4,664,957	357,853	250,000	5,272,810
Employees	1,077,632	-	218,276	1,295,908
<b>Total contributions</b>	<b>5,742,589</b>	<b>357,853</b>	<b>468,276</b>	<b>6,568,718</b>
<b>Total additions</b>	<b>8,359,866</b>	<b>399,239</b>	<b>496,818</b>	<b>9,255,923</b>
<b>Deductions</b>				
Pension benefit payments	9,441,511	-	-	9,441,511
Medical insurance premiums/benefits	500,000	148,444	557,752	1,206,196
Contribution refunds	3,067	-	-	3,067
Administrative expenses	216,729	9,602	-	226,331
<b>Total deductions</b>	<b>10,161,307</b>	<b>158,046</b>	<b>557,752</b>	<b>10,877,105</b>

continued...

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, 2016

	Pension	Other Employee Benefits		Total
	Police and Fire Retirement System	Retirement Health Funding Vehicle	Fire Retiree Health Care	
Net change to net position	\$ (1,801,441)	\$ 241,193	\$ (60,934)	\$ (1,621,182)
Net position, beginning of year	133,850,433	3,813,410	1,273,155	138,936,998
Net position, end of year	<u>\$ 132,048,992</u>	<u>\$ 4,054,603</u>	<u>\$ 1,212,221</u>	<u>\$ 137,315,816</u>

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CITY OF BATTLE CREEK, MICHIGAN

**Combining Statement of Fiduciary Assets and Liabilities**  
 Agency Funds  
 June 30, 2016

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
<b>Assets</b>					
Pooled cash and investments	\$ 135,315	\$ 28,189	\$ 6,236	\$ 1,135	\$ 170,875
Delinquent taxes receivable	-	688,423	-	-	688,423
<b>Total assets</b>	<u>\$ 135,315</u>	<u>\$ 716,612</u>	<u>\$ 6,236</u>	<u>\$ 1,135</u>	<u>\$ 859,298</u>
<b>Liabilities</b>					
Undistributed receipts	<u>\$ 135,315</u>	<u>\$ 716,612</u>	<u>\$ 6,236</u>	<u>\$ 1,135</u>	<u>\$ 859,298</u>

CITY OF BATTLE CREEK, MICHIGAN

**Combining Statement of Changes in Assets and Liabilities**

Agency Funds

For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<i>Fire Insurance Escrow</i>				
Assets				
Pooled cash and investments	\$ 154,555	\$ 72,553	\$ 91,793	\$ 135,315
Liabilities				
Undistributed receipts	\$ 154,555	\$ 72,553	\$ 91,793	\$ 135,315
<i>Delinquent Personal Property Taxes</i>				
Assets				
Pooled cash and investments	\$ 7,472	\$ 226,414	\$ 205,697	\$ 28,189
Delinquent taxes receivable	633,274	152,846	97,697	688,423
Total assets	\$ 640,746	\$ 379,260	\$ 303,394	\$ 716,612
Liabilities				
Undistributed receipts	\$ 640,746	\$ 379,260	\$ 303,394	\$ 716,612
<i>Summer Property Tax Collection</i>				
Assets				
Pooled cash and investments	\$ 7,328	\$ 59,652,623	\$ 59,653,715	\$ 6,236
Liabilities				
Undistributed receipts	\$ 7,328	\$ 59,652,623	\$ 59,653,715	\$ 6,236
<i>Winter Property Tax Collection</i>				
Assets				
Pooled cash and investments	\$ 1,239	\$ 18,170,255	\$ 18,170,359	\$ 1,135
Liabilities				
Undistributed receipts	\$ 1,239	\$ 18,170,255	\$ 18,170,359	\$ 1,135

continued...

# CITY OF BATTLE CREEK, MICHIGAN

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<i>Total All Agency Funds</i>				
<b>Assets</b>				
Pooled cash and investments	\$ 170,594	\$ 78,121,845	\$ 78,121,564	\$ 170,875
Delinquent taxes receivable	633,274	152,846	97,697	688,423
<b>Total assets</b>	<u>\$ 803,868</u>	<u>\$ 78,274,691</u>	<u>\$ 78,219,261</u>	<u>\$ 859,298</u>
<b>Liabilities</b>				
Undistributed receipts	<u>\$ 803,868</u>	<u>\$ 78,274,691</u>	<u>\$ 78,219,261</u>	<u>\$ 859,298</u>

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## STATISTICAL SECTION

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# CITY OF BATTLE CREEK, MICHIGAN

## Statistical Section Table of Contents

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

		<u>Page</u>
Financial Trends (Schedules 1-5)	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	162
Revenue Capacity (Schedules 6-28)	These schedules contain information to help the reader assess the government's most significant local revenue sources: property taxes and water and wastewater usage fees.	174
Debt Capacity (Schedules 29-32)	These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	218
Demographic and Economic Information (Schedules 33 & 34)	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	223
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.	226

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

**Net Position by Component**  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	2007	2008	2009	2010	2011
<b>Governmental activities</b>					
Net investment in capital assets	\$ 208,138,951	\$ 209,225,026	\$ 213,060,080	\$ 207,342,367	\$ 209,845,426
Restricted	7,861,430	4,929,264	3,287,591	2,150,046	2,434,818
Unrestricted (deficit)	33,944,289	33,063,496	28,294,180	29,256,852	21,529,980
<b>Total governmental activities</b>	<u>\$ 249,944,670</u>	<u>\$ 247,217,786</u>	<u>\$ 244,641,851</u>	<u>\$ 238,749,265</u>	<u>\$ 233,810,224</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 97,919,583	\$ 96,505,088	\$ 96,106,663	\$ 96,648,044	\$ 94,517,336
Unrestricted	21,418,649	19,641,409	18,335,770	19,217,106	19,336,256
<b>Total business-type activities</b>	<u>\$ 119,338,232</u>	<u>\$ 116,146,497</u>	<u>\$ 114,442,433</u>	<u>\$ 115,865,150</u>	<u>\$ 113,853,592</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 306,058,534	\$ 305,730,114	\$ 309,166,743	\$ 303,990,411	\$ 304,362,762
Restricted	7,861,430	4,929,264	3,287,591	2,150,046	2,434,818
Unrestricted (deficit)	55,362,938	52,704,905	46,629,950	48,473,958	40,866,236
<b>Total primary government</b>	<u>\$ 369,282,902</u>	<u>\$ 363,364,283</u>	<u>\$ 359,084,284</u>	<u>\$ 354,614,415</u>	<u>\$ 347,663,816</u>

continued...

**Net Position by Component**  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	2012	2013	2014	2015	2016
<b>Governmental activities</b>					
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)
<b>Total governmental activities</b>	<u>\$ 239,925,885</u>	<u>\$ 235,619,492</u>	<u>\$ 230,303,932</u>	<u>\$ 179,593,279</u>	<u>\$ 163,573,737</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 93,175,690	\$ 92,885,198	\$ 92,099,833	\$ 91,757,657	\$ 94,256,830
Unrestricted	19,223,068	19,988,459	20,628,055	6,044,949	6,738,128
<b>Total business-type activities</b>	<u>\$ 112,398,758</u>	<u>\$ 112,873,657</u>	<u>\$ 112,727,888</u>	<u>\$ 97,802,606</u>	<u>\$ 100,994,958</u>
<b>Primary government</b>					
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)
<b>Total primary government</b>	<u>\$ 352,324,643</u>	<u>\$ 348,493,149</u>	<u>\$ 343,031,820</u>	<u>\$ 277,395,885</u>	<u>\$ 264,568,695</u>

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.

**Changes in Net Position**

Last Ten Fiscal Years  
(accrual basis of accounting)

	2007	2008	2009	2010	2011
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 12,354,963	\$ 13,176,854	\$ 11,518,181	\$ 8,669,931	\$ 10,303,586
Public safety	25,211,331	27,337,709	27,392,970	31,461,275	29,053,426
Public works	1,862,529	1,896,351	2,267,154	1,839,732	2,803,968
Highways and streets	10,947,131	12,521,742	11,445,076	9,761,195	9,426,798
Parks and recreation	6,098,967	5,994,590	7,309,779	7,104,029	6,665,571
Community development	3,033,185	2,629,423	2,446,793	3,258,213	5,321,021
Interest on long-term debt	1,103,096	885,050	1,063,227	746,334	830,920
<b>Total governmental activities</b>	<b>60,611,202</b>	<b>64,441,719</b>	<b>63,443,180</b>	<b>62,840,709</b>	<b>64,405,290</b>
<b>Business-type activities:</b>					
Wastewater	14,492,263	15,371,605	15,196,805	14,132,718	15,444,292
Water	7,222,797	7,439,990	7,189,064	7,276,720	8,358,607
Public transit	3,762,533	3,985,668	4,179,374	3,968,197	4,498,411
Solid waste collection	2,437,238	2,591,517	2,698,282	2,753,730	2,741,558
Airport	2,094,172	2,393,643	2,395,483	2,552,763	2,634,483
Golf course	1,184,758	1,232,043	-	-	-
Parking	1,151,969	1,147,371	1,179,759	1,155,113	1,252,970
Economic development	180,870	930,268	193,000	187,295	355,375
<b>Total business-type activities</b>	<b>32,526,600</b>	<b>35,092,105</b>	<b>33,031,767</b>	<b>32,026,536</b>	<b>35,285,696</b>
<b>Total primary government expenses</b>	<b>93,137,802</b>	<b>99,533,824</b>	<b>96,474,947</b>	<b>94,867,245</b>	<b>99,690,986</b>
<b>Program revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	2,535,769	2,907,276	2,952,331	2,447,656	2,739,519
Public safety	1,926,202	1,835,157	2,005,200	1,820,299	1,161,679
Public works	111,494	671,611	583,610	142,714	323,374
Highways and streets	1,903	5,240	23,998	6,354	25,511
Parks and recreation	3,159,269	2,320,582	3,464,587	3,194,147	3,516,153
Community development	130,502	45,239	24,320	-	54,440
Interest on long-term debt	-	-	249	-	-
Operating grants and contributions	11,362,032	12,442,524	10,945,297	11,450,771	15,277,402
Capital grants and contributions	1,427,358	1,651,247	2,224,654	-	-
<b>Total governmental activities</b>	<b>20,654,529</b>	<b>21,878,876</b>	<b>22,224,246</b>	<b>19,061,941</b>	<b>23,098,078</b>

continued...

**Changes in Net Position**

Last Ten Fiscal Years  
(accrual basis of accounting)

	2012	2013	2014	2015	2016
<b>Expenses</b>					
<b>Governmental activities:</b>					
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
Parks and 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
<b>Total governmental activities</b>	<b>62,519,681</b>	<b>62,778,386</b>	<b>61,340,653</b>	<b>66,340,265</b>	<b>77,757,634</b>
<b>Business-type activities:</b>					
Wastewater	15,215,733	15,247,288	15,642,028	15,833,103	16,616,652
Water	7,814,304	7,520,760	7,930,788	7,881,178	8,407,774
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
Golf course	-	-	-	-	-
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
<b>Total business-type activities</b>	<b>34,794,740</b>	<b>34,802,420</b>	<b>35,557,679</b>	<b>35,250,043</b>	<b>36,790,194</b>
<b>Total primary government expenses</b>	<b>97,314,421</b>	<b>97,580,806</b>	<b>96,898,332</b>	<b>101,590,308</b>	<b>114,547,828</b>
<b>Program revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
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
Parks and 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
Interest on long-term debt	-	-	-	-	-
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
<b>Total governmental activities</b>	<b>30,635,274</b>	<b>21,497,008</b>	<b>17,779,584</b>	<b>21,308,633</b>	<b>23,327,308</b>

continued...

**Changes in Net Position**

Last Ten Fiscal Years

*(accrual basis of accounting)*

	2007	2008	2009	2010	2011
Business-type activities:					
Charges for services:					
Wastewater	\$ 10,992,780	\$ 11,617,431	\$ 12,056,109	\$ 13,600,518	\$ 13,204,301
Water	7,789,671	7,783,011	7,760,563	8,014,650	7,955,198
Public transit	356,902	381,122	401,200	390,010	405,754
Solid waste collection	2,516,122	2,554,607	2,592,942	2,702,376	2,841,261
Airport	1,124,816	1,165,832	1,287,463	1,228,917	1,189,936
Golf course	1,208,185	1,186,315	-	-	-
Parking	681,515	656,249	611,725	600,608	872,937
Economic development	497,066	845,671	359,384	479,652	139,425
Operating grants and contributions	4,756,705	3,891,109	3,571,310	3,459,262	6,021,711
Capital grants and contributions	794,260	544,337	1,940,273	2,319,601	-
Total business-type activities	<u>30,718,022</u>	<u>30,625,684</u>	<u>30,580,969</u>	<u>32,795,594</u>	<u>32,630,523</u>
Total primary government					
Program revenues	<u>51,372,551</u>	<u>52,504,560</u>	<u>52,805,215</u>	<u>51,857,535</u>	<u>55,728,601</u>
Net (expense)/revenue					
Government activities	(39,956,673)	(42,562,843)	(41,218,934)	(43,778,768)	(41,307,212)
Business-type activities	<u>(1,808,578)</u>	<u>(4,466,421)</u>	<u>(2,450,798)</u>	<u>769,058</u>	<u>(2,655,173)</u>
Total primary government net expense	<u>(41,765,251)</u>	<u>(47,029,264)</u>	<u>(43,669,732)</u>	<u>(43,009,710)</u>	<u>(43,962,385)</u>
General revenues					
Governmental activities:					
General revenues:					
Property taxes	15,322,115	16,485,528	17,033,749	17,414,875	16,711,960
Income taxes	14,226,870	15,505,430	14,240,808	14,328,097	13,548,759
Grants and contributions not restricted to specific programs	6,038,495	6,090,487	5,882,127	5,235,168	5,599,849
Unrestricted investment earnings	2,166,102	2,448,172	1,921,942	1,816,033	1,070,544
Transfers - internal activities	(986,742)	(693,655)	(585,336)	(533,894)	(562,941)
Total governmental activities	<u>36,766,840</u>	<u>39,835,962</u>	<u>38,493,290</u>	<u>38,260,279</u>	<u>36,368,171</u>
Business-type activities:					
Unrestricted investment earnings	668,682	581,031	161,107	119,765	80,674
Rents and leases	-	-	-	-	-
Transfers - internal activities	986,742	693,655	585,336	533,894	562,941
Total business-type activities	<u>1,655,424</u>	<u>1,274,686</u>	<u>746,443</u>	<u>653,659</u>	<u>643,615</u>
Total primary government	<u>38,422,264</u>	<u>41,110,648</u>	<u>39,239,733</u>	<u>38,913,938</u>	<u>37,011,786</u>
Change in net position					
Government activities	(3,189,833)	(2,726,881)	(2,725,644)	(5,518,489)	(4,939,041)
Business-type activities	<u>(153,154)</u>	<u>(3,191,735)</u>	<u>(1,704,355)</u>	<u>1,422,717</u>	<u>(2,011,558)</u>
Total primary government	<u>\$ (3,342,987)</u>	<u>\$ (5,918,616)</u>	<u>\$ (4,429,999)</u>	<u>\$ (4,095,772)</u>	<u>\$ (6,950,599)</u>

continued...

**Changes in Net Position**

Last Ten Fiscal Years  
(accrual basis of accounting)

	2012	2013	2014	2015	2016
Business-type activities:					
Charges for services:					
Wastewater	\$ 14,268,729	\$ 15,013,143	\$ 15,586,240	\$ 17,061,207	\$ 18,278,650
Water	8,824,757	9,208,283	9,465,371	9,495,161	9,883,241
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
Golf course	-	-	-	-	-
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
Operating grants and contributions	4,197,347	5,060,638	3,571,072	3,987,451	4,336,403
Capital grants and contributions	-	-	-	-	-
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)	(43,561,069)	(43,561,069)	(45,031,632)	(54,430,326)
Business-type activities	<u>(1,575,929)</u>	<u>(638,833)</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>(44,199,902)</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:					
Unrestricted investment earnings	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	6,115,661	(5,315,560)	(6,682,690)	(16,019,542)
Business-type activities	<u>(1,454,834)</u>	<u>(1,454,834)</u>	<u>(145,769)</u>	<u>2,190,527</u>	<u>3,192,352</u>
Total primary government	<u>\$ 4,660,827</u>	<u>\$ 4,660,827</u>	<u>\$ (5,461,329)</u>	<u>\$ (4,492,163)</u>	<u>\$ (12,827,190)</u>

concluded.

Source: City of Battle Creek Finance Department

**Fund Balances - Governmental Funds**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	2007	2008	2009	2010	2011
<b>General fund</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 499,983
Restricted	-	-	-	-	336,529
Committed	-	-	-	-	783,357
Assigned	-	-	-	-	1,489,087
Unassigned	-	-	-	-	4,682,496
Reserved	580,445	297,534	531,030	518,774	-
Unreserved	7,500,072	7,875,800	6,886,896	6,740,926	-
<b>Total general fund</b>	<b>\$ 8,080,517</b>	<b>\$ 8,173,334</b>	<b>\$ 7,417,926</b>	<b>\$ 7,259,700</b>	<b>\$ 7,791,452</b>
<b>All other governmental funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,120,738
Restricted	-	-	-	-	689,873
Committed	-	-	-	-	958,394
Assigned	-	-	-	-	649,881
Unassigned (deficit)	-	-	-	-	(512,389)
Reserved	2,411,576	2,380,677	2,270,931	1,121,697	-
Unreserved, reported in:					
Special revenue funds	2,074,998	1,153,026	(284,187)	664,720	-
Debt service funds	1,099,349	62,483	7,380	7,564	-
Capital projects funds	5,362,221	4,000,751	712,055	1,250,256	-
Permanent funds	1,381,477	1,055,843	1,156,678	1,157,171	-
<b>Total all other governmental funds</b>	<b>\$ 12,329,621</b>	<b>\$ 8,652,780</b>	<b>\$ 3,862,857</b>	<b>\$ 4,201,408</b>	<b>\$ 2,906,497</b>

continued...

**Fund Balances - Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015	2016
<b>General fund</b>					
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	4,895,117	6,171,173	6,580,891	6,417,328	6,181,573
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 7,880,358</b>	<b>\$ 7,669,145</b>	<b>\$ 8,149,022</b>	<b>\$ 7,968,718</b>	<b>\$ 8,073,116</b>
<b>All other governmental funds</b>					
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)	-	(179,235)	(131,387)	(9,922)	-
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 4,329,516</b>	<b>\$ 5,308,120</b>	<b>\$ 15,539,162</b>	<b>\$ 10,343,148</b>	<b>\$ 7,892,158</b>

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.

**Changes in Fund Balances - Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011
<b>Revenues</b>					
Income taxes	\$ 14,226,870	\$ 15,505,430	\$ 14,240,808	\$ 14,328,097	\$ 13,548,759
Property taxes	15,322,115	16,485,528	17,033,749	17,414,875	16,711,960
Licenses and permits	1,075,341	1,026,490	1,012,079	1,038,089	1,198,154
Intergovernmental	16,665,977	16,942,219	16,323,084	15,867,905	19,635,529
Charges for services	4,674,591	3,975,149	5,329,100	4,833,110	4,479,740
Fines and forfeitures	210,795	249,809	207,251	217,119	138,191
Investment income	1,933,354	1,942,756	1,626,797	985,996	756,002
Other	4,642,201	4,266,257	3,566,605	2,903,858	3,511,690
<b>Total revenues</b>	<b>58,751,244</b>	<b>60,393,638</b>	<b>59,339,473</b>	<b>57,589,049</b>	<b>59,980,025</b>
<b>Expenditures</b>					
General government	10,325,281	11,975,613	10,426,091	7,970,982	9,025,067
Public safety	25,106,311	26,766,867	27,333,095	27,096,596	26,296,938
Public works	1,606,562	1,600,366	2,005,097	1,906,614	2,739,101
Highway and streets	9,837,482	11,599,488	13,495,120	8,270,729	9,674,093
Parks and recreation	5,757,306	5,192,125	6,411,034	5,791,915	5,613,072
Community development	2,093,161	1,829,799	2,273,906	3,040,116	4,371,354
Inspections	3,123,061	2,504,094	551,947	537,689	1,080,883
Unallocated	2,807,886	168,949	327,213	267,009	-
Debt service:					
Principal retirement	2,889,000	2,110,890	2,119,432	2,103,669	2,363,469
Interest	1,127,753	928,236	1,035,366	927,124	895,686
Bond issuance costs	-	215,915	-	83,095	153,331
<b>Total expenditures</b>	<b>64,673,803</b>	<b>64,892,342</b>	<b>65,978,301</b>	<b>57,995,538</b>	<b>62,212,994</b>
<b>Revenues over (under) expenditures</b>	<b>(5,922,559)</b>	<b>(4,498,704)</b>	<b>(6,638,828)</b>	<b>(406,489)</b>	<b>(2,232,969)</b>
<b>Other financing sources (uses)</b>					
Issuance of bonds	3,708,005	8,975,420	-	2,240,000	6,725,000
Premium (discount) on bonds	-	(39,814)	-	5,220	250,294
Payment to refunding bond escrow agent	-	(8,556,980)	-	(2,162,125)	(6,818,624)
Proceeds from sales of capital assets	697,708	987,229	1,094,075	974,036	1,029,881
Transfers in	8,535,425	9,521,452	8,829,217	10,851,446	7,706,637
Transfers out	(8,758,763)	(9,972,627)	(8,353,518)	(11,331,409)	(7,423,378)
<b>Total other financing sources (uses)</b>	<b>4,182,375</b>	<b>914,680</b>	<b>1,569,774</b>	<b>577,168</b>	<b>1,469,810</b>
<b>Net changes in fund balances</b>	<b>\$ (1,740,184)</b>	<b>\$ (3,584,024)</b>	<b>\$ (5,069,054)</b>	<b>\$ 170,679</b>	<b>\$ (763,159)</b>
<b>Debt services as a percentage of noncapital expenditures</b>	<b>7.0%</b>	<b>5.1%</b>	<b>5.4%</b>	<b>5.7%</b>	<b>6.0%</b>

continued...

**Changes in Fund Balances - Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015	2016
<b>Revenues</b>					
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
<b>Total revenues</b>	<b>69,601,811</b>	<b>59,360,863</b>	<b>56,901,584</b>	<b>58,572,177</b>	<b>61,289,431</b>
<b>Expenditures</b>					
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
Parks and 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	-	-
<b>Total expenditures</b>	<b>67,787,931</b>	<b>60,030,749</b>	<b>61,898,494</b>	<b>64,261,322</b>	<b>63,665,104</b>
<b>Revenues over (under) expenditures</b>	<b>1,813,880</b>	<b>(669,886)</b>	<b>(4,996,910)</b>	<b>(5,689,145)</b>	<b>(2,375,673)</b>
<b>Other financing sources (uses)</b>					
Issuance of bonds	-	-	15,370,000	-	12,605,000
Premium (discount) on bonds	-	-	383,666	-	860,638
Payment to refunding bond escrow agent	-	-	-	-	(13,548,312)
Proceeds from sales of capital assets	-	-	-	-	-
Transfers in	5,629,173	6,035,359	5,400,117	6,559,688	5,396,592
Transfers out	(5,931,128)	(4,598,082)	(5,445,954)	(6,246,861)	(5,284,837)
<b>Total other financing sources (uses)</b>	<b>(301,955)</b>	<b>1,437,277</b>	<b>15,707,829</b>	<b>312,827</b>	<b>29,081</b>
<b>Net changes in fund balances</b>	<b>\$ 1,511,925</b>	<b>\$ 767,391</b>	<b>\$ 10,710,919</b>	<b>\$ (5,376,318)</b>	<b>\$ (2,346,592)</b>
<b>Debt services as a percentage of noncapital expenditures</b>	<b>4.7%</b>	<b>4.2%</b>	<b>6.0%</b>	<b>6.8%</b>	<b>6.5%</b>

concluded.

Source: City of Battle Creek Finance Department

**Changes in Fund Balances - General Fund**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011
<b>Revenues</b>					
Income taxes	\$ 14,226,870	\$ 15,505,430	\$ 14,240,808	\$ 14,328,097	\$ 13,548,759
Property taxes	15,322,115	16,485,528	17,033,749	17,414,875	16,711,960
Licenses and permits	1,075,341	1,026,490	1,012,079	1,038,089	1,160,839
Intergovernmental	7,814,021	7,932,595	7,688,340	7,121,712	6,731,957
Charges for services	2,436,074	2,377,713	2,297,536	2,305,552	2,142,591
Fines and forfeitures	210,795	249,809	207,251	217,119	138,191
Investment income	1,408,071	1,455,000	1,330,682	793,498	687,076
Other	1,607,005	2,083,831	2,042,606	1,545,510	2,142,638
<b>Total revenues</b>	<b>44,100,292</b>	<b>47,116,396</b>	<b>45,853,051</b>	<b>44,764,452</b>	<b>43,264,011</b>
<b>Expenditures</b>					
General government	7,100,784	7,818,545	8,526,593	7,707,358	7,521,606
Public safety	24,691,224	26,187,733	26,631,841	26,452,872	25,607,110
Public works	1,606,562	1,600,366	2,005,097	1,906,614	2,739,101
Parks and recreation	4,013,727	3,847,291	3,756,736	3,390,286	3,284,606
Unallocated	2,871,545	2,140,538	402,265	364,755	1,053,986
<b>Total expenditures</b>	<b>40,283,842</b>	<b>41,594,473</b>	<b>41,322,532</b>	<b>39,821,885</b>	<b>40,206,409</b>
<b>Revenues over (under) expenditures</b>	<b>3,816,450</b>	<b>5,521,923</b>	<b>4,530,519</b>	<b>4,942,567</b>	<b>3,057,602</b>
<b>Other financing sources (uses)</b>					
Transfers in	70,307	150,382	155,742	1,820,222	888,345
Sale of land and other assets	697,708	757,881	818,715	917,847	973,692
Transfers out	(6,273,924)	(6,337,369)	(6,260,384)	(7,838,862)	(5,767,462)
<b>Total other financing sources (uses)</b>	<b>(5,505,909)</b>	<b>(5,429,106)</b>	<b>(5,285,927)</b>	<b>(5,100,793)</b>	<b>(3,905,425)</b>
<b>Net changes in fund balances</b>	<b>\$ (1,689,459)</b>	<b>\$ 92,817</b>	<b>\$ (755,408)</b>	<b>\$ (158,226)</b>	<b>\$ (847,823)</b>

continued...

**Changes in Fund Balances - General Fund**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	2012	2013	2014	2015	2016
<b>Revenues</b>					
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 income	577,687	146,653	511,395	516,880	426,096
Other	3,167,419	1,833,188	1,965,686	872,559	1,034,513
<b>Total revenues</b>	<b>43,096,053</b>	<b>41,903,628</b>	<b>42,774,315</b>	<b>42,215,528</b>	<b>44,771,361</b>
<b>Expenditures</b>					
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
Parks and recreation	3,017,352	2,887,026	2,708,291	3,001,790	3,301,833
Unallocated	1,230,028	1,789,974	1,272,866	1,350,777	1,286,389
<b>Total expenditures</b>	<b>38,493,857</b>	<b>38,768,304</b>	<b>38,662,351</b>	<b>38,663,495</b>	<b>41,136,436</b>
<b>Revenues over (under) expenditures</b>	<b>4,602,196</b>	<b>3,135,324</b>	<b>4,111,964</b>	<b>3,552,033</b>	<b>3,634,925</b>
<b>Other financing sources (uses)</b>					
Transfers in	167,792	1,056	16,600	-	97,131
Sale of land and other assets	-	-	-	-	-
Transfers out	(4,681,082)	(3,347,593)	(3,648,687)	(3,732,337)	(3,627,658)
<b>Total other financing sources (uses)</b>	<b>(4,513,290)</b>	<b>(3,346,537)</b>	<b>(3,632,087)</b>	<b>(3,732,337)</b>	<b>(3,530,527)</b>
<b>Net changes in fund balances</b>	<b>\$ 88,906</b>	<b>\$ (211,213)</b>	<b>\$ 479,877</b>	<b>\$ (180,304)</b>	<b>\$ 104,398</b>

concluded.

Source: City of Battle Creek Finance Department

**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
2016	2015	2014	\$ 1,597,755,968	\$ 1,058,229,131	\$ 331,368,399
2015	2014	2013	1,580,734,432	1,071,816,975	323,079,746
2014	2013	2012	1,601,470,703	1,090,543,166	321,394,012
2013	2012	2011	1,672,651,855	1,125,760,929	324,590,974
2012	2011	2010	1,727,239,263	1,147,982,019	323,603,422
2011	2010	2009	1,828,928,429	1,191,931,916	327,774,301
2010	2009	2008	1,960,436,729	1,232,773,351	337,956,932
2009	2008	2007	1,957,111,278	1,175,550,422	322,175,798
2008	2007	2006	1,897,043,026	1,144,865,369	342,109,866
2007	2006	2005	1,813,627,641	1,092,427,091	335,958,442

continued...

**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		
2016	\$ 149,463,733	\$ 52,084	\$ 1,539,113,347	\$ 3,195,511,936	14.7360
2015	146,581,873	62,440	1,541,541,034	3,161,468,864	14.7360
2014	143,777,085	96,372	1,555,810,635	3,202,941,406	14.7360
2013	163,610,573	149,072	1,614,111,548	3,345,303,710	14.7360
2012	171,383,082	315,736	1,643,284,259	3,454,478,526	14.7360
2011	177,283,387	493,409	1,697,483,013	3,657,856,858	14.4760
2010	199,737,206	509,073	1,770,976,562	3,920,873,458	14.4760
2009	229,617,747	451,177	1,727,795,144	3,914,222,556	14.4760
2008	194,647,401	451,147	1,682,073,783	3,794,086,052	14.4760
2007	176,814,238	558,688	1,605,758,459	3,627,255,282	14.4760

concluded.

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

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

Source: City of Battle Creek Assessor's Office.

**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			
2016	2015	10.2400	-	4.4960	14.7360	24.3200	6.0000
2015	2014	10.3070	-	4.4290	14.7360	24.6000	6.0000
2014	2013	10.6480	-	4.0880	14.7360	24.8500	6.0000
2013	2012	10.9270	-	3.8090	14.7360	24.3400	6.0000
2012	2011	10.9880	-	3.7480	14.7360	24.3400	6.0000
2011	2010	10.9880	-	3.4880	14.4760	24.4400	6.0000
2010	2009	11.0580	-	3.4180	14.4760	23.9500	6.0000
2009	2008	11.0940	-	3.3820	14.4760	23.9500	6.0000
2008	2007	11.1990	-	3.2770	14.4760	20.0000	6.0000
2007	2006	11.2300	-	3.2460	14.4760	20.0000	6.0000

**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)
2016	6.2057	3.6136	2.0000	6.4713	63.3466	45.3466
2015	6.2057	3.6136	2.0000	6.4713	63.6266	45.6266
2014	6.2057	3.6136	2.0000	6.4713	63.8766	45.8766
2013	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636
2012	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636
2011	6.2057	3.7106	2.0000	6.3713	63.2036	45.2036
2010	6.2057	3.7106	2.0000	6.3713	62.7136	44.7136
2009	6.2057	3.7106	2.0000	6.3713	62.7136	44.7136
2008	6.2057	3.7106	2.0000	6.3713	58.7636	40.7636
2007	6.2057	3.7106	2.0000	6.3713	58.7636	40.7636

- (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

**Principal Property Taxpayers**  
Current Year and Nine Years Ago

Taxpayer	2007		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 119,166,407	1	7.42%
Denso Manufacturing MI Inc.	20,355,331	4	1.27%
Post Foods LLC	81,285,547	2	5.06%
Musashi Auto Parts-Michigan Inc.	37,222,448	3	2.32%
Consumer Energy	13,976,366	6	0.87%
TRMI Inc.	-	-	0.00%
Il Stanley Co Inc.	11,000,229	8	0.69%
Conagra Foods Inc.	12,920,550	7	0.80%
Semco Energy Inc.	-	-	0.00%
Graphic Packaging International	-	-	0.00%
Lakeview Square LLC	16,088,305	5	1.00%
Michigan Carton & Paperboard	8,540,917	9	0.53%
New AMI	7,986,703	10	0.50%
	<u>\$ 328,542,803</u>		<u>21.15%</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 8  
Unaudited

**Principal Property Taxpayers**  
Current Year and Nine Years Ago

Taxpayer	2016		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 145,818,260	1	9.47%
Denso Manufacturing MI Inc.	89,925,078	2	5.84%
Post Foods LLC	44,519,965	3	2.89%
Musashi Auto Parts-Michigan Inc.	36,162,352	4	2.35%
Consumers Energy	32,950,993	5	2.14%
TRMI Inc.	21,406,021	6	1.39%
Il Stanley Co Inc.	14,837,420	7	0.96%
Conagra Foods Inc.	14,089,069	8	0.92%
Semco Energy Inc.	12,136,440	9	0.79%
Graphic Packaging International	11,947,030	10	0.78%
Lakeview Square LLC	-	-	0.00%
Michigan Carton & Paperboard	-	-	0.00%
New AMI	-	-	0.00%
	<u>\$ 423,792,628</u>		<u>27.53%</u>

concluded.

Source: City of Battle Creek Assessor's Office.

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**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
2016	\$ 20,813,769	\$ 20,779,353	99.83%	\$ 8,403	\$ 20,787,756	99.88%
2015	20,686,120	20,672,222	99.93%	1,967	20,674,189	99.94%
2014	21,005,303	20,940,399	99.69%	4,911	20,945,310	99.71%
2013	21,447,205	21,408,738	99.82%	3,195	21,411,933	99.84%
2012	22,158,202	22,104,514	99.76%	12,611	22,117,125	99.81%
2011	22,579,440	22,506,975	99.68%	25,414	22,532,389	99.79%
2010	23,571,614	23,501,520	99.70%	21,539	23,523,059	99.79%
2009	23,135,527	23,070,355	99.72%	18,492	23,088,846	99.80%
2008	22,783,861	22,530,390	98.89%	253,471	22,783,861	100.00%
2007	20,506,199	19,403,324	94.62%	1,102,875	20,506,199	100.00%

Source: City of Battle Creek Treasurer's Office

**Number of Water System Customers by User Class**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	15,743	15,627	14,639	14,467	14,318
Commercial (1)	1,795	1,756	1,718	1,575	1,557
Industrial	221	204	211	126	124
	<u>17,759</u>	<u>17,587</u>	<u>16,568</u>	<u>16,168</u>	<u>15,999</u>
<b>Outside City</b>					
Emmett Township	719	742	754	668	648
Bedford Township	427	431	437	421	418
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,146</u>	<u>1,173</u>	<u>1,191</u>	<u>1,089</u>	<u>1,066</u>
<b>Totals</b>	<u><u>18,905</u></u>	<u><u>18,760</u></u>	<u><u>17,759</u></u>	<u><u>17,257</u></u>	<u><u>17,065</u></u>

continued...

**Number of Water System Customers by User Class**  
Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
<b>In-City</b>					
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>
<b>Outside City</b>					
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>
<b>Totals</b>	<u><u>17,194</u></u>	<u><u>17,672</u></u>	<u><u>17,650</u></u>	<u><u>17,607</u></u>	<u><u>17,601</u></u>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**Number of Water System Customers by User Class as a Percent of Total**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	83.27%	83.30%	82.43%	83.83%	83.90%
Commercial	9.49%	9.36%	9.67%	9.13%	9.12%
Industrial	1.17%	1.09%	1.19%	0.73%	0.73%
	<u>93.94%</u>	<u>93.75%</u>	<u>93.29%</u>	<u>93.69%</u>	<u>93.75%</u>
<b>Outside City</b>					
Emmett Township	3.80%	3.96%	4.25%	3.87%	3.80%
Bedford Township	2.26%	2.30%	2.46%	2.44%	2.45%
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>6.06%</u>	<u>6.25%</u>	<u>6.71%</u>	<u>6.31%</u>	<u>6.25%</u>
<b>Totals</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

**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
<b>In-City</b>					
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>
<b>Outside City</b>					
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>
<b>Totals</b>	<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

**Water System Revenues by User Class**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	\$ 3,114,683	\$ 3,128,571	\$ 3,116,515	\$ 3,013,516	\$ 2,973,697
Commercial (1)	2,229,896	2,140,021	2,018,350	2,036,886	1,683,483
Industrial	1,775,531	1,782,813	1,709,693	1,865,248	1,750,581
	<u>7,120,110</u>	<u>7,051,405</u>	<u>6,844,558</u>	<u>6,915,650</u>	<u>6,407,761</u>
<b>Outside City</b>					
Emmett Township (2)	-	-	-	157,258	518,833
Bedford Township (2)	-	-	-	45,160	97,724
East Leroy Township (2)	-	-	-	6,162	14,230
Springfield City	264,153	270,169	267,048	278,047	208,408
Pennfield Township	25,170	24,215	23,466	26,304	66,760
	<u>289,323</u>	<u>294,384</u>	<u>290,514</u>	<u>512,931</u>	<u>905,956</u>
<b>Totals</b>	<u>\$ 7,409,433</u>	<u>\$ 7,345,789</u>	<u>\$ 7,135,072</u>	<u>\$ 7,428,581</u>	<u>\$ 7,313,717</u>

continued...

**Water System Revenues by User Class**  
Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
<b>In-City</b>					
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	2,047,362	2,005,796	2,133,970	2,179,161	2,367,369
	<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>
<b>Outside City</b>					
Emmett Township (2)	568,638	495,823	610,684	626,495	689,318
Bedford Township (2)	90,044	101,866	92,695	98,325	100,731
East Leroy Township (2)	23,539	34,188	19,460	12,481	13,024
Springfield City	252,402	275,733	333,441	272,671	266,165
Pennfield Township	28,274	55,498	29,619	27,805	29,562
	<u>962,897</u>	<u>963,108</u>	<u>1,085,899</u>	<u>1,037,776</u>	<u>1,098,800</u>
<b>Totals</b>	<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>

concluded.

(1) This class includes commercial and governmental users.

(2) Effective 11/1/99 to 6/30/09, Emmett, Bedford and East Leroy Townships residential revenues are included above in In-City Residential.

Source: City of Battle Creek Treasurer's Office

**Water System Revenues by User Class as a Percent of Total Revenue**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	42.04%	42.59%	43.68%	40.57%	40.66%
Commercial (1)	30.10%	29.13%	28.29%	27.42%	23.02%
Industrial	23.96%	24.27%	23.96%	25.11%	23.94%
	<u>96.10%</u>	<u>95.99%</u>	<u>95.93%</u>	<u>93.10%</u>	<u>87.61%</u>
<b>Outside City</b>					
Emmett Township (2)	0.00%	0.00%	0.00%	2.12%	7.09%
Bedford Township (2)	0.00%	0.00%	0.00%	0.61%	1.34%
East Leroy Township (2)	0.00%	0.00%	0.00%	0.08%	0.19%
Springfield City	3.57%	3.68%	3.74%	3.74%	2.85%
Pennfield Township	0.34%	0.33%	0.33%	0.35%	0.91%
	<u>3.90%</u>	<u>4.01%</u>	<u>4.07%</u>	<u>6.90%</u>	<u>12.39%</u>
<b>Totals</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

**Water System Revenues by User Class as a Percent of Total Revenue**  
Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
<b>In-City</b>					
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>
<b>Outside City</b>					
Emmett Township (2)	7.03%	5.85%	7.01%	7.18%	7.42%
Bedford Township (2)	1.11%	1.20%	1.06%	1.13%	1.08%
East Leroy Township (2)	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>
<b>Totals</b>	<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.

(2) Effective 11/1/99 to 6/30/09, Emmett, Bedford & East Leroy Townships residential revenues are included above in In-City

Source: City of Battle Creek Treasurer's Office

**Water System Sales Volume by User Class (Cubic Feet)**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	132,922,943	129,667,312	125,570,888	126,426,959	125,730,875
Commercial (1)	109,436,923	111,213,299	111,337,291	104,709,987	103,704,045
Industrial	125,573,555	117,340,118	112,527,550	113,482,354	108,505,973
	<u>367,933,421</u>	<u>358,220,729</u>	<u>349,435,729</u>	<u>344,619,300</u>	<u>337,940,893</u>
<b>Outside City</b>					
Emmett Township	17,771,062	19,970,065	17,390,165	19,058,356	22,469,497
Bedford Township	3,301,180	3,647,245	3,199,666	3,513,561	3,357,542
Springfield City	19,956,511	22,897,818	19,962,071	18,041,171	20,371,021
Pennfield Township	2,700,500	2,570,500	2,467,500	2,368,300	2,532,700
	<u>43,729,253</u>	<u>49,085,628</u>	<u>43,019,402</u>	<u>42,981,388</u>	<u>48,730,760</u>
<b>Totals</b>	<u>411,662,674</u>	<u>407,306,357</u>	<u>392,455,131</u>	<u>387,600,688</u>	<u>386,671,653</u>

continued...

**Water System Sales Volume by User Class (Cubic Feet)**  
Last Ten Fiscal Years

Type of User	2012	2013	2014	2015 (2)	2016 (2)
<b>In-City</b>					
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>
<b>Outside City</b>					
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>
<b>Totals</b>	<u><u>386,620,683</u></u>	<u><u>417,840,929</u></u>	<u><u>395,732,266</u></u>	<u><u>369,161,478</u></u>	<u><u>364,242,436</u></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

**Water System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	32.29%	31.84%	32.00%	32.62%	32.52%
Commercial (1)	26.58%	27.30%	28.37%	27.01%	26.82%
Industrial	30.50%	28.81%	28.67%	29.28%	28.06%
	<u>89.38%</u>	<u>87.95%</u>	<u>89.04%</u>	<u>88.91%</u>	<u>87.40%</u>
<b>Outside City</b>					
Emmett Township	4.32%	4.90%	4.43%	4.92%	5.81%
Bedford Township	0.80%	0.90%	0.82%	0.91%	0.87%
Springfield City	4.85%	5.62%	5.09%	4.65%	5.27%
Pennfield Township	0.66%	0.63%	0.63%	0.61%	0.66%
	<u>10.62%</u>	<u>12.05%</u>	<u>10.96%</u>	<u>11.09%</u>	<u>12.60%</u>
<b>Totals</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

**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
<b>In-City</b>					
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>
<b>Outside City</b>					
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>
<b>Totals</b>	<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

**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
2016	467,175,134	1.93%	364,242,436	-1.33%	77.97%
2015	458,343,805	-3.76%	369,161,478	-6.71%	80.54%
2014	476,232,936	-0.45%	395,732,266	-5.29%	83.10%
2013	478,366,477	-6.11%	417,840,929	8.08%	87.35%
2012	509,471,267	5.72%	386,620,683	-0.01%	75.89%
2011	481,914,359	1.07%	386,671,653	-0.24%	80.24%
2010	476,834,498	2.10%	387,600,688	-1.24%	81.29%
2009	467,044,118	-10.36%	392,455,131	-3.65%	84.03%
2008	521,009,359	6.58%	407,306,357	-1.06%	78.18%
2007	488,835,560	-3.42%	411,662,674	1.44%	84.21%

Source: City of Battle Creek Treasurer's Office

**Water Revenues and Usage - Major Customers**  
 Fiscal Year Ended June 30, 2016

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Kellogg Company - Plant	Breakfast foods	44,734,327	12.28%	\$ 757,648	8.16%
Post Foods	Breakfast foods	31,507,001	8.65%	541,761	5.83%
Graphic Packaging/MI Paperboard	Paper Mill	8,542,312	2.35%	151,161	1.63%
Fire Keepers Casino	Gambling/Entertainment	7,776,200	2.13%	171,235	1.84%
Denso Mfg - Michigan	Automotive Parts	7,338,140	2.01%	185,155	1.99%
Bronson Battle Creek	Medical services	6,465,327	1.78%	98,807	1.06%
Ralcorp - Div of Conagra Foods	Breakfast foods	5,461,800	1.50%	85,712	0.92%
VA Medical Center - Hospital	Medical services	4,940,256	1.36%	96,511	1.04%
Rock-Tenn/Waldorf Corp	Paperboard	4,808,112	1.32%	74,781	0.81%
City of Battle Creek - WWTP	Government	4,265,600	1.17%	74,592	0.80%
Johnson Controls	Heating & Venting	3,690,300	1.01%	66,970	0.72%
Calhoun County Justice Center	Government-Jails/Courts	2,420,939	0.66%	44,150	0.48%
Prairie Farms Dairy	Dairy processing	2,346,700	0.64%	44,111	0.48%
Cello-Foil Products	Cellophane Product Mfg.	2,311,199	0.63%	41,376	0.45%
Kellogg Company (headquarters)	Breakfast foods	2,269,953	0.62%	43,172	0.46%
Rolling Hills MHC	Mobile Home Community	2,247,420	0.62%	40,360	0.43%
Kellogg Company - Research	Food Research	2,121,810	0.58%	42,776	0.46%
VA Medical Center - Laundry	Laundry	1,978,667	0.54%	36,769	0.40%
Musashi Auto Parts Inc	Automotive Parts	1,645,301	0.45%	47,278	0.51%
Gallagher Laundry	Laundry	1,508,833	0.41%	28,230	0.30%
Totals		<u>148,380,197</u>	<u>40.74%</u>	<u>\$ 2,672,555</u>	<u>28.78%</u>

Source: City of Battle Creek Treasurer's Office

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**Current Water Rates**  
Beginning as of July 1, 2009

Monthly Water Commodity Charge (1)							
(Fiscal Year Ending June 30)							
	2010	2011	2012	2013	2014	2015	2016
Inside City							
0 to 4,410,000	\$ 1.29	\$ 1.32	\$ 1.39	\$ 1.46	\$ 1.53	\$ 1.60	\$ 1.68
4,410,001 to 11,000,000	0.63	0.64	0.07	0.71	0.74	0.78	0.82
Over 11,000,000	0.95	0.97	1.02	1.07	1.12	1.18	1.24
Outside City (bulk rate)							
Pennfield Township	0.93	0.95	1.01	1.06	1.11	1.17	1.23
Springfield City	1.29	1.32	1.39	1.46	1.53	1.60	1.68

Monthly Readiness-to-Serve Charge (2)							
(Fiscal Year Ending June 30)							
	2010	2011	2012	2013	2014	2015	2016
Inside City							
5/8"	\$ 7.41	\$ 7.59	\$ 7.97	\$ 8.37	\$ 8.79	\$ 9.23	\$ 9.69
3/4" or less	9.30	9.52	10.00	10.50	11.02	11.57	12.15
1"	13.07	13.37	14.04	14.74	15.48	16.25	17.06
1.5"	22.49	22.99	24.14	25.35	26.61	27.94	29.34
2"	33.80	34.54	36.27	38.08	39.98	41.98	44.08
3"	60.19	61.49	64.56	67.79	71.18	74.74	78.48
4"	97.89	99.99	104.99	110.24	115.75	121.54	127.62
6"	192.14	196.24	206.05	216.35	227.17	238.53	250.46
8"	305.24	311.74	327.33	343.69	360.88	378.92	397.87
10"	437.19	446.49	468.81	492.26	516.87	542.71	569.85

Monthly Fire Sprinkler Charges (3)							
(Fiscal Year Ending June 30)							
	2010	2011	2012	2013	2014	2015	2016
Inside City							
2"	\$ 5.53	\$ 5.67	\$ 5.95	\$ 6.25	\$ 6.56	\$ 6.89	\$ 7.24
3"	10.36	10.62	11.15	11.71	12.29	12.91	13.55
4"	17.28	17.72	18.61	19.54	20.51	21.54	22.62
6"	34.55	35.41	37.18	39.04	40.99	43.04	45.19
8"	55.30	56.68	59.51	62.49	65.61	68.89	72.34
10"	79.50	81.48	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.

Source: City of Battle Creek Treasurer's Office

**Number of Wastewater System Customers by User Class**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	16,738	16,788	16,893	15,490	15,287
Commercial (1)	1,756	2,068	1,736	1,563	1,518
Industrial	145	155	155	116	116
	<u>18,639</u>	<u>19,011</u>	<u>18,784</u>	<u>17,169</u>	<u>16,921</u>
<b>Outside City</b>					
Emmett Township	1,828	1,842	1,885	1,665	1,631
Bedford Township	539	586	612	545	540
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,367</u>	<u>2,428</u>	<u>2,497</u>	<u>2,210</u>	<u>2,171</u>
<b>Totals</b>	<u>21,006</u>	<u>21,439</u>	<u>21,281</u>	<u>19,379</u>	<u>19,092</u>

continued...

**Number of Wastewater System Customers by User Class**  
Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
<b>In-City</b>					
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>
<b>Outside City</b>					
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>
<b>Totals</b>	<u><u>19,166</u></u>	<u><u>19,724</u></u>	<u><u>19,719</u></u>	<u><u>19,666</u></u>	<u><u>19,662</u></u>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**Wastewater System Customers by User Class as a Percent of Total**  
Last Ten Fiscal Years Ended June 30, 2016

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	79.68%	78.31%	79.38%	79.93%	80.07%
Commercial (1)	8.36%	9.65%	8.16%	8.07%	7.95%
Industrial	0.69%	0.72%	0.73%	0.60%	0.61%
	<u>88.73%</u>	<u>88.67%</u>	<u>88.27%</u>	<u>88.60%</u>	<u>88.63%</u>
<b>Outside City</b>					
Emmett Township	8.70%	8.59%	8.86%	8.59%	8.54%
Bedford Township	2.57%	2.73%	2.88%	2.81%	2.83%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>11.27%</u>	<u>11.33%</u>	<u>11.73%</u>	<u>11.40%</u>	<u>11.37%</u>
<b>Totals</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

**Wastewater System Customers by User Class as a Percent of Total**  
Last Ten Fiscal Years Ended June 30, 2016

Type of User	2012	2013	2014	2015	2016
<b>In-City</b>					
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>
<b>Outside City</b>					
Emmett Township	8.82%	8.42%	8.53%	8.55%	8.57%
Bedford Township	2.89%	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>
<b>Totals</b>	<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

**Wastewater System Revenues by User Class**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	\$ 3,376,960	\$ 3,267,808	\$ 3,763,342	\$ 4,012,982	\$ 4,145,313
Commercial (1)	2,058,448	2,169,934	2,108,616	2,219,711	2,169,252
Industrial	3,731,009	4,262,166	4,290,110	5,235,533	4,732,896
	<u>9,166,417</u>	<u>9,699,908</u>	<u>10,162,068</u>	<u>11,468,226</u>	<u>11,047,461</u>
<b>Outside City</b>					
Emmett Township	681,049	681,035	673,156	855,357	858,298
Bedford Township	208,199	198,244	202,640	177,108	193,916
East Leroy Township	-	-	-	426	12,961
Springfield City	395,875	457,727	477,221	536,289	482,238
Pennfield Township	404,821	434,360	485,602	496,588	447,255
	<u>1,689,944</u>	<u>1,771,366</u>	<u>1,838,619</u>	<u>2,065,768</u>	<u>1,994,668</u>
<b>Totals</b>	<u>\$ 10,856,361</u>	<u>\$ 11,471,274</u>	<u>\$ 12,000,687</u>	<u>\$ 13,533,994</u>	<u>\$ 13,042,129</u>

continued...

**Wastewater System Revenues by User Class**  
Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
<b>In-City</b>					
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	5,220,780	5,815,387	5,564,090	6,810,953	7,429,068
	<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>
<b>Outside City</b>					
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	519,595	545,549	551,887	570,497	621,812
	<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>
<b>Totals</b>	<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>

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

**Wastewater System Revenues by User Class as a Percent of Total Revenue**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	31.11%	28.49%	31.36%	29.65%	31.78%
Commercial (1)	18.96%	18.92%	17.57%	16.40%	16.63%
Industrial	34.37%	37.16%	35.75%	38.68%	36.29%
	<u>84.43%</u>	<u>84.56%</u>	<u>84.68%</u>	<u>84.74%</u>	<u>84.71%</u>
<b>Outside City</b>					
Emmett Township (2)	6.27%	5.94%	5.61%	6.32%	6.58%
Bedford Township (2)	1.92%	1.73%	1.69%	1.31%	1.49%
East Leroy Township (2)	0.00%	0.00%	0.00%	0.00%	0.10%
Springfield City	3.65%	3.99%	3.98%	3.96%	3.70%
Pennfield Township	3.73%	3.79%	4.05%	3.67%	3.43%
	<u>15.57%</u>	<u>15.44%</u>	<u>15.32%</u>	<u>15.26%</u>	<u>15.29%</u>
<b>Totals</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

**Wastewater System Revenues by User Class as a Percent of Total Revenue**  
Last Ten Fiscal Years

Type of User	2012	2013	2014	2015	2016
<b>In-City</b>					
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>
<b>Outside City</b>					
Emmett Township (2)	6.06%	6.11%	7.07%	6.74%	6.78%
Bedford Township (2)	1.68%	0.88%	1.49%	1.43%	1.38%
East Leroy Township (2)	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>
<b>Totals</b>	<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.

(2) Effective 11/1/99, Emmett, Bedford and East Leroy Townships residential revenues are included above in In-City Residential.

Source: City of Battle Creek Treasurer's Office

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**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)
2016	19,662	2,237	3,158
2015	19,666	2,216	3,127
2014	19,719	2,287	3,233
2013	19,724	2,356	3,043
2012	19,166	2,278	3,380
2011	19,092	2,330	3,188
2010	19,379	2,322	3,221
2009	21,281	2,286	3,520
2008	21,439	2,644	3,358
2007	21,006	2,576	3,356

Source: City of Battle Creek Treasurer's Office

**Wastewater System Sales Volume by User Class (Cubic Feet)**  
Last Ten Fiscal Years

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	129,484,615	133,629,491	119,898,268	118,720,421	119,253,007
Commercial (1)	94,077,325	100,897,362	84,822,970	83,527,632	79,250,599
Industrial	70,828,876	46,361,097	42,910,122	42,917,747	44,410,403
	<u>294,390,816</u>	<u>280,887,950</u>	<u>247,631,360</u>	<u>245,165,800</u>	<u>242,914,009</u>
<b>Outside City</b>					
Emmett Township	11,346,135	30,642,811	16,913,606	28,623,502	30,339,592
Bedford Township	3,176,176	7,342,349	5,620,143	6,339,386	5,409,186
Springfield City	17,077,626	18,222,458	17,902,584	16,043,919	16,990,491
Pennfield Township	18,438,800	16,392,850	17,519,550	14,309,350	15,813,350
	<u>50,038,737</u>	<u>72,600,468</u>	<u>57,955,883</u>	<u>65,316,157</u>	<u>68,552,619</u>
<b>Totals</b>	<u><u>344,429,553</u></u>	<u><u>353,488,418</u></u>	<u><u>305,587,243</u></u>	<u><u>310,481,957</u></u>	<u><u>311,466,628</u></u>

continued...

**Wastewater System Sales Volume by User Class (Cubic Feet)**  
Last Ten Fiscal Years

Type of User	2012	2013	2014	2015 (2)	2016 (2)
<b>In-City</b>					
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>
<b>Outside City</b>					
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>
<b>Totals</b>	<u><u>304,492,723</u></u>	<u><u>314,926,758</u></u>	<u><u>306,694,387</u></u>	<u><u>297,073,709</u></u>	<u><u>299,054,593</u></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 25  
Unaudited

Wastewater System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)  
Last Ten Fiscal Years Ended June 30, 2016

Type of User	2007	2008	2009	2010	2011
<b>In-City</b>					
Residential	37.59%	37.80%	39.24%	38.24%	38.29%
Commercial (1)	27.31%	28.54%	27.76%	26.90%	25.44%
Industrial	20.56%	13.12%	14.04%	13.82%	14.26%
	<u>85.47%</u>	<u>79.46%</u>	<u>81.03%</u>	<u>78.96%</u>	<u>77.99%</u>
<b>Outside City</b>					
Emmett Township	3.29%	8.67%	5.53%	9.22%	9.74%
Bedford Township	0.92%	2.08%	1.84%	2.04%	1.74%
Springfield City	4.96%	5.16%	5.86%	5.17%	5.45%
Pennfield Township	5.35%	4.64%	5.73%	4.61%	5.08%
	<u>14.53%</u>	<u>20.54%</u>	<u>18.97%</u>	<u>21.04%</u>	<u>22.01%</u>
<b>Totals</b>	<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 25  
Unaudited

Wastewater System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)  
Last Ten Fiscal Years Ended June 30, 2016

Type of User	2012	2013	2014	2015	2016
<b>In-City</b>					
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>
<b>Outside City</b>					
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>
<b>Totals</b>	<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

**Wastewater Revenue and Usage - Major Customers**  
 Fiscal Year Ended June 30, 2016

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Kellogg Company - Plant	Breakfast foods	37,451,373	12.52%	\$2,054,596	11.40%
Graphic Packaging/MI Paperboard	Paper mill	20,810,403	6.96%	1,353,332	7.51%
Post Foods	Breakfast foods	18,665,795	6.24%	1,064,837	5.91%
Rock-Tenn/Waldorf Corp	Paperboard	15,431,289	5.16%	1,252,836	6.95%
Fire Keepers Casino	Gambling/Entertainment	7,776,200	2.60%	234,724	1.30%
Denso Manufacturing	Automotive Parts	7,338,140	2.45%	196,953	1.09%
Bronson Battle Creek Health Sys.	Medical services	6,257,727	2.09%	120,720	0.67%
Treehouse Private Brands	Breakfast foods	5,447,000	1.82%	150,988	0.84%
VA Medical Center - Hospital	Medical services	4,940,256	1.65%	139,472	0.77%
Johnson Controls	Heating & Venting	3,690,300	1.23%	99,630	0.55%
Federal Center	Government	2,678,616	0.90%	81,574	0.45%
Calhoun County Justice Center	Government-Jails/Courts	2,420,939	0.81%	67,127	0.37%
Prairie Farms Dairy	Dairy Processing	2,346,700	0.78%	66,031	0.37%
Rolling Hills Mobile Home Comm	Mobile Home Community	2,195,720	0.73%	56,053	0.31%
VA Medical Center - Laundry	Laundry Services	1,942,967	0.65%	53,274	0.30%
Kellogg Company - Research	Food research	1,894,910	0.63%	53,485	0.30%
Gallagher Laundry	Laundry services	1,497,750	0.50%	40,489	0.22%
Village Inn Living LLC	Apartment Complex	1,471,500	0.49%	40,370	0.22%
Musashi Auto Parts Inc	Automotive Parts	1,411,500	0.47%	34,325	0.19%
Pedcor Investments (Teal Run)	Apartment Complex	1,383,417	0.46%	40,409	0.22%
Totals		<u>147,052,502</u>	<u>49.17%</u>	<u>\$ 7,201,225</u>	<u>39.95%</u>

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

Source: City of Battle Creek Treasurer's Office

**Largest Wastewater Customers**

Last Ten Fiscal Years Ended June 30, 2016

Fiscal Year Ended June 30,	Kellogg Company - Plant		Graphic Packaging/ MI Paperboard		Post Foods	
	Consumption	Revenue	Consumption	Revenue	Consumption	Revenue
2016	37,451,373	\$2,054,596	20,810,403	\$ 1,353,332	18,665,795	\$ 1,064,837
2015	36,730,863	2,145,752	20,691,327	1,204,360	17,275,989	957,122
2014	40,663,447	1,881,377	19,534,989	1,026,706	20,099,514	1,239,005
2013	36,616,531	1,700,951	21,209,655	1,075,708	16,555,655	1,187,606
2012	39,537,470	1,664,917	18,827,932	842,539	18,013,957	1,115,070
2011	41,883,378	1,717,446	16,115,040	735,338	13,191,771	693,319
2010	45,501,750	2,037,778	17,583,515	853,414	9,173,262	555,703
2009	45,684,404	1,594,973	19,446,390	723,983	8,839,671	188,957
2008	48,436,961	1,669,857	25,055,615	791,028	8,938,583	336,591
2007	41,580,214	1,318,253	25,858,289	736,869	13,191,176	417,842

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, 2009 to June 30, 2016

#### Commodity Charge

Date	Regular Commodity Rate (per ccf or 750 gallons)
July 1, 2009 - June 30, 2010	\$2.010
July 1, 2010 - June 30, 2011	\$2.010
July 1, 2011 - June 30, 2012	\$2.110
July 1, 2012 - June 30, 2013	\$2.220
July 1, 2013 - June 30, 2014	\$2.330
July 1, 2014 - June 30, 2015	\$2.440
July 1, 2015 - June 30, 2016	\$2.570

#### Monitoring Charge

Date	Monitoring Charge (per sample)
July 1, 2009 - June 30, 2010	\$89.80
July 1, 2010 - June 30, 2011	\$89.80
July 1, 2011 - June 30, 2012	\$94.29
July 1, 2012 - June 30, 2013	\$99.00
July 1, 2013 - June 30, 2014	\$103.95
July 1, 2014 - June 30, 2015	\$109.15
July 1, 2015 - June 30, 2016	\$114.61

continued...

Source: City of Battle Creek Finance Department

Readiness to Serve Charges

Inside City and Outside City Customers Billed by City

Meter Size	Current	July 1, 2009 to June 30, 2010	July 1, 2010 to June 30, 2011	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013
5/8"	\$11.75	\$10.15	\$10.15	\$10.66	\$11.19
¾ "	\$15.50	\$13.39	\$13.39	\$14.06	\$14.76
1"	\$23.00	\$19.87	\$19.87	\$20.86	\$21.91
1.5"	\$41.76	\$36.07	\$36.07	\$37.87	\$39.77
2"	\$64.26	\$55.51	\$55.51	\$58.29	\$61.20
3"	\$116.77	\$100.87	\$100.87	\$105.91	\$111.21
4"	\$191.78	\$165.67	\$165.67	\$173.95	\$182.65
6"	\$379.32	\$327.67	\$327.67	\$344.05	\$361.26
8"	\$604.36	\$522.07	\$522.07	\$548.17	\$575.58
10"	\$866.91	\$748.87	\$748.87	\$786.31	\$825.63

Meter Size	Current	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015	July 1, 2015 to June 30, 2016
5/8"	\$11.75	\$11.75	\$12.34	\$12.95
¾ "	\$15.50	\$15.50	\$16.28	\$17.08
1"	\$23.00	\$23.00	\$24.15	\$25.36
1.5"	\$41.76	\$41.76	\$43.84	\$46.04
2"	\$64.26	\$64.26	\$67.47	\$70.85
3"	\$116.77	\$116.77	\$122.61	\$128.74
4"	\$191.78	\$191.78	\$201.37	\$211.44
6"	\$379.32	\$379.32	\$398.28	\$418.20
8"	\$604.36	\$604.36	\$634.58	\$666.31
10"	\$866.91	\$866.91	\$910.26	\$955.77

continued...

Source: City of Battle Creek Finance Department

## CITY OF BATTLE CREEK, MICHIGAN

### Current Wastewater Rates

From July 1, 2009 to June 30, 2016

#### BOD and Suspended Solids Charges

Date	BOD Charge (per pound)	Suspended Solids Charge (per pound)
July 1, 2009 - June 30, 2010	\$0.1574	0.2118
July 1, 2010 - June 30, 2011	\$0.1574	0.2118
July 1, 2011 - June 30, 2012	\$0.1653	0.2224
July 1, 2012 - June 30, 2013	\$0.1753	0.2335
July 1, 2013 - June 30, 2014	\$0.1822	0.2452
July 1, 2014 - June 30, 2015	\$0.1913	0.2574
July 1, 2015 - June 30, 2016	\$0.2009	0.2703

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, 2009 - June 30, 2010	\$0.81
July 1, 2010 - June 30, 2011	\$0.81
July 1, 2011 - June 30, 2012	\$0.85
July 1, 2012 - June 30, 2013	\$0.89
July 1, 2013 - June 30, 2014	\$0.94
July 1, 2014 - June 30, 2015	\$0.98
July 1, 2015 - June 30, 2016	\$1.03

continued...

Source: City of Battle Creek Finance Department

Outside City Performing Their Own Billing

Meter Size	Current	July 1, 2009 to June 30, 2010	July 1, 2010 to June 30, 2011	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013
5/8"	\$7.50	\$6.48	\$6.48	\$6.80	\$7.14
¾ "	\$11.25	\$9.72	\$9.72	\$10.21	\$10.72
1"	\$18.75	\$16.20	\$16.20	\$17.01	\$17.86
1.5"	\$37.51	\$32.40	\$32.40	\$34.02	\$35.72
2"	\$60.01	\$51.84	\$51.84	\$54.43	\$57.15
3"	\$112.52	\$97.20	\$97.20	\$102.06	\$107.16
4"	\$187.54	\$162.00	\$162.00	\$170.10	\$178.61
6"	\$375.07	\$324.00	\$324.00	\$340.20	\$357.21
8"	\$600.11	\$518.40	\$518.40	\$544.32	\$571.54
10"	\$862.66	\$745.20	\$745.20	\$782.46	\$821.58

Meter Size	Current	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015	July 1, 2015 to June 30, 2016
5/8"	\$7.50	\$7.50	\$7.88	\$8.27
¾ "	\$11.25	\$11.25	\$11.81	\$12.41
1"	\$18.75	\$18.75	\$19.69	\$20.68
1.5"	\$37.51	\$37.51	\$39.38	\$41.35
2"	\$60.01	\$60.01	\$63.01	\$66.16
3"	\$112.52	\$112.52	\$118.15	\$124.05
4"	\$187.54	\$187.54	\$196.91	\$206.76
6"	\$375.07	\$375.07	\$393.82	\$413.52
8"	\$600.11	\$600.11	\$630.12	\$661.62
10"	\$862.66	\$862.66	\$905.80	\$951.09

concluded.

Source: City of Battle Creek Finance Department

**Ratios of General Bonded Debt Outstanding and Total Outstanding Debt  
Last Ten Fiscal Years**

Year	General Bonded Debt Outstanding				
	Governmental Activities		Business-type Activities		Total
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	
2016	\$25,687,717	\$ (9,160)	\$ -	\$ -	
2015	27,208,801	(104,025)	-	-	27,104,776
2014	29,329,373	(17,300)	-	-	29,312,073
2013	15,326,278	(9,300)	-	-	15,316,978
2012	16,545,805	(9,300)	-	-	16,536,505
2011	17,945,000	(5,972)	250,000	-	18,189,028
2010	19,880,000	(6,209)	485,000	-	20,358,791
2009	21,810,000	(6,445)	710,000	-	22,513,555
2008	21,170,000	(5,548)	3,510,000	-	24,674,452
2007	22,860,000	(4,256)	3,860,000	-	26,715,744

Year	Governmental Activities						Less: Amounts Restricted to Repaying Principal	Total
	General Obligation Bonds	Special Assessment Bonds	Installment Obligations	Capital Leases	Loans Payable			
2016	\$25,687,717	\$ -	\$ 2,183,807	\$ -	\$ -	\$ (9,160)	\$27,862,364	
2015	27,208,801	-	2,404,545	-	-	(104,025)	29,509,321	
2014	29,329,373	-	2,667,042	-	-	(17,300)	31,979,115	
2013	15,326,278	-	3,084,762	-	-	(9,300)	18,401,740	
2012	16,545,805	-	3,479,235	-	-	(9,300)	20,015,740	
2011	17,945,000	-	3,857,965	-	-	(5,972)	21,796,993	
2010	19,880,000	-	4,221,434	8,491	-	(6,209)	24,103,716	
2009	21,810,000	-	4,565,103	17,370	-	(6,445)	26,386,028	
2008	21,170,000	-	4,132,535	25,642	-	(5,548)	25,322,629	
2007	22,860,000	-	3,943,005	33,350	-	(4,256)	26,832,099	

**Ratios of General Bonded Debt Outstanding and Total Outstanding Debt  
Last Ten Fiscal Years**

Year	% of Personal Income	% of Actual Taxable Value of Property	Per Capita
2016	0.54%	1.67%	\$ 497.93
2015	0.55%	1.76%	524.93
2014	0.61%	1.88%	565.68
2013	0.32%	0.95%	295.60
2012	0.34%	1.01%	318.80
2011	0.39%	1.07%	349.45
2010	0.45%	1.15%	389.04
2009	0.52%	1.30%	434.39
2008	0.58%	1.47%	473.21
2007	0.66%	1.66%	512.03

Year	Business-type Activities				Total	% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Revenue Bonds	Capital Leases	Less: Amounts Restricted to Repaying Principal				
2016	\$ -	\$ 5,545,073	\$ 185,573	\$ -	\$ 5,730,646	0.71%	2.18%	\$ 651.34
2015	-	7,650,827	323,650	-	7,974,477	0.76%	2.44%	725.17
2014	-	9,718,581	494,130	-	10,212,711	0.88%	2.71%	814.09
2013	-	11,533,335	656,732	-	12,190,067	0.64%	1.90%	590.21
2012	-	12,865,000	855,100	-	13,720,100	0.70%	2.05%	650.20
2011	250,000	14,520,000	1,082,294	-	15,852,294	0.82%	2.23%	728.00
2010	485,000	16,240,000	1,299,151	-	18,024,151	0.94%	2.41%	814.16
2009	710,000	17,760,000	1,165,735	-	19,635,735	1.08%	2.71%	901.53
2008	3,510,000	19,225,000	1,338,099	-	24,073,099	1.25%	3.15%	1,014.52
2007	3,860,000	20,650,000	974,544	-	25,484,544	1.38%	3.50%	1,076.59

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, 2016

	(1) Net Debt Outstanding	Percentage Applicable to City of Battle Creek	Amount Applicable to City of Battle Creek
<b>Direct:</b>			
City issued bonded debt (2)	\$ 25,687,717	100.00%	\$ 25,687,717
Installment obligations	2,183,807	100.00%	2,183,807
			<u>27,871,524</u>
<b>Overlapping: (3)</b>			
Battle Creek Public Schools	50,815,000	76.85%	39,051,328
Calhoun County	34,313,665	38.18%	13,100,957
Climax-Scotts School District	3,157,333	4.01%	126,609
Harper Creek School District	63,845,784	0.30%	191,537
Kalamazoo RESA	9,305,000	0.06%	5,583
Lakeview School District	65,720,000	100.00%	65,720,000
Pennfield School District	34,005,922	3.90%	1,326,231
Kalamazoo Valley Community College	12,525,000	0.06%	7,515
Kellogg community College	7,735,000	38.17%	2,952,450
			<u>122,482,210</u>
<b>Total direct and overlapping debt</b>			<u>\$ 150,353,734</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		\$ 1,448,188,714
State Equalized Value - tax abated property:		
Industrial Facilities		149,515,170
Neighborhood Enterprise Zone		<u>52,084</u>
Total State Equalized Value (SEV)		<u>\$ 1,597,755,968</u>
Legal debt limit (10% of SEV)		\$ 159,775,597
Outstanding debt subject to limitation	\$ 68,511,000	
Less exempt obligations	<u>(1,476,000)</u>	
		<u>67,035,000</u>
Legal debt margin		<u>\$ 92,740,597</u>
Debt subject to limitation as a percent of SEV		<u>4.20%</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
2016	\$ 159,775,597	\$ 67,035,000	\$ 92,740,597	41.96%
2015	158,073,443	74,512,544	83,560,899	47.14%
2014	160,147,070	81,122,042	79,025,028	50.65%
2013	167,265,186	86,884,761	80,380,425	51.94%
2012	172,723,926	70,681,234	102,042,692	40.92%
2011	182,892,843	77,051,316	105,841,527	42.13%
2010	196,043,673	82,766,030	113,277,643	42.22%
2009	195,711,128	84,202,786	111,508,342	43.02%
2008	189,704,303	85,136,611	104,567,692	44.88%
2007	181,362,764	88,015,790	93,346,974	48.53%

Source: City of Battle Creek Finance Department

**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
2016	\$ 28,647,154	\$ 18,478,024	\$ 10,169,130	\$ 2,214,162	4.59
2015	26,653,760	16,625,760	10,028,000	2,208,762	4.54
2014	25,174,150	16,432,935	8,741,215	2,265,350	3.86
2013	24,197,436	15,601,499	8,595,937	2,265,125	3.79
2012	23,225,329	15,793,089	7,432,240	2,455,437	3.03
2011	23,058,232	15,480,363	7,577,869	2,283,994	3.32
2010	21,800,246	15,078,231	6,722,015	2,287,081	2.94
2009	20,017,923	15,555,502	4,462,421	2,283,550	1.95
2008	19,423,713	15,358,388	4,065,325	2,290,497	1.77
2007	18,815,313	14,712,942	4,102,371	2,140,741	1.92

(1) Includes operating and nonoperating revenue, as well as 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

**Demographic and Economic Statistics**  
Last Ten Fiscal Years

Year	Population	(a) Personal Income (thousands of dollars)	(a) Per Capita Personal Income	Unemployment Rate
2016	51,589	\$ 4,732,090	\$ 35,084	4.40%
2015	51,833	4,923,591	36,468	5.40%
2014	51,848	4,812,597	35,623	6.70%
2013	51,848	4,812,597	35,623	8.40%
2012	51,900	4,812,597	35,623	11.20%
2011	52,068	4,644,128	34,267	11.20%
2010	52,347	4,518,817	33,209	13.30%
2009	51,843	4,342,138	32,018	14.10%
2008	52,154	4,231,549	31,146	9.00%
2007	52,184	4,075,917	29,897	8.00%

(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

**Principal Employers**  
Current Year and Nine Years Ago

Employer	2007		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,700	1	10.39%
Kellogg Company	2,300	2	8.85%
Veterans Administration Med Center	1,150	6	4.43%
Hart-Doyle-Inouye Federal Center	1,800	3	6.93%
Michigan Air National Guard	-	-	-
Bronson Battle Creek	1,554	4	5.98%
Battle Creek Public Schools	1,300	5	5.00%
Kellogg Community College	-	-	-
Il Stanley Company, Inc.	780	7	3.00%
TRMI	-	-	-
Family Fare	700	8	2.69%
Kraft Foods, Post Division	650	9	2.50%
City of Battle Creek	580	10	2.23%
	<u>13,514</u>		<u>52.00%</u>

continued...

**Principal Employers**  
Current Year and Nine Years Ago

Employer	2016		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,817	1	12.39%
Kellogg Company	2,279	2	10.02%
Veterans Administration Med Center	1,581	3	6.95%
Hart-Doyle-Inouye Federal Center	1,500	4	6.60%
Michigan Air National Guard	1,488	5	6.54%
Bronson Battle Creek	1,352	6	5.95%
Battle Creek Public Schools	1,089	7	4.79%
Kellogg Community College	920	8	4.05%
Il Stanley Company, Inc.	840	9	3.69%
TRMI	700	10	3.08%
Family Fare	-	-	-
Kraft Foods, Post Division	-	-	-
City of Battle Creek	-	-	-
	<u>14,566</u>		<u>64.06%</u>

concluded.

Source: City of Battle Creek Finance Department

**Full-Time Equivalent Employees by Function/Program**  
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011
<b>General Fund and Special Revenue Funds</b>					
Administration	25	23	25	24	24
Community development	34	33	28	27	24
Finance	26	26	26	23	22
Police department	133	132	132	131	133
Fire department	115	111	108	98	82
Public works	68	65	63	56	54
Parks and recreation	10	8	6	6	6
	<u>411</u>	<u>398</u>	<u>388</u>	<u>365</u>	<u>345</u>
<b>Enterprise Funds</b>					
W.K. Kellogg airport	10	10	10	10	10
Battle Creek transit system	38	36	38	39	38
Sewer and wastewater plant	66	63	65	60	57
Water	46	44	41	43	40
	<u>160</u>	<u>153</u>	<u>154</u>	<u>152</u>	<u>145</u>
<b>Internal Service Funds</b>					
Information systems	10	11	11	11	11
Equipment center	16	16	16	16	15
Self insurance	3	4	4	4	3
Reproduction and stores	4	3	3	3	3
	<u>33</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>32</u>
<b>Total</b>	<u>604</u>	<u>585</u>	<u>576</u>	<u>550</u>	<u>522</u>

continued...

**Full-Time Equivalent Employees by Function/Program**  
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
<b>General Fund and Special Revenue Funds</b>					
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
Parks and recreation	6	6	10	10	8
	<u>328</u>	<u>326</u>	<u>338</u>	<u>345</u>	<u>345</u>
<b>Enterprise Funds</b>					
W.K. Kellogg 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
	<u>146</u>	<u>142</u>	<u>140</u>	<u>141</u>	<u>137</u>
<b>Internal Service Funds</b>					
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>
<b>Total</b>	<u>505</u>	<u>497</u>	<u>511</u>	<u>519</u>	<u>513</u>

concluded.

Source: City of Battle Creek Finance Department

**Operating Indicators by Function/Program**  
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011
<b>Public Safety</b>					
Police					
Number of incidents	50,458	47,045	45,346	50,210	58,529
Number of crash reports	1,992	2,231	1,423	1,781	1,755
Fire					
Number of incidents	5,752	5,061	4,686	5,341	5,701
Number of medical calls	3,971	2,620	1,337	3,453	2,547
Number of structural fires	89	127	99	95	65
<b>Public Works</b>					
Major street miles maintained	90.58	90.58	90.14	90	90
Local street miles maintained	204.70	204.70	204.52	205	204
<b>Culture &amp; Recreation</b>					
Participation:					
Softball	1,893	2,004	1,943	1,686	1,711
Soccer	674	567	697	708	712
Baseball	1,167	3,938	1,615	1,214	2,003
Basketball	105	170	149	237	134
Floor hockey	210	353	375	479	566
Football	182	180	96	96	115
Tennis	-	-	-	-	-
Volleyball	-	-	-	-	-
Other	2,169	944	880	879	1,132
Aquatic center participation	128,000	63,441	19,007	20,357	23,003
Rounds of golf	49,100	49,000	47,000	51,000	48,350
Parks maintained	32	28	29	29	29
Number of linear park trail miles	25	24	26	26	25
<b>Building Permits</b>					
Commercial and Industrial					
Number of permits	69	71	252	205	138
Dollar value	\$ 21,868,619	\$ 44,855,746	\$ 74,785,330	\$ 77,741,692	\$ 17,807,968
Residential					
Number of permits	538	605	476	450	680
Dollar value	\$ 19,095,837	\$ 7,467,058	\$ 3,148,829	\$ 3,366,900	\$ 6,052,107
<b>Totals</b>					
Number of permits	607	676	728	655	818
Dollar value	\$ 40,964,456	\$ 52,322,804	\$ 77,934,159	\$ 81,108,592	\$ 23,860,075

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**Operating Indicators by Function/Program**  
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
<b>Public Safety</b>					
<b>Police</b>					
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
<b>Fire</b>					
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
<b>Public Works</b>					
Major street miles maintained	90	90	90	90	89
Local street miles maintained	204	204	205	205	205
<b>Culture &amp; Recreation</b>					
<b>Participation:</b>					
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
<b>Building Permits</b>					
<b>Commercial and Industrial</b>					
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
<b>Residential</b>					
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
<b>Totals</b>					
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

concluded.

Source: City of Battle Creek Finance Department

**Capital Asset Statistics by Function/Program**  
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011
<b>Police - vehicle patrol units</b>					
Police patrol	42	41	42	48	44
Detective	11	18	10	18	17
Other	36	34	23	14	21
SIU	-	16	6	7	7
<b>Fire</b>					
Fire vehicle units:					
Trucks	2	2	2	2	2
Engines	8	8	8	8	8
Other	11	10	9	11	10
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
<b>Parks and Recreation</b>					
Parks:					
Parkland acreage	1,028	1,200	1,036	1,036	1,036
Natural area acreage	344	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	12	12	12	12	16
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
Spray play feature	3	-	-	-	-
<b>Public Works</b>					
Major street miles maintained	90.58	90.58	90.14	90.14	90.11
Local street miles maintained	204.70	204.70	204.52	204.79	204.49
Vehicles:					
Dump trucks	47	48	48	41	44
Heavy equipment	28	15	17	20	37
Other	201	243	239	224	201

continued...

**Capital Asset Statistics by Function/Program**  
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
<b>Police - vehicle patrol units</b>					
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
<b>Fire</b>					
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
<b>Parks and Recreation</b>					
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
Spray play feature	-	-	-	-	-
<b>Public Works</b>					
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

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 38  
Unaudited

**Schedule of Insurance**  
As of June 30, 2016

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Airport Liability	7/1/17	\$14,416	\$60,000,000 CSL each occ.; ded. \$1,000 per occ./\$10,000 agg., \$60,000,000 per aircraft/occ Hangar \$250,000 fire damage - any one fire Keepers liability. Terrorism declined.
Auto Liability (Except Buses)	6/25/17	N/A	Self-insured for 1st \$1 million (PIP - first dollar coverage per MMRMA contract) must renew certification with Assigned Claims Fund each year, by June 25th.
Vehicle Physical Damage	7/1/17	Included in Property Insurance	\$25,000 SIR per vehicle/\$50,000 per occurrence. \$50,000 deductible for Fire/EMS vehicles. ACV coverage on all vehicles except Fire Protection Vehicles which are covered at replacement cost.
Crime Coverage	7/1/17	\$10,839 (2 year premium) \$1,514 Treasurer's bond (2 year premium)	Employee dishonesty \$1,000,000 per loss, with \$10,000 ded.; forgery \$50,000 with \$500 ded., blanket limits, \$500,000 on Treasurer.
Data Breach, Privacy Electronic Media	7/1/17	Included in Property Insurance	\$1 million per occurrence/claim \$25,000 deductible per occurrence/claim
Emergency Care Services (First Responder Prof. Liability)	7/1/17	\$4,372.18	\$1,000,000/claim/general aggregate \$250 deductible each claim - excludes terrorism
Fiduciary (Designated Benefit Plan)	7/1/17	\$7,593.00	Coverage for Self Funded Health Plan \$2,000,000 limit. \$25,000 SIR
Liquor Liability Binder Park Golf	3/8/17	\$500.00 (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. (excludes Terrorism)

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<b>Schedule of Insurance</b>			
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As of June 30, 2016			
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Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Property/Liability Insurance	7/1/17	\$513,453	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
Pollution Liability	N/A	N/A	Note: Finance department files for self- insured authority with State, for UST liability. \$500,000 aggregate
Public Officials	N/A	N/A	See Excess Liability , for losses above \$1 million SIR.
Worker's Comp. (Primary)	6/30/17	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)	7/1/17	\$45,303	Statutory limit, \$1,000,000 Employers Liability, Specific Excess subject to \$600,000 per accident or disease. No agg. limit on S.I.R. per year.

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