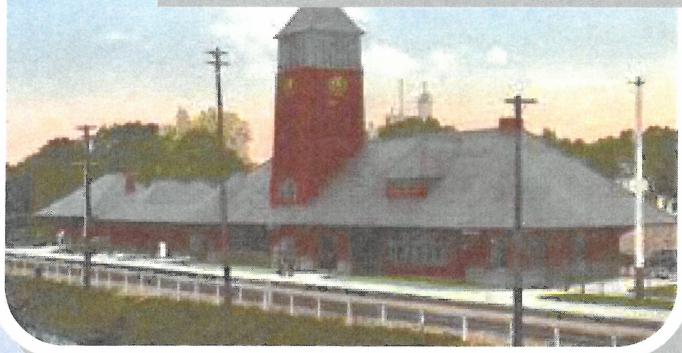


City of Battle Creek, Michigan



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

Prepared by the Finance Department



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CITY OF BATTLE CREEK, MICHIGAN

Table of Contents

	<u>Page</u>
Introductory Section	
Letter of Transmittal	1
GFOA Certificate of Achievement	5
Organizational Chart	6
List of Principal City Officials	7
Financial Section	
Independent Auditors' Report	11
Management's Discussion and Analysis	16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet - Governmental Funds	30
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Funds	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	32
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	33
Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual - General Fund	34
Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual - Community Development Special Revenue Fund	39
Statement of Net Position - Proprietary Funds	40
Reconciliation of Net Position of Enterprise Funds to Net Position of Business-type Activities	41
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	42
Reconciliation of Change in Net Position of Enterprise Funds to Change in Net Position of Business-type Activities	43
Statement of Cash Flows - Proprietary Funds	44
Statement of Fiduciary Net Position - Fiduciary Funds	46
Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds	47
Combining Statement of Net Position - Component Units	50
Combining Statement of Activities - Component Units	52
Notes to Financial Statements	56

CITY OF BATTLE CREEK, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios -	
Police and Fire Retirement System	96
Schedule of the Net Pension Liability - Police and Fire Retirement System	97
Schedule of City Contributions - Police and Fire Retirement System	98
Schedule of Changes in Net Pension Liability and Related Ratios -	
Municipal Employees Retirement System of Michigan	99
Schedule of the Net Pension Liability - Municipal Employees Retirement System of Michigan	102
Schedules of Funding Progress and Employer Contributions -	103
Other Postemployment Benefits	
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances - Nonmajor Governmental Funds	105
Combining Balance Sheet - Nonmajor Special Revenue Funds	106
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances - Nonmajor Special Revenue Funds	110
Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Final Budget and Actual - Nonmajor Special Revenue Funds	114
Combining Balance Sheet - Nonmajor Debt Service Funds	124
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances - Nonmajor Debt Service Funds	126
Combining Balance Sheet - Nonmajor Capital Projects Funds	128
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balance - Nonmajor Capital Projects Funds	130
Combining Balance Sheet - Nonmajor Permanent Funds	132
Combining Statement of Revenues, Expenditures and Changes in	
Balances - Nonmajor Permanent Funds	133
Combining Statement of Net Position - Nonmajor Enterprise Funds	134
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position - Nonmajor Enterprise Funds	136
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	138
Combining Statement of Net Position - Internal Service Funds	142
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position - Internal Service Funds	143
Combining Statement of Cash Flows - Internal Service Funds	144
Combining Statement of Fiduciary Net Position -	
Pension and Other Employee Benefits Trust Funds	148
Combining Statement of Changes in Fiduciary Net Position -	
Pension and Other Employee Benefits Trust Funds	150
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	151
Combining Statement of Changes in Assets and Liabilities -	
Agency Funds	152

CITY OF BATTLE CREEK, MICHIGAN

Table of Contents

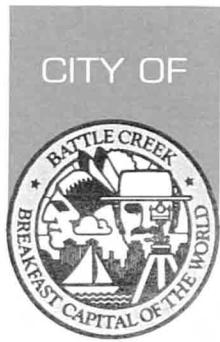
	<u>Page</u>
Statistical Section (Unaudited)	
Net Position by Component	158
Changes in Net Position	160
Fund Balances - Governmental Funds	164
Changes in Fund Balances - Governmental Funds	166
Changes in Fund Balances - General Fund	168
Assessed and Taxable Value of Property	170
Direct and Overlapping Property Tax Rates	172
Principal Property Taxpayers	174
Property Tax Levies and Collections	177
Number of Water System Customers by User Class	178
Number of Water System Customers by User Class as a Percent of Total	180
Water System Revenues by User Class	182
Water System Revenues by User Class as a Percent of Total Revenue	184
Water System Sales Volume by User Class (Cubic Feet)	186
Water System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)	188
Water Pumped and Sold (Cubic Feet)	190
Water Revenues and Usage - Major Customers	191
Current Water Rates (Beginning as of July 1, 2008)	193
Number of Wastewater System Customers by User Class	194
Wastewater System Customers by User Class as a Percent of Total	196
Wastewater System Revenues by User Class	198
Wastewater System Revenues by User Class as a Percent of Total Revenue	200
Wastewater System Ten Year History of Volumes	203
Wastewater System Sales Volume by User Class (Cubic Feet)	204
Wastewater System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)	206
Wastewater Revenue and Usage - Major Customers	208
Largest Wastewater Customers	209
Current Wastewater Rates	210
Ratios of General Bonded Debt Outstanding	214
Computation of Net Direct and Overlapping Debt	216
Legal Debt Margin	217
Water and Wastewater System Revenue Bond Coverage	218
Demographic and Economic Statistics	219
Principal Employers	220
Full-time Equivalent Employees by Function/Program	222
Operating Indicators by Function/Program	224
Capital Asset Statistics by Function/Program	226
Schedule of Insurance	228



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INTRODUCTORY SECTION

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BATTLE CREEK FINANCE DEPARTMENT

December 22, 2015

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, 2015.

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, 2015 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, 2015 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 estimated population of 51,848. 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; wastewater treatment and disposal; water treatment and distribution; economic development; recreational activities; public transportation services and cultural events.

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, 2015. 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, and the International Food Protection Training Institute. Battle Creek has many other major corporate community members including Post Cereals, ConAgra Foods, Denso, Il Stanley, and Duncan Aviation. The City is revitalizing its downtown to accommodate food science and other innovation industries. Battle Creek's commercial 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) and the downtown in an effort to maintain and enhance the City's tax base.

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 2016-2021 are over \$194 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 38.1% of general fund revenues for the year ending June 30, 2015 and increased 2.4% from the prior year. Property tax revenue makes up another 33.5% of general fund revenues for the year ending June 30, 2015, and the City has a 0.7142-mill (6.7%) margin available under the Headlee roll-back limit for operation. This could generate approximately \$700,000 in additional property tax revenue.

A Legacy Cost Committee has been established for evaluation of unfunded liabilities for pension and other post-employment 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, and a city resident.

New Accounting Standards. Governmental Accounting Standards Board (GASB) pronouncement number 68 - Accounting and Financial Reporting for Pensions was implemented for the year ended June 30, 2015. Adjustments were made at year end to report a "net pension liability" for the unfunded portion of the pension plans. Historically, the City has only been required to report a net pension obligation to the extent that the annual required contribution (ARC) was not met in any given year. The new standard required the City to report a net pension liability based on the current funded status of the pension plans. The result of the implementation of GASB 68 can be seen in the unrestricted deficits that now show in the water/wastewater, transit, and airport funds.

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, 2014. This was the sixteenth 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

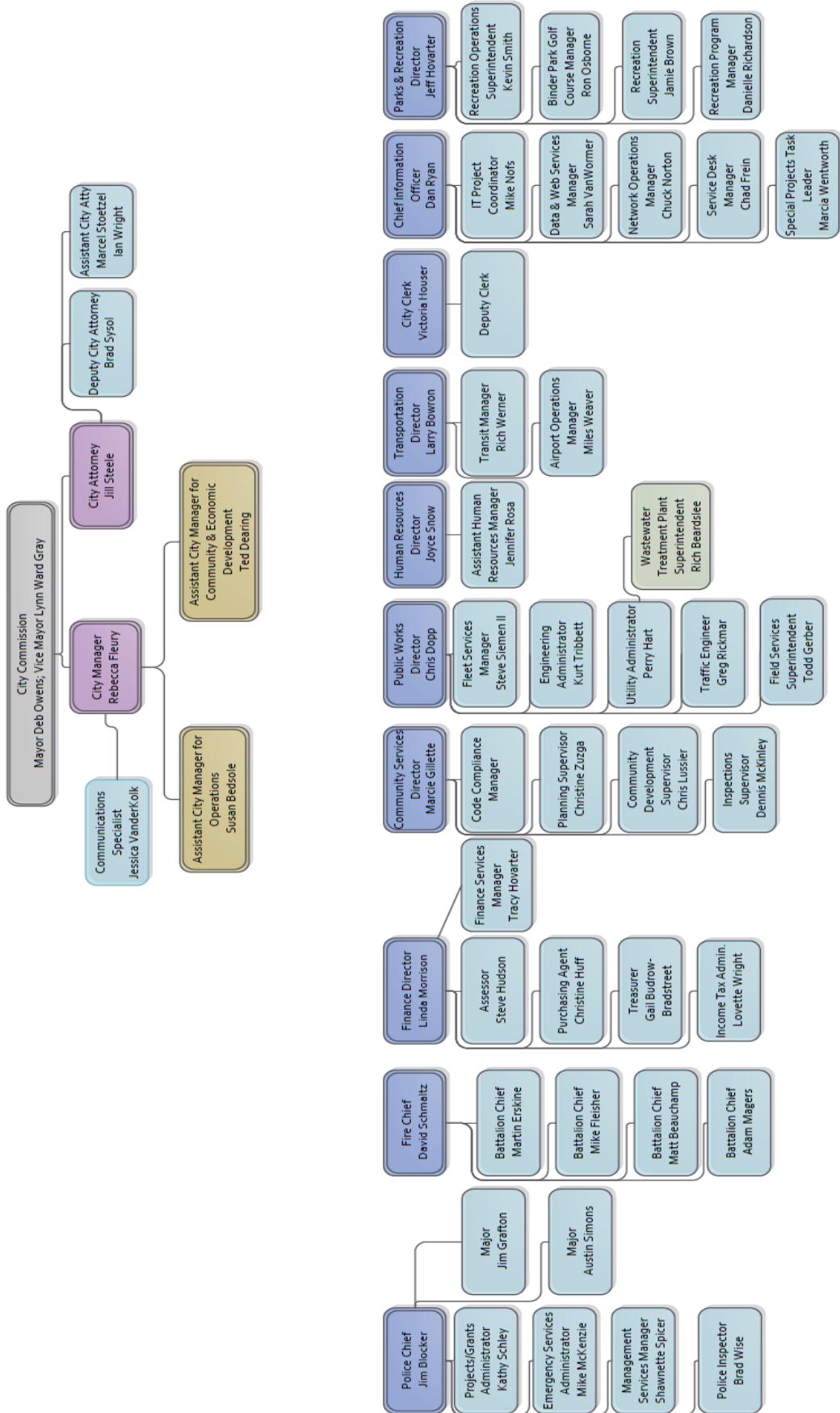
June 30, 2014

A handwritten signature in black ink, appearing to read "Jeffrey R. Einer".

Executive Director/CEO

CITY OF BATTLE CREEK, MICHIGAN

Organizational Chart



CITY OF BATTLE CREEK, MICHIGAN

List of Principal City Officials

CITY COMMISSION:

Deborah Owens
Mayor

Lynn Ward Gray
Vice Mayor

Susan Baldwin
Mark Behnke
Jeffrey Domenico
Andy Helmboldt
Dean Newsome
Mike Sherzer
David Walters

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 22, 2015

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, 2015, 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, 2015, and the respective changes in financial position and the budgetary comparison for the general fund and community development special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68

As described in Note 21, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Accordingly, the beginning net position of the governmental activities, business-type activities, water and wastewater system enterprise fund, transit system enterprise fund and nonmajor enterprise funds were restated. Our opinion is not modified with respect to this matter.

Other Matters

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 tables 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 22, 2015 on our consideration of the City of Battle Creek, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

As management of the *City of Battle Creek, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. 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

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$277,395,885 (*net position*).
- The government's total net position decreased by \$4,492,163 primarily as a result of the implementation of GASB 68.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,311,866, a decrease of \$5,376,318 in comparison with the prior year. Approximately 35% of the combined fund balance, or \$6,407,406 was available for spending at the City's discretion ("unassigned fund balance").
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,417,328 or 14.9% of total budgeted general fund operating revenues.
- The City's total bonded debt decreased by \$4,068,000 during the current fiscal year.
- Combined enterprise fund's net position decreased by \$14,624,251 in comparison to prior year. The restatement for the implementation of GASB 68 resulted in a decrease of the combined enterprise fund's net position of \$17,115,809. The change in net position without the restatement was an increase of \$2,491,558 which is inclusive of pension expense for the change in net pension liability of \$393,629 in the water and wastewater system fund, \$125,685 in the transit fund and \$48,341 in the nonmajor enterprise funds.

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, and liabilities, with the difference between the three 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.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

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.

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 and the community development special revenue fund, which are considered to be major funds. Data from the other 24 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.

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Battle Creek, assets and deferred outflows of resources exceeded liabilities and by \$277,395,885 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	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 43,052,648	\$ 52,781,707	\$ 26,548,254	\$ 23,359,348	\$ 69,600,902	\$ 76,141,055
Capital assets	236,668,821	234,890,153	99,659,775	102,167,827	336,328,596	337,057,980
Total assets	279,721,469	287,671,860	126,208,029	125,527,175	405,929,498	413,199,035
Deferred outflows of resources						
Deferred charge on refunding	234,810	255,466	72,359	144,717	307,169	400,183
Deferred pension amounts	10,685,157	-	1,307,308	-	11,992,465	-
Total deferred outflows of resources	10,919,967	255,466	1,379,667	144,717	12,299,634	400,183
Liabilities						
Other liabilities	78,577,851	22,777,465	21,292,609	2,188,811	99,870,460	24,966,276
Long-term liabilities	32,470,306	34,845,929	8,492,481	10,755,193	40,962,787	45,601,122
Total liabilities	111,048,157	57,623,394	29,785,090	12,944,004	140,833,247	70,567,398
Net position						
Net investment in capital assets	212,763,742	213,803,703	91,757,657	92,099,833	304,521,399	305,903,536
Restricted	6,422,246	2,671,582	-	-	6,422,246	2,671,582
Unrestricted	(39,592,709)	13,828,647	6,044,949	20,628,055	(33,547,760)	34,456,702
Total net position	\$ 179,593,279	\$ 230,303,932	\$ 97,802,606	\$ 112,727,888	\$ 277,395,885	\$ 343,031,820

An additional portion of the City's net position (2.3 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 implementation of GASB 68. 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 \$4,492,163. This large reduction was primarily a result of the implementation of GASB 68. The change in the amount of the decrease between the current and prior year was \$5,461,329; 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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 8,013,409	\$ 7,489,959	\$ 32,925,393	\$ 31,347,774	\$ 40,938,802	\$ 38,837,733
Grants and contributions -						
Operating	12,533,025	10,289,625	3,987,451	3,571,072	16,520,476	13,860,697
Capital	762,199	-	-	-	762,199	-
General revenues:						
Property taxes	16,028,806	16,258,935	-	-	16,028,806	16,258,935
Income taxes	16,475,837	16,093,707	-	-	16,475,837	16,093,707
Grants and contributions not restricted to specific programs	5,441,022	5,336,347	-	-	5,441,022	5,336,347
Unrestricted investment earnings	856,338	953,036	74,665	96,548	931,003	1,049,584
Total revenues	60,110,636	56,421,609	36,987,509	35,015,394	97,098,145	91,437,003
Expenses						
General government	8,841,596	12,208,561	-	-	8,841,596	12,208,561
Public safety	29,790,342	27,215,335	-	-	29,790,342	27,215,335
Public works	2,239,223	2,199,624	-	-	2,239,223	2,199,624
Highways and streets	14,960,926	9,731,567	-	-	14,960,926	9,731,567
Parks and recreation	6,491,021	5,759,128	-	-	6,491,021	5,759,128
Community development	2,709,435	3,019,449	-	-	2,709,435	3,019,449
Interest on long-term debt	1,307,722	1,206,989	-	-	1,307,722	1,206,989
Wastewater	-	-	15,833,103	15,642,028	15,833,103	15,642,028
Water	-	-	7,881,178	7,930,788	7,881,178	7,930,788
Public transit	-	-	4,551,257	4,814,924	4,551,257	4,814,924
Solid waste collection	-	-	2,977,648	3,004,407	2,977,648	3,004,407
Airport	-	-	2,512,780	2,485,677	2,512,780	2,485,677
Parking	-	-	1,369,956	1,549,455	1,369,956	1,549,455
Economic development	-	-	124,121	130,400	124,121	130,400
Total expenses	66,340,265	61,340,653	35,250,043	35,557,679	101,590,308	96,898,332
Change in net position, before transfers	(6,229,629)	(4,919,044)	1,737,466	(542,285)	(4,492,163)	(5,461,329)
Transfers	(453,061)	(396,516)	453,061	396,516	-	-
Change in net position	(6,682,690)	(5,315,560)	2,190,527	(145,769)	(4,492,163)	(5,461,329)
Net position:						
Beginning of year	230,303,932	235,619,492	112,727,888	112,873,657	343,031,820	351,760,078
Restatement for implementation of GASB 68	(44,027,963)	-	(17,115,809)	-	(61,143,772)	-
	186,275,969	235,619,492	95,612,079	112,873,657	281,888,048	351,760,078
Net position, end of year	\$179,593,279	\$230,303,932	\$ 97,802,606	\$112,727,888	\$277,395,885	\$346,298,749

CITY OF BATTLE CREEK, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities decreased the City's net position by \$6,682,690 (as compared to a prior year decrease of \$5,315,560). Key elements of this decrease and the change from the prior year include:

Total revenue increased by \$3.7 million primarily as a result of increased operating and capital grants in the Special Grants fund and Kellogg Arena Fund. There also was an increase in income tax revenue of \$382,130, and an increase in state funding of \$399,870 in the Major Street and Trunkline Maintenance fund. Public safety expenses increased \$2.8 million from the prior year as a result of increased pension liability in the police and fire pension fund for the year. Expenditures for highways and streets increased \$872,901.

Business-type activities. Business-type activities increased the City's net position by \$2,190,527 as compared to a decrease of \$145,769 the prior year. Key elements of this decrease and the change from the prior year include:

Water and wastewater charges for services increased \$1.5 million over the prior year. Revenue increases include a rate increase that was effective 7/1/14. The implementation of GASB 68 resulted in unrestricted net position deficits in the W.K. Kellogg Airport fund, the Water and Wastewater System fund, and the Battle Creek Transit fund.

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 \$18,311,866 an decrease of \$5,376,318 in comparison with the prior year. Nonspendable portion of fund balance has increased from \$1,460,910 to \$1,467,007. 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 (\$587,098).

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 \$6,417,328, while total fund balance was \$7,968,718. 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, 2015 is 14.9%.

The fund balance of the City's general fund decreased by \$180,304 during the current fiscal year. This was favorable as compared to the final budgeted decrease in fund balance of \$1,004,689.

The community development fund has a fund balance of \$101 which increased from the previous year of \$46. 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 a deficit of \$1,483,169. The fund had an increase in total net position for the year of \$2,822,307. 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 \$1,131,889; the fund had a decrease in net position of \$3,176,039 for the year primarily as a result of the implementation of GASB 68 and depreciation expense.

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 \$100,000 and interest income of \$50,000 as well as an increase in storm clean up expenses of \$108,000 and planned use of Fire Department contingency for safety equipment and station repairs of \$213,000. 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 6/30/14. The original general fund budget reflected a use of fund balance in the amount of \$482,321. This was increased to \$1,004,689 by the mid-year budget adjustments. Actual use of fund balance in the amount of \$180,304 was less than the original budgeted use primarily due to the income tax 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, 2015, amounted to \$336,328,596 (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 increased by 0.8%, and for business-type activities decreased by 2.5%.

City of Battle Creek's Capital Assets (Net of Depreciation)						
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land and land improvements	\$ 18,036,321	\$ 15,106,878	\$ 5,351,258	\$ 5,436,093	\$ 23,387,579	\$ 20,542,971
Construction in progress	5,507,305	6,192,398	5,408,415	3,870,017	10,915,720	10,062,415
Buildings	29,102,266	28,748,440	16,403,825	18,134,556	45,506,091	46,882,996
Vehicles	2,113,817	2,024,361	876,485	566,003	2,990,302	2,590,364
Equipment	3,559,667	2,454,457	1,133,509	1,000,854	4,693,176	3,455,311
Infrastructure	178,349,445	180,363,619	-	73,160,304	178,349,445	253,523,923
Systems	-	-	70,486,283	-	70,486,283	-
Total	\$236,668,821	\$234,890,153	\$ 99,659,775	\$102,167,827	\$336,328,596	\$337,057,980

Major capital asset events during the current fiscal year included:

- Fleet operation purchases of vehicles and equipment in the amount of \$809,845.
- The completion of the Downtown Transformation project (a multi-year endeavor that included Festival Market Square) resulted in total additions to capital assets of \$1,716,351.

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 \$34,117,000. Of this amount, \$26,710,000 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 26,710,000	\$ 28,790,000	\$ -	\$ -	\$ 26,710,000	\$ 28,790,000
Revenue bonds	-	-	7,407,000	9,395,000	7,407,000	9,395,000
Total	\$ 26,710,000	\$ 28,790,000	\$ 7,407,000	\$ 9,395,000	\$ 34,117,000	\$ 38,185,000

The City's total bonded debt decreased by \$4,068,000 (10.7 percent) during the current fiscal year.

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 current debt limitation for the City is \$158,073,443 which is significantly in excess of the City's outstanding general obligation debt.

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, 2016 budget with no increase in property taxes.
- Increased budgeted income tax revenue \$375,000.
- Included a 1% increase in general fund expenditures.
- Included 2% 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 and support of the Kellogg Arena Fund with room for little else.

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 web site: 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, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Pooled cash and investments	\$ 27,453,980	\$ 15,529,771	\$ 42,983,751	\$ 25,677,496
Receivables	10,501,554	9,033,473	19,535,027	1,486,128
Receivables, long-term portion	3,625,000	-	3,625,000	3,703,085
Internal balances	(299,443)	299,443	-	-
Inventories, prepaid items and other assets	1,771,557	1,685,567	3,457,124	10,112
Capital assets not being depreciated	7,612,521	8,861,278	16,473,799	12,675,578
Capital assets being depreciated, net	<u>229,056,300</u>	<u>90,798,497</u>	<u>319,854,797</u>	<u>999,251</u>
Total assets	<u>279,721,469</u>	<u>126,208,029</u>	<u>405,929,498</u>	<u>44,551,650</u>
Deferred outflows of resources				
Deferred charge on refunding	234,810	72,359	307,169	1,483,106
Deferred pension amounts	<u>10,685,157</u>	<u>1,307,308</u>	<u>11,992,465</u>	<u>-</u>
Total deferred outflows of resources	<u>10,919,967</u>	<u>1,379,667</u>	<u>12,299,634</u>	<u>1,483,106</u>
Liabilities				
Accounts payable and accrued liabilities	10,059,686	2,210,158	12,269,844	2,670,763
Accrued interest payable	243,619	-	243,619	322,136
Unearned revenue	770,796	91,679	862,475	-
Long-term liabilities:				
Due within one year	3,907,421	2,761,836	6,669,257	4,019,466
Due in more than one year	28,562,885	5,730,645	34,293,530	42,798,153
Other liabilities due in more than one year:				
Net other postemployment benefits liability	9,568,940	-	9,568,940	-
Net pension liability	<u>57,934,810</u>	<u>18,990,772</u>	<u>76,925,582</u>	<u>-</u>
Total liabilities	<u>111,048,157</u>	<u>29,785,090</u>	<u>140,833,247</u>	<u>49,810,518</u>
Net position				
Net investment in capital assets	212,763,742	91,757,657	304,521,399	13,674,829
Restricted for:				
Capital projects	5,473,457	-	5,473,457	-
Endowment - nonexpendable	879,909	-	879,909	-
Endowment - expendable	68,880	-	68,880	-
Other purposes	-	-	-	1,428,075
Unrestricted (deficit)	<u>(39,592,709)</u>	<u>6,044,949</u>	<u>(33,547,760)</u>	<u>(18,878,666)</u>
Total net position (deficit)	<u>\$ 179,593,279</u>	<u>\$ 97,802,606</u>	<u>\$ 277,395,885</u>	<u>\$ (3,775,762)</u>

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Activities For the Year Ended June 30, 2015

Functions / Programs	Expenses	Program Revenues				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues	
Primary government						
Governmental activities:						
General government	\$ 8,841,596	\$ 3,442,117	\$ 2,756,506	\$ -	\$ (2,642,973)	
Public safety	29,790,342	900,686	1,112,948	-	(27,776,708)	
Public works	2,239,223	120,379	86,817	-	(2,032,027)	
Highways and streets	14,960,926	13,953	7,310,231	762,199	(6,874,543)	
Parks and recreation	6,491,021	3,400,581	-	-	(3,090,440)	
Community development	2,709,435	135,693	1,266,523	-	(1,307,219)	
Interest on long-term debt	1,307,722	-	-	-	(1,307,722)	
Total governmental activities	<u>66,340,265</u>	<u>8,013,409</u>	<u>12,533,025</u>	<u>762,199</u>	<u>(45,031,632)</u>	
Business-type activities:						
Wastewater	15,833,103	17,061,207	-	-	1,228,104	
Water	7,881,178	9,495,161	38,043	-	1,652,026	
Public transit	4,551,257	430,572	2,905,683	-	(1,215,002)	
Solid waste collection	2,977,648	3,094,738	-	-	117,090	
Airport	2,512,780	1,389,514	1,043,725	-	(79,541)	
Parking	1,369,956	1,398,498	-	-	28,542	
Economic development	124,121	55,703	-	-	(68,418)	
Total business-type activities	<u>35,250,043</u>	<u>32,925,393</u>	<u>3,987,451</u>	<u>-</u>	<u>1,662,801</u>	
Total primary government	<u>\$ 101,590,308</u>	<u>\$ 40,938,802</u>	<u>\$ 16,520,476</u>	<u>\$ 762,199</u>	<u>\$ (43,368,831)</u>	
Component units						
Community development	<u>\$ 10,788,010</u>	<u>\$ 77,128</u>	<u>\$ -</u>	<u>\$ 217,335</u>	<u>\$ (10,493,547)</u>	

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position				
Net (expense) revenues	<u>\$ (45,031,632)</u>	<u>\$ 1,662,801</u>	<u>\$ (43,368,831)</u>	<u>\$ (10,493,547)</u>
General revenues:				
Property taxes	16,028,806	-	16,028,806	10,639,325
Income taxes	16,475,837	-	16,475,837	-
Grants and contributions not restricted to specific programs	5,441,022	-	5,441,022	-
Unrestricted investment earnings	856,338	74,665	931,003	637,733
Rents and leases	-	-	-	30,695
Transfers	<u>(453,061)</u>	<u>453,061</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>38,348,942</u>	<u>527,726</u>	<u>38,876,668</u>	<u>11,307,753</u>
Change in net position	(6,682,690)	2,190,527	(4,492,163)	814,206
Net position (deficit), beginning of year	230,303,932	112,727,888	343,031,820	(4,589,968)
Implementation of GASB 68 (Note 21)	<u>(44,027,963)</u>	<u>(17,115,809)</u>	<u>(61,143,772)</u>	<u>-</u>
Net position (deficit), end of year	<u>\$ 179,593,279</u>	<u>\$ 97,802,606</u>	<u>\$ 277,395,885</u>	<u>\$ (3,775,762)</u>

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, 2015

	General	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ 7,050,806	\$ -	\$ 11,000,840	\$ 18,051,646
Receivables:				
Interest	101,877	-	22,402	124,279
Accounts	2,098,243	77,580	1,341,211	3,517,034
Special assessments	156,432	-	97,109	253,541
Grants	39,762	340,629	746,214	1,126,605
Loans	1,620,602	2,733,550	-	4,354,152
Inventories	6,603	-	104,129	110,732
Prepaid items	448,811	-	27,555	476,366
Interfund receivable	1,562,899	-	-	1,562,899
Total assets	\$ 13,086,035	\$ 3,151,759	\$ 13,339,460	\$ 29,577,254
Liabilities				
Accounts payable	\$ 1,171,305	\$ 109,324	\$ 1,281,259	\$ 2,561,888
Accrued payroll	2,114,209	-	-	2,114,209
Retentions, deposits and other liabilities	-	-	278,621	278,621
Interfund payable	-	308,784	762,109	1,070,893
Unearned revenue	109,102	-	577,315	686,417
Total liabilities	3,394,616	418,108	2,899,304	6,712,028
Deferred inflows of resources				
Unavailable revenue:				
Loans receivable	1,620,602	2,733,550	-	4,354,152
Special assessments	102,099	-	97,109	199,208
Total deferred inflows of resources	1,722,701	2,733,550	97,109	4,553,360
Fund balances				
Nonspendable	455,414	-	1,011,593	1,467,007
Restricted	103,499	101	6,468,676	6,572,276
Committed	891,241	-	2,418,119	3,309,360
Assigned	101,236	-	454,581	555,817
Unassigned (deficit)	6,417,328	-	(9,922)	6,407,406
Total fund balances	7,968,718	101	10,343,047	18,311,866
Total liabilities, deferred inflows of resources and fund balances	\$ 13,086,035	\$ 3,151,759	\$ 13,339,460	\$ 29,577,254

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, 2015

Fund balances - total governmental funds	\$ 18,311,866
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	399,363,472
Accumulated depreciation	(162,694,651)
Less: capital assets being accounted for in internal service funds	(2,972,089)
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	8,390,624
Portion of internal service funds net operating income attributed to business-type funds	(299,443)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, not included in fund balance.	
Unavailable special assessments	199,208
Loans receivable related to the sale of capital assets and other loans	4,354,152
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	234,810
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	(29,613,346)
Receivables from other entities for their share of debt	4,075,000
Accrued interest on bonds and installment contracts payable	(243,619)
Net pension liability	(57,934,810)
Deferred outflows related to the net pension liability	10,685,157
Net other postemployment benefits liability	(9,568,940)
Compensated absences	<u>(2,694,112)</u>
Net position of governmental activities	<u>\$ 179,593,279</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, 2015

	General	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 30,980,671	\$ -	\$ 1,523,972	\$ 32,504,643
Licenses and permits	868,181	97,806	-	965,987
Intergovernmental	6,809,508	1,085,626	9,718,866	17,614,000
Charges for services	2,040,194	-	2,737,858	4,778,052
Fines and forfeitures	127,535	-	-	127,535
Investment income	516,880	102	38,703	555,685
Contributions	-	-	342,462	342,462
Rents and leases	-	-	71,967	71,967
Other	<u>872,559</u>	<u>37,887</u>	<u>701,400</u>	<u>1,611,846</u>
Total revenues	42,215,528	1,221,421	15,135,228	58,572,177
Expenditures				
Current expenditures:				
General government	6,371,999	-	2,562,305	8,934,304
Public safety	25,835,041	-	634,477	26,469,518
Public works	2,103,888	-	-	2,103,888
Highway and streets	-	-	14,242,456	14,242,456
Parks and recreation	3,001,790	-	2,436,393	5,438,183
Community development	-	1,219,071	233,511	1,452,582
Inspections	-	-	580,355	580,355
Unallocated	1,350,777	-	-	1,350,777
Debt service:				
Principal retirement	-	-	2,342,497	2,342,497
Interest	-	-	1,346,762	1,346,762
Total expenditures	38,663,495	1,219,071	24,378,756	64,261,322
Revenue over (under) expenditures	<u>3,552,033</u>	<u>2,350</u>	<u>(9,243,528)</u>	<u>(5,689,145)</u>
Other financing sources (uses)				
Transfers in	-	-	6,559,688	6,559,688
Transfers out	<u>(3,732,337)</u>	<u>(2,295)</u>	<u>(2,512,229)</u>	<u>(6,246,861)</u>
Total other financing sources (uses)	(3,732,337)	(2,295)	4,047,459	312,827
Net change in fund balances	<u>(180,304)</u>	<u>55</u>	<u>(5,196,069)</u>	<u>(5,376,318)</u>
Fund balances, beginning of year	<u>8,149,022</u>	<u>46</u>	<u>15,539,116</u>	<u>23,688,184</u>
Fund balances, end of year	<u>\$ 7,968,718</u>	<u>\$ 101</u>	<u>\$ 10,343,047</u>	<u>\$ 18,311,866</u>

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, 2015

Net change in fund balances - total governmental funds	\$ (5,376,318)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	10,201,161
Donated capital assets	762,199
Depreciation expense	(9,203,796)
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 special assessments	43,678
Change in unearned revenues related to loans receivable	(284,090)
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	2,342,497
Amount received from other entities for their share of debt principal	(440,000)
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	(625,284)
Interest earnings from governmental internal service funds	82,522
Transfers received in governmental internal service funds	511,044
Transfers made from governmental internal services funds	(1,276,932)
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	39,040
Change in the net pension liability and related deferred amounts	(3,221,690)
Change in net other postemployment benefits liability	(256,002)
Change in the accrual for compensated absences	19,281
Change in net position of governmental activities	\$ (6,682,690)

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
City income	\$ 16,450,000	\$ 16,350,000	\$ 16,475,837	\$ 125,837
Real estate	11,392,491	11,392,491	11,642,431	249,940
Personal property	2,307,729	2,307,729	2,057,414	(250,315)
Administration fees	727,500	727,500	716,849	(10,651)
Other	3,000	3,000	88,140	85,140
Total taxes	30,880,720	30,780,720	30,980,671	199,951
Licenses and permits	720,598	720,598	868,181	147,583
Intergovernmental:				
State shared - statutory	1,436,385	1,436,385	1,436,386	1
State shared - constitutional	4,041,864	4,041,864	3,966,694	(75,170)
Other	1,395,337	1,395,337	1,406,428	11,091
Total intergovernmental	6,873,586	6,873,586	6,809,508	(64,078)
Charges for services:				
Parks and recreation	1,221,515	1,237,958	1,239,381	1,423
Police services	782,120	782,120	800,813	18,693
Total charges for services	2,003,635	2,020,078	2,040,194	20,116
Fines and forfeitures	150,500	150,500	127,535	(22,965)
Investment income	773,797	723,797	516,880	(206,917)
Other:				
Rent and leases	248,806	248,806	224,523	(24,283)
Contributions and donations	-	3,775	6,096	2,321
Miscellaneous and other	459,788	469,642	641,940	172,298
Total other	708,594	722,223	872,559	150,336
Total revenues	42,111,430	41,991,502	42,215,528	224,026

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
General government:				
Administration:				
Mayor and city commission	\$ 103,077	\$ 103,077	\$ 123,102	\$ 20,025
City clerk	223,723	231,903	208,943	(22,960)
City manager	739,385	739,385	720,735	(18,650)
City hall	371,106	371,106	320,033	(51,073)
Neighborhood code compliance	180,565	180,565	195,066	14,501
Employee relations	247,131	247,131	218,078	(29,053)
Human resources	376,415	376,415	350,689	(25,726)
Labor attorney	21,012	21,012	827	(20,185)
Legal department	869,877	900,897	861,623	(39,274)
Elections	128,382	128,382	148,239	19,857
Civil service	89,686	89,686	74,123	(15,563)
Data processing	884,422	884,422	884,422	-
Administrative reimbursements	(1,083,233)	(1,083,233)	(1,091,129)	(7,896)
Total administration	<u>3,151,548</u>	<u>3,190,748</u>	<u>3,014,751</u>	<u>(175,997)</u>
Community development:				
City planning	646,682	666,182	688,154	21,972
Housing board of appeals	5,100	5,100	1,604	(3,496)
Total community development	<u>651,782</u>	<u>671,282</u>	<u>689,758</u>	<u>18,476</u>
Finance:				
Accounting	787,849	788,243	790,054	1,811
Purchasing	264,512	264,512	259,073	(5,439)
Treasurer's office	343,172	326,912	278,429	(48,483)
Assessing	760,469	760,469	759,908	(561)
Income tax division	578,472	586,158	580,026	(6,132)
Total finance	<u>2,734,474</u>	<u>2,726,294</u>	<u>2,667,490</u>	<u>(58,804)</u>
Total general government	<u>6,537,804</u>	<u>6,588,324</u>	<u>6,371,999</u>	<u>(216,325)</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Public safety:				
Police department:				
Administration	\$ 829,978	\$ 829,978	\$ 790,852	\$ (39,126)
Crime lab	698,051	698,051	656,653	(41,398)
Investigation	1,456,512	1,456,512	1,321,310	(135,202)
Fleet management	136,320	236,320	185,660	(50,660)
Special investigative unit	813,800	713,800	572,812	(140,988)
Management service	868,142	868,142	721,625	(146,517)
Patrol	9,320,023	9,320,023	9,412,955	92,932
Community service	886,328	886,328	819,728	(66,600)
Officer training	218,102	218,102	206,184	(11,918)
Detention center	114,063	114,063	104,702	(9,361)
Gang task force	461,140	461,140	217,473	(243,667)
Total police department	<u>15,802,459</u>	<u>15,802,459</u>	<u>15,009,954</u>	<u>(792,505)</u>
Fire department:				
Administration	728,239	821,914	1,031,318	209,404
Fire fighting	8,185,586	8,302,777	8,350,557	47,780
Total fire department	<u>8,913,825</u>	<u>9,124,691</u>	<u>9,381,875</u>	<u>257,184</u>
Dispatch	<u>1,408,396</u>	<u>1,342,837</u>	<u>1,288,823</u>	<u>(54,014)</u>
Civil defense	<u>176,347</u>	<u>176,347</u>	<u>154,389</u>	<u>(21,958)</u>
Total public safety	<u>26,301,027</u>	<u>26,446,334</u>	<u>25,835,041</u>	<u>(611,293)</u>
Public works:				
Street and storm sewers	406,134	514,549	523,013	8,464
Engineering	74,536	74,536	104,629	30,093
Street lighting	1,300,000	1,300,000	1,284,819	(15,181)
Outside service	156,353	154,315	191,427	37,112
Total public works	<u>1,937,023</u>	<u>2,043,400</u>	<u>2,103,888</u>	<u>60,488</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Parks and recreation:				
Administration	\$ 865,917	\$ 846,421	\$ 944,269	\$ 97,848
Sports	1,288,779	1,306,222	1,250,808	(55,414)
Youth center and water park	<u>853,433</u>	<u>853,433</u>	<u>806,713</u>	<u>(46,720)</u>
Total parks and recreation	<u>3,008,129</u>	<u>3,006,076</u>	<u>3,001,790</u>	<u>(4,286)</u>
Unallocated:				
Intermodal facility	104,472	104,472	114,822	10,350
Special projects	132,800	147,800	145,606	(2,194)
Other	<u>1,027,978</u>	<u>1,135,703</u>	<u>1,090,349</u>	<u>(45,354)</u>
Total unallocated	<u>1,265,250</u>	<u>1,387,975</u>	<u>1,350,777</u>	<u>(37,198)</u>
Total expenditures	<u>39,049,233</u>	<u>39,472,109</u>	<u>38,663,495</u>	<u>(808,614)</u>
Revenue over expenditures	<u>3,062,197</u>	<u>2,519,393</u>	<u>3,552,033</u>	<u>1,032,640</u>
Other financing sources (uses)				
Transfers out	<u>(3,471,225)</u>	<u>(3,524,082)</u>	<u>(3,732,337)</u>	<u>208,255</u>
Net change in fund balance	<u>(409,028)</u>	<u>(1,004,689)</u>	<u>(180,304)</u>	<u>824,385</u>
Fund balance, beginning of year	<u>8,149,022</u>	<u>8,149,022</u>	<u>8,149,022</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,739,994</u>	<u>\$ 7,144,333</u>	<u>\$ 7,968,718</u>	<u>\$ 824,385</u>

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ -	\$ 97,806	\$ 97,806	\$ -
Intergovernmental	1,666,894	1,666,894	1,085,626	(581,268)
Investment income	-	102	102	-
Loan collection and other	-	37,887	37,887	-
Total revenues	1,666,894	1,802,689	1,221,421	(581,268)
Expenditures				
Community development	1,664,599	1,800,394	1,219,071	(581,323)
Revenues over expenditures	2,295	2,295	2,350	55
Other financing uses				
Transfers out	(2,295)	(2,295)	(2,295)	-
Net change in fund balance	-	-	55	55
Fund balance, beginning of year	46	46	46	-
Fund balance, end of year	\$ 46	\$ 46	\$ 101	\$ 55

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Pooled cash and investments	\$ 7,079,227	\$ -	\$ 8,942,550	\$ 16,021,777	\$ 9,218,180
Receivables:					
Interest	2,141	-	34,429	36,570	92,972
Accounts	3,217,996	2,200	1,034,107	4,254,303	578,294
Special assessments	136,587	-	-	136,587	-
Grants	27,722	1,355,690	-	1,383,412	-
Loans, current portion	-	-	3,236,611	3,236,611	-
Other assets	-	30,145	-	30,145	-
Inventories	1,602,791	52,411	-	1,655,202	540,503
Prepaid items	-	-	220	220	462,896
Total current assets	12,066,464	1,440,446	13,247,917	26,754,827	10,892,845
Noncurrent assets:					
Capital assets, net	80,855,467	2,044,150	16,760,158	99,659,775	2,972,089
Total assets	92,921,931	3,484,596	30,008,075	126,414,602	13,864,934
Deferred outflows of resources					
Deferred charge on refunding	72,359	-	-	72,359	-
Deferred pension amounts	906,527	289,453	111,328	1,307,308	-
Total deferred outflows of resources	978,886	289,453	111,328	1,379,667	-
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	668,924	104,041	705,135	1,478,100	545,496
Accrued payroll	575	8,033	-	8,608	-
Compensated absences	356,287	97,088	64,629	518,004	162,848
Retentions, deposits and other liabilities	188,813	-	76,021	264,834	-
Accrued interest payable	67,693	-	7,393	75,086	-
Claims payable, current portion	-	-	-	-	2,646,293
Interfund payable	-	492,006	-	492,006	-
Unearned revenue	5,085	-	86,594	91,679	84,379
Lease payable, current portion	-	-	138,078	138,078	-
Bonds payable, current portion	2,105,754	-	-	2,105,754	-
Total current liabilities	3,393,131	701,168	1,077,850	5,172,149	3,439,016
Noncurrent liabilities:					
Advances from other government	-	-	397,540	397,540	-
Claims payable	-	-	-	-	2,035,294
Lease payable	-	-	185,572	185,572	-
Bonds payable	5,545,073	-	-	5,545,073	-
Net pension liability	13,168,783	4,204,770	1,617,219	18,990,772	-
Total noncurrent liabilities	18,713,856	4,204,770	2,200,331	25,118,957	2,035,294
Total liabilities	22,106,987	4,905,938	3,278,181	30,291,106	5,474,310
Net position					
Net investment in capital assets	73,276,999	2,044,150	16,436,508	91,757,657	2,972,089
Unrestricted (deficit)	(1,483,169)	(3,176,039)	10,404,714	5,745,506	5,418,535
Total net position (deficit)	\$ 71,793,830	\$ (1,131,889)	\$ 26,841,222	\$ 97,503,163	\$ 8,390,624

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, 2015

Net position - total enterprise funds	\$ 97,503,163
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Amounts reported for *business-type activities* in the statement of net position
are different because:

Internal service funds are used by management to charge the costs of certain services
to individual governmental and enterprise funds. The net revenues (expense) of
the internal service funds are allocated to governmental and business-type activities.

Portion of internal service funds net operating income
attributed to enterprise funds.

Net position of business-type activities	\$ 97,802,606
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The accompanying notes are an integral part of these financial statements.

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater System	Battle Creek Transit System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 25,841,894	\$ 423,951	\$ 5,800,788	\$ 32,066,633	\$ 17,774,025
Rents and leases	195,993	-	-	195,993	1,585,050
Other	518,481	6,621	126,638	651,740	238,097
Total operating revenues	<u>26,556,368</u>	<u>430,572</u>	<u>5,927,426</u>	<u>32,914,366</u>	<u>19,597,172</u>
Operating expenses					
Personal services	7,930,091	2,931,479	1,089,497	11,951,067	3,613,555
Materials and supplies	2,241,157	586,139	225,954	3,053,250	2,260,889
Contractual and other	6,848,136	570,594	4,560,146	11,978,876	13,838,403
Depreciation	6,248,164	416,251	1,077,679	7,742,094	810,640
Total operating expenses	<u>23,267,548</u>	<u>4,504,463</u>	<u>6,953,276</u>	<u>34,725,287</u>	<u>20,523,487</u>
Operating income (loss)	<u>3,288,820</u>	<u>(4,073,891)</u>	<u>(1,025,850)</u>	<u>(1,810,921)</u>	<u>(926,315)</u>
Nonoperating revenues (expenses)					
Intergovernmental subsidies	38,043	2,905,683	1,043,725	3,987,451	-
Interest earnings	59,350	-	26,342	85,692	82,522
Interest expense	(202,314)	-	(21,411)	(223,725)	-
Total nonoperating revenues (expense)	<u>(104,921)</u>	<u>2,905,683</u>	<u>1,048,656</u>	<u>3,849,418</u>	<u>82,522</u>
Income (loss) before transfers	<u>3,183,899</u>	<u>(1,168,208)</u>	<u>22,806</u>	<u>2,038,497</u>	<u>(843,793)</u>
Transfers in	-	888,230	9,036	897,266	511,044
Transfers out	<u>(361,592)</u>	<u>(4,641)</u>	<u>(77,972)</u>	<u>(444,205)</u>	<u>(1,276,932)</u>
Change in net position	<u>2,822,307</u>	<u>(284,619)</u>	<u>(46,130)</u>	<u>2,491,558</u>	<u>(1,609,681)</u>
Net position, beginning of year	<u>80,840,150</u>	<u>2,942,362</u>	<u>28,344,902</u>	<u>112,127,414</u>	<u>10,000,305</u>
Restatement for implementation of GASB 68 (Note 21)	<u>(11,868,627)</u>	<u>(3,789,632)</u>	<u>(1,457,550)</u>	<u>(17,115,809)</u>	<u>-</u>
Net position (deficit), end of year	<u><u>\$ 71,793,830</u></u>	<u><u>\$ (1,131,889)</u></u>	<u><u>\$ 26,841,222</u></u>	<u><u>\$ 97,503,163</u></u>	<u><u>\$ 8,390,624</u></u>

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

CITY OF BATTLE CREEK, MICHIGAN

■ Reconciliation

Change in Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended June 30, 2015

Change in net position - total enterprise funds	\$ 2,491,558
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Amounts reported for *business-type activities* in the statement of activities
are different because:

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

(301,031)

Change in net position of business-type activities	\$ 2,190,527
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The accompanying notes are an integral part of these financial statements.

CITY OF BATTLE CREEK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	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	\$ 26,279,005	\$ 304,385	\$ 4,084,260	\$ 30,667,650	\$ -
Receipts from interfund services	-	-	-	-	19,597,172
Payments to suppliers and contractors	(6,272,655)	(471,558)	(4,402,972)	(11,147,185)	(17,062,387)
Payments to employees	(7,543,895)	(2,742,909)	(1,040,295)	(11,327,099)	(3,586,827)
Payments for interfund services	(3,316,401)	(634,925)	(133,215)	(4,084,541)	-
Net cash provided by (used in) operating activities	<u>9,146,054</u>	<u>(3,545,007)</u>	<u>(1,492,222)</u>	<u>4,108,825</u>	<u>(1,052,042)</u>
Cash flows from noncapital financing activities					
Transfers in	-	888,230	9,036	897,266	511,044
Transfers out	(361,592)	(4,641)	(77,972)	(444,205)	(1,276,932)
Intergovernmental subsidies	38,043	2,905,683	1,043,725	3,987,451	-
Net cash provided by (used in) noncapital financing activities	<u>(323,549)</u>	<u>3,789,272</u>	<u>974,789</u>	<u>4,440,512</u>	<u>(765,888)</u>
Cash flows from capital and related financing activities					
Principal and interest paid on debt	(2,209,499)	-	(194,991)	(2,404,490)	-
Purchase of capital assets	(4,368,526)	(244,265)	(621,251)	(5,234,042)	(829,741)
Net cash used in capital and related financing activities	<u>(6,578,025)</u>	<u>(244,265)</u>	<u>(816,242)</u>	<u>(7,638,532)</u>	<u>(829,741)</u>
Cash flows from investing activities					
Interest earnings on investments	67,569	-	26,717	94,286	82,522
Net change in pooled cash and investments	<u>2,312,049</u>	<u>-</u>	<u>(1,306,958)</u>	<u>1,005,091</u>	<u>(2,565,149)</u>
Pooled cash and investments, beginning of year	<u>4,767,178</u>	<u>-</u>	<u>10,249,508</u>	<u>15,016,686</u>	<u>11,783,329</u>
Pooled cash and investments, end of year	<u>\$ 7,079,227</u>	<u>\$ -</u>	<u>\$ 8,942,550</u>	<u>\$ 16,021,777</u>	<u>\$ 9,218,180</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	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)	\$ 3,288,820	\$ (4,073,891)	\$ (1,025,850)	\$ (1,810,921)	\$ (926,315)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	6,248,164	416,251	1,077,679	7,742,094	810,640
Changes in assets and liabilities:					
Interest receivable	-	-	41,311	41,311	8,699
Accounts receivable	(219,852)	(2,200)	(374,337)	(596,389)	29,046
Special assessments receivable	(33,180)	-	-	(33,180)	-
Grants receivable	(3,297)	(123,987)	-	(127,284)	-
Loans receivable	-	-	(1,510,138)	(1,510,138)	-
Inventories	(275,075)	2,989	-	(272,086)	54,177
Prepaid items	-	-	(220)	(220)	(320,036)
Accounts payable and accrued liabilities	(233,089)	55,294	318,072	140,277	(1,396,074)
Compensated absences	(7,433)	(17,906)	861	(24,478)	26,728
Retentions, deposits and other liabilities	8,401	-	8,209	16,610	-
Claims payable	-	-	-	-	646,994
Interfund payable	-	-	(76,148)	(76,148)	-
Unearned revenue	(21,034)	72,758	(2)	51,722	14,099
Net pension liability and related deferred outflows	393,629	125,685	48,341	567,655	-
Net cash provided by (used in) operating activities	\$ 9,146,054	\$ (3,545,007)	\$ (1,492,222)	\$ 4,108,825	\$ (1,052,042)

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ -	\$ 170,594
Cash and cash equivalents	6,758,316	-
Investments:		
U.S. treasuries	8,385,544	-
U.S. agencies	16,773,743	-
Domestic corporate securities	35,761,763	-
Domestic equities	24,980,665	-
American depository receipts	12,954,733	-
International equities	28,364,287	-
Real estate trusts	463,980	-
Mutual funds	3,813,348	-
Interest receivable	422,362	-
Pension contributions receivable	389,496	-
Delinquent taxes receivable	-	633,274
 Total assets	 139,068,237	 \$ 803,868
 Liabilities		
Obligation for impaired investment of securities lending collateral	131,239	\$ -
Undistributed receipts	-	803,868
 Total liabilities	 131,239	 \$ 803,868
 Net position		
Restricted for pension and postemployment healthcare benefits	 \$ 138,936,998	

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, 2015

Additions

Investment income:	
From investing activities:	
Net appreciation in fair value of investments	\$ 2,273,047
Interest and dividends	3,072,009
Less investment expenses	(324,996)
	<hr/>
Net income from investing activities	5,020,060
From securities lending activities:	
Gross earnings	1,583
Borrower rebates	(32,850)
Securities lending fees	10,330
	<hr/>
Net loss from securities lending activities	(20,937)
Total net investment income	<hr/> 4,999,123
Contributions:	
Employer	5,270,939
Employees	<hr/> 1,328,429
	<hr/>
Total contributions	6,599,368
Total additions	<hr/> 11,598,491
Deductions	
Pension benefit payments	9,362,852
Contribution refunds	22,952
Medical insurance premiums/benefits	1,731,314
Administrative expenses	<hr/> 207,327
	<hr/>
Total deductions	11,324,445
Change to net position restricted for benefits	274,046
Net position, beginning of year	<hr/> 138,662,952
Net position, end of year	<hr/> \$ 138,936,998

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, 2015

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority
Assets			
Pooled cash and investments	\$ 1,147,042	\$ 885,205	\$ 23,462,021
Receivables, net	614,435	46,807	427,306
Advance to other government	-	-	397,540
Prepaid items	2,987	-	7,125
Long-term receivables - due in more than one year	157,695	-	3,545,390
Capital assets not being depreciated	-	-	12,675,578
Capital assets being depreciated, net	-	-	999,251
 Total assets	 1,922,159	 932,012	 41,514,211
 Deferred outflows of resources			
Deferred charge on refunding	1,483,106	-	-
 Liabilities			
Accounts payable and accrued liabilities	391,659	799,146	1,462,645
Accrued interest payable	299,127	-	23,009
Long-term liabilities:			
Due within one year	3,007,064	-	1,012,402
Due in more than one year	33,882,383	-	5,370,380
 Total liabilities	 37,580,233	 799,146	 7,868,436
 Net position			
Net investment in capital assets	-	-	13,674,829
Restricted for loan commitments and minority lending	1,428,075	-	-
Unrestricted (deficit)	(35,603,043)	132,866	19,970,946
 Total net position (deficit)	 \$ (34,174,968)	 \$ 132,866	 \$ 33,645,775

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position Component Units

	Brownfield Redevelopment Authority	Local Development Finance Authority	Total
Assets			
Pooled cash and investments	\$ 158,243	\$ 24,985	\$ 25,677,496
Receivables, net	-	40	1,088,588
Advance to other government	-	-	397,540
Prepaid items	-	-	10,112
Long-term receivables - due in more than one year	-	-	3,703,085
Capital assets not being depreciated	-	-	12,675,578
Capital assets being depreciated, net	-	-	999,251
 Total assets	 158,243	 25,025	 44,551,650
 Deferred outflows of resources			
Deferred charge on refunding	-	-	1,483,106
 Liabilities			
Accounts payable and accrued liabilities	17,313	-	2,670,763
Accrued interest payable	-	-	322,136
Long-term liabilities:			
Due within one year	-	-	4,019,466
Due in more than one year	3,545,390	-	42,798,153
 Total liabilities	 3,562,703	 -	 49,810,518
 Net position			
Net investment in capital assets	-	-	13,674,829
Restricted for loan commitments and minority lending	-	-	1,428,075
Unrestricted (deficit)	(3,404,460)	25,025	(18,878,666)
 Total net position (deficit)	 \$ (3,404,460)	 \$ 25,025	 \$ (3,775,762)

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, 2015

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority
Expenses			
Community development	\$ 3,629,444	\$ 2,040,620	\$ 4,918,408
Program revenues			
Charges for services	50,825	-	26,303
Capital grants and contributions	-	-	6,720
Total program revenues	50,825	-	33,023
Net program (expense) revenues	(3,578,619)	(2,040,620)	(4,885,385)
General revenues			
Property taxes	4,597,809	2,005,074	3,807,755
Rents and leases	-	-	30,695
Unrestricted investment earnings	58,872	21,017	557,463
Total general revenues	4,656,681	2,026,091	4,395,913
Change in net position	1,078,062	(14,529)	(489,472)
Net position (deficit), beginning of year	(35,253,030)	147,395	34,135,247
Net position (deficit), end of year	\$ (34,174,968)	\$ 132,866	\$ 33,645,775

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Activities Component Units

	Brownfield Redevelopment Authority	Local Development Finance Authority	Total
Expenses			
Community development	\$ 198,038	\$ 1,500	\$ 10,788,010
Program revenues			
Charges for services	-	-	77,128
Capital grants and contributions	210,615	-	217,335
Total program revenues	210,615	-	294,463
Net program (expense) revenues	12,577	(1,500)	(10,493,547)
General revenues			
Property taxes	228,687	-	10,639,325
Rents and leases	-	-	30,695
Unrestricted investment earnings	-	381	637,733
Total general revenues	228,687	381	11,307,753
Change in net position	241,264	(1,119)	814,206
Net position (deficit), beginning of year	(3,645,724)	26,144	(4,589,968)
Net position (deficit), end of year	\$ (3,404,460)	\$ 25,025	\$ (3,775,762)

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.

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.

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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.

CITY OF BATTLE CREEK, MICHIGAN

■ Notes to Financial Statements

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.

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

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

Receivables and Payables

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

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

Inventories, 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 fair value at the date of donation.

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

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

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

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

CITY OF BATTLE CREEK, MICHIGAN

■ Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City reports a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources related to the net pension liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date. More detailed information can be found in Note 16.

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.

Long-term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The governmental funds report unavailable revenues, which arises only under the modified accrual basis of accounting, from two sources: property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Fund Balances

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually 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 for a general fund.

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 of the Plan 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.

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on a 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, 2015, the City incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Amended Budget	Actual	Over Budget
Nonmajor governmental fund -			
Building inspection fund	\$ 528,300	\$ 580,355	\$ 52,055

However, the total net appropriation for the Building Inspection fund was not exceeded.

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, 2015:

	Primary Government	Component Units	Total
Statement of net position			
Pooled cash and investments	\$ 42,983,751	\$ 25,677,496	\$ 68,661,247
Statement of fiduciary net position			
Pooled cash and investments:			
Agency funds	170,594	-	170,594
Other employee benefits	1,270,235	-	1,270,235
Cash and cash equivalents - pension	5,488,081	-	5,488,081
Investments:			
Pension	127,684,715	-	127,684,715
Other employee benefits	3,813,348	-	3,813,348
Total	<u>\$ 181,410,724</u>	<u>\$ 25,677,496</u>	<u>\$ 207,088,220</u>
Deposits and investments:			
Bank deposits (checking, savings and certificates of deposit)			\$ 12,349,462
Portfolio cash - pension			5,488,081
Investments in securities, mutual funds and similar vehicles:			
Pool			57,736,040
Pension			127,684,715
Other employee benefits			3,813,348
Cash on hand			<u>16,574</u>
Total			<u>\$ 207,088,220</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk, that in the event of a bank failure, the City's deposits may not be returned to the government. As of June 30, 2015, \$11,148,518 of the City's total bank balance of \$11,871,979 (total book balance was \$12,349,462) was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

Custodial Credit Risk - Investments. Following is a summary of the City's pooled investments as of June 30, 2015:

U.S. agencies	\$ 48,499,953
Municipal bonds	100,000
Money market accounts	<u>9,136,087</u>
 Total investments	 <u>\$ 57,736,040</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, 2015, 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, 2015, 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, 2015, the investment portfolio was concentrated as follows:

	% of portfolio
U.S. agencies	
Federal Farm Credit Bank	26.6%
Federal Home Loan Bank	23.9%
Federal National Mortgage Association	18.7%
Federal Home Loan Mortgage Corporation	14.4%

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of June 30, 2015, 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	More Than 10
U.S. agencies	\$ 48,499,953	\$ 5,118,835	\$ 29,543,645	\$ 13,837,473	\$ -
Municipal bonds	100,000	-	-	100,000	-
	<u>\$ 48,599,953</u>	<u>\$ 5,118,835</u>	<u>\$ 29,543,645</u>	<u>\$ 13,937,473</u>	<u>\$ -</u>

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

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

U.S. treasuries	\$ 8,385,544
U.S. agencies	16,773,743
Domestic corporate securities	35,761,763
Domestic equities:	
Not on securities loan	23,482,884
On securities loan	1,497,781
American depository receipts	12,954,733
International equities	28,364,287
Real estate investment trusts	<u>463,980</u>
 Total investments	 <u>\$ 127,684,715</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 \$5,488,081 held in money market funds and \$1,270,235 included in the pooled cash and investments, respectively, as of June 30, 2015. Also, the Retirement Health Funding Vehicle fund, one of the other employee benefits trust funds, had \$3,813,348 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, 2015, the System's investments in securities of U.S. agencies were not rated by Standard & Poor's. The System's investments in corporate securities were rated by Standard & Poor's as follows:

Rating	
AAA	\$ 3,933,648
AA	3,486,856
A	9,041,268
BBB	9,202,818
BB	60,750
Not rated	<u>10,036,423</u>
 Totals	 <u>\$ 35,761,763</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.

Interest Rate Risk. As of June 30, 2015, maturities of the System's debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 8,385,544	\$ -	\$ 2,700,888	\$ 3,581,645	\$ 2,103,011
U.S. agencies	16,773,743	77,525	819,689	2,973,237	12,903,292
Domestic corporate securities	35,761,763	571,066	8,568,127	9,758,832	16,863,738
	<u>\$ 60,921,050</u>	<u>\$ 648,591</u>	<u>\$ 12,088,704</u>	<u>\$ 16,313,714</u>	<u>\$ 31,870,041</u>

None of the above securities are callable.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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 \$28,364,287 and American depository receipts of \$12,954,733; 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.

6. RECEIVABLES

Receivables in the governmental activities are 41.5 percent loans, 43.4 percent accounts receivable, 2.4 percent special assessments, 10.7 percent grants and 2.0 percent interest; business-type activities receivables are 47.1 percent due from customers, 15.3 percent grants, 1.5 percent special assessments, 35.8 percent loans, and 0.3 percent interest. Governmental activities accounts receivable are reported net of an allowance for uncollectible accounts of \$1,560,438.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,050,640	\$ 54,576	\$ -	\$ 2,105,216
Construction in progress	6,192,398	2,907,286	(3,592,379)	5,507,305
	<u>8,243,038</u>	<u>2,961,862</u>	<u>(3,592,379)</u>	<u>7,612,521</u>
Capital assets being depreciated:				
Land improvements	18,518,204	4,214,262	-	22,732,466
Buildings	53,942,374	1,791,097	-	55,733,471
Vehicles	10,613,575	820,176	(256,882)	11,176,869
Equipment	24,331,500	1,810,616	-	26,142,116
Infrastructure	288,699,884	3,797,800	-	292,497,684
	<u>396,105,537</u>	<u>12,433,951</u>	<u>(256,882)</u>	<u>408,282,606</u>
Less accumulated depreciation for:				
Land improvements	(5,461,966)	(1,339,395)	-	(6,801,361)
Buildings	(25,193,934)	(1,437,271)	-	(26,631,205)
Vehicles	(8,589,214)	(720,390)	246,552	(9,063,052)
Equipment	(21,877,043)	(705,406)	-	(22,582,449)
Infrastructure	(108,336,265)	(5,811,974)	-	(114,148,239)
	<u>(169,458,422)</u>	<u>(10,014,436)</u>	<u>246,552</u>	<u>(179,226,306)</u>
Total capital assets being depreciated, net	<u>226,647,115</u>	<u>2,419,515</u>	<u>(10,330)</u>	<u>229,056,300</u>
Governmental activities capital assets, net	<u>\$ 234,890,153</u>	<u>\$ 5,381,377</u>	<u>\$ (3,602,709)</u>	<u>\$ 236,668,821</u>

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

Governmental activities:		
General government		\$ 162,210
Public safety		552,203
Public works, including depreciation of general infrastructure assets		7,499,366
Parks and recreation		990,017
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		810,640
Total depreciation expense - governmental activities		<u>\$ 10,014,436</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 3,452,863	\$ -	\$ -	\$ 3,452,863
Construction in progress	<u>3,870,017</u>	1,601,739	(63,341)	5,408,415
	<u>7,322,880</u>	<u>1,601,739</u>	<u>(63,341)</u>	<u>8,861,278</u>
Capital assets being depreciated:				
Land improvements	6,371,095	37,264	-	6,408,359
Buildings	63,163,403	10,610	-	63,174,013
Vehicles	4,566,909	609,746	(142,953)	5,033,702
Equipment	14,564,149	613,729	-	15,177,878
Systems	<u>186,817,743</u>	<u>2,424,295</u>	<u>(75,097)</u>	<u>189,166,941</u>
	<u>275,483,299</u>	<u>3,695,644</u>	<u>(218,050)</u>	<u>278,960,893</u>
Less accumulated depreciation for:				
Land improvements	(4,387,865)	(122,099)	-	(4,509,964)
Buildings	(45,028,847)	(1,741,341)	-	(46,770,188)
Vehicles	(4,000,906)	(299,264)	142,953	(4,157,217)
Equipment	(13,563,295)	(481,074)	-	(14,044,369)
Systems	<u>(113,657,439)</u>	<u>(5,098,316)</u>	<u>75,097</u>	<u>(118,680,658)</u>
	<u>(180,638,352)</u>	<u>(7,742,094)</u>	<u>218,050</u>	<u>(188,162,396)</u>
Total capital assets being depreciated, net	<u>94,844,947</u>	<u>(4,046,450)</u>	-	<u>90,798,497</u>
Business-type activities capital assets, net	<u>\$ 102,167,827</u>	<u>\$ (2,444,711)</u>	<u>\$ (63,341)</u>	<u>\$ 99,659,775</u>
Business-type activities:				
Wastewater			\$ 4,268,850	
Water			1,979,314	
Public transit			416,251	
Airport			656,824	
Parking			295,541	
Other			125,314	
Total depreciation expense - business-type activities			<u>\$ 7,742,094</u>	

At June 30, 2015, the City's had outstanding commitments through a construction contract of approximately \$5,000,000 for building, street and equipment improvements.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Activity for the TIFA for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component unit - TIFA				
Capital assets not being depreciated:				
Land	\$ 12,675,578	\$ -	\$ -	\$ 12,675,578
Construction in progress	431,522	-	(431,522)	-
	<u>13,107,100</u>	<u>-</u>	<u>(431,522)</u>	<u>12,675,578</u>
Capital assets being depreciated:				
Land improvements	1,165,421	-	-	1,165,421
Buildings	315,845	-	-	315,845
Equipment	429,858	17,093	-	446,951
	<u>1,911,124</u>	<u>17,093</u>	<u>-</u>	<u>1,928,217</u>
Less accumulated depreciation for:				
Land improvements	(262,491)	(23,308)	-	(285,799)
Buildings	(224,440)	(14,894)	-	(239,334)
Equipment	(384,448)	(19,385)	-	(403,833)
	<u>(871,379)</u>	<u>(57,587)</u>	<u>-</u>	<u>(928,966)</u>
Total capital assets being depreciated, net	<u>1,039,745</u>	<u>(40,494)</u>	<u>-</u>	<u>999,251</u>
TIFA capital assets, net	<u>\$ 14,146,845</u>	<u>\$ (40,494)</u>	<u>\$ (431,522)</u>	<u>\$ 13,674,829</u>

8. PAYABLES

Payables in the governmental activities are 29.7 percent vendors, 46.5 percent claims and 23.8 percent accrued payroll and other liabilities. Business-type activities payables are 66.2 percent vendors, 18.0 percent advances and 15.8 percent interest, accrued payroll and other liabilities.

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2015, the following interfund balances were outstanding:

Receivable Fund	Payable Funds			Total
	Community Development Fund	Nonmajor Governmental Funds	Battle Creek Transit System Fund	
General fund	\$ 308,784	\$ 762,109	\$ 492,006	\$ 1,562,899

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

For the year ended June 30, 2015, interfund transfers consisted of the following:

Transfers Out	Transfers In		
	Nonmajor Governmental Funds	Battle Creek Transit System	Nonmajor Enterprise Funds
General fund	\$ 2,707,109	\$ 888,230	\$ -
Nonmajor governmental funds	2,499,031	-	9,036
Water and wastewater fund	55,161	-	-
Nonmajor enterprise funds	56,107	-	-
Internal service funds	<u>1,242,280</u>	-	-
	<u>\$ 6,559,688</u>	<u>\$ 888,230</u>	<u>\$ 9,036</u>

Transfers Out	Transfers In	
	Internal Service Funds	Total
General fund	\$ 136,998	\$ 3,732,337
Community development fund	2,295	2,295
Nonmajor governmental funds	4,162	2,512,229
Water and wastewater fund	306,431	361,592
Battle Creek Transit System fund	4,641	4,641
Nonmajor enterprise funds	21,865	77,972
Internal service funds	<u>34,652</u>	<u>1,276,932</u>
	<u>\$ 511,044</u>	<u>\$ 7,967,998</u>

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

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

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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
Governmental activities				
2006 dispatch equipment	2016	3.640%	\$ 3,819,000	\$ 450,000
2008 building authority refunding	2023	3.000% - 4.125%	8,605,000	4,075,000
2009 building authority - golf course refunding	2026	3.000% - 4.200%	2,240,000	2,090,000
2011 building authority limited tax refunding	2026	3.000% - 4.125%	6,725,000	5,920,000
2013 capital improvement	2033	2.000% - 5.000%	15,370,000	<u>14,175,000</u>
Total governmental activities				<u>\$ 26,710,000</u>
Discretely presented component units				
2009 tax increment - airport	2029	3.000% - 4.300%	\$ 3,935,000	\$ 3,020,000
2010 tax increment - airport hangar	2030	2.000% - 4.750%	3,585,000	<u>2,680,000</u>
Total component units				<u>\$ 5,700,000</u>

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

Year Ended June 30,	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2016	\$ 2,265,000	\$ 1,152,016	\$ 370,000	\$ 219,065
2017	1,785,000	1,075,314	380,000	208,890
2018	1,855,000	1,007,639	395,000	196,903
2019	1,935,000	931,364	410,000	183,787
2020	2,015,000	851,189	325,000	169,316
2021-2025	8,970,000	2,947,797	1,835,000	645,378
2026-2030	4,830,000	1,418,156	1,985,000	226,417
2031-2033	<u>3,055,000</u>	<u>310,500</u>	-	-
	<u>\$ 26,710,000</u>	<u>\$ 9,693,975</u>	<u>\$ 5,700,000</u>	<u>\$ 1,849,756</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

	Year of Maturity	Interest Rates	Original Amount	Amount
Business-type activities				
2011 water and wastewater system refunding	2022	3.000% - 4.000%	\$ 6,045,000	\$ 4,465,000
2013 water and wastewater system refunding	2017	0.940%	4,385,000	<u>2,942,000</u>
Total business-type activities				<u>\$ 7,407,000</u>
Discretely presented component units				
1997 development refunding	2016	5.000% - 5.250%	\$ 9,040,000	\$ 545,000
2008 downtown development refunding	2022	5.000%	40,765,000	32,220,000
2013 downtown development refunding	2025	5.000%	3,675,000	<u>3,675,000</u>
Total component units				<u>\$ 36,440,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
2016	\$ 2,026,000	\$ 184,990	\$ 3,410,000	\$ 1,822,000
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
2021-2025	<u>1,410,000</u>	<u>57,000</u>	<u>14,555,000</u>	<u>1,564,500</u>
	<u>\$ 7,407,000</u>	<u>\$ 670,890</u>	<u>\$ 36,440,000</u>	<u>\$ 8,670,250</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 million 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 26% of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,077,890. Principal and interest paid for the current year and total customer net revenues were \$2,208,762 and \$2,214,162, respectively.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Installment obligations. The government has entered into various long-term installment payment agreements. No new installment debt was entered into during the year.

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
2007 energy savings equipment contract #1	2023	4.660%	\$ 3,708,005	\$ 2,187,603
2008 energy savings equipment contract #2	2023	4.560%	280,000	163,489
2008 energy savings equipment contract #3	2022	4.210%	90,420	<u>53,453</u>
Total governmental activities				<u>\$ 2,404,545</u>

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 274,826	\$ 108,494
2017	287,734	95,586
2018	301,249	82,071
2019	315,399	67,921
2020	330,214	53,107
2021-2023	<u>895,123</u>	<u>61,854</u>
	<u>\$ 2,404,545</u>	<u>\$ 469,033</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 required was \$1,204,965 and the accumulated amortization was \$1,054,531 at June 30, 2015.

	Year of Maturity	Interest Rates	Original Amount	Amount
Business-type activities				
2006 runway snowplow	2016	5.22%	\$ 328,523	\$ 40,357
2008 snow blower	2017	4.51%	536,032	125,429
2009 runway snowplow	2019	5.39%	<u>340,410</u>	<u>157,864</u>
Total business-type activities			<u>\$ 1,204,965</u>	<u>\$ 323,650</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Business-type Activities	
	Principal	Interest
2016	\$ 138,078	\$ 16,249
2017	102,500	9,493
2018	40,446	4,478
2019	<u>42,626</u>	<u>2,298</u>
	<u><u>\$ 323,650</u></u>	<u><u>\$ 32,518</u></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.

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, 2015, 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, 2015, a total of \$2,303,513 (no amount was drawn during the current year) 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	\$ 149,535
Brownfield redevelopment loans	n/a	5.000%	n/a	<u>3,545,390</u>
Total component units				
				<u><u>\$ 3,694,925</u></u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Component Units	
	Principal	Interest
2016	\$ 98,198	\$ 6,790
2017	<u>51,337</u>	<u>1,158</u>
	<u><u>\$ 149,535</u></u>	<u><u>\$ 7,948</u></u>

Changes in long-term debt. Long-term debt activity for fiscal 2015 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 28,790,000	\$ -	\$ (2,080,000)	\$ 26,710,000	\$ 2,265,000
Installment contracts	2,667,042	-	(262,497)	2,404,545	274,826
Compensated absences	2,849,514	1,435,926	(1,428,480)	2,856,960	1,327,023
Deferred amounts:					
For issuance premiums	561,769	-	(43,060)	518,709	43,060
For issuance discounts	(22,396)	-	2,488	(19,908)	(2,488)
Total governmental activities debt	\$ 34,845,929	\$ 1,435,926	\$ (3,811,549)	\$ 32,470,306	\$ 3,907,421
Business-type activities					
Revenue bonds	\$ 9,395,000	\$ -	\$ (1,988,000)	\$ 7,407,000	\$ 2,026,000
Capital leases	494,130	-	(170,480)	323,650	138,078
Compensated absences	542,482	467,626	(492,104)	518,004	518,004
Deferred amounts -					
For issuance premiums	323,581	-	(79,754)	243,827	79,754
Total business-type activities debt	\$ 10,755,193	\$ 467,626	\$ (2,730,338)	\$ 8,492,481	\$ 2,761,836
Component units					
DDA					
Revenue bonds	\$ 38,595,000	\$ -	\$ (2,700,000)	\$ 35,895,000	\$ 2,865,000
Deferred amounts -					
For issuance premiums	1,136,511	-	(142,064)	994,447	142,064
Total DDA debt	\$ 39,731,511	\$ -	\$ (2,842,064)	\$ 36,889,447	\$ 3,007,064

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
TIFA					
General obligation bonds	\$ 6,060,000	\$ -	\$ (360,000)	\$ 5,700,000	\$ 370,000
Revenue bonds	1,300,000	-	(755,000)	545,000	545,000
Loans payable	242,056	-	(92,521)	149,535	98,198
Deferred amounts -					
For issuance discounts	(12,549)	-	796	(11,753)	(796)
Total TIFA debt	\$ 7,589,507	\$ -	\$ (1,206,725)	\$ 6,382,782	\$ 1,012,402
Brownfield					
Loans payable	\$ 3,806,800	\$ -	\$ (261,410)	\$ 3,545,390	\$ -

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

11. SEGMENT INFORMATION - ENTERPRISE FUNDS

The government issued revenue bonds to finance certain improvements to its water and wastewater system. Because the water and wastewater fund, an individual fund that accounts entirely for the government's water and wastewater activities, is a segment and is reported as a major fund in the fund financial statements, segment disclosures herein are not required.

12. ENDOWMENTS

Youth Center Endowment Permanent Trust Fund. For the year ended June 30, 2015, the net appreciation on investments of donor-restricted endowments was \$3,577. 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 \$8,915 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, 2015, the net appreciation on investments of donor-restricted endowments was \$10,303. 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 \$59,965 is reported in restricted fund balance/net position; the nonexpendable endowment balance is \$623,533.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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.

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:

	2015	2014
Estimated liability, beginning of year	\$ 4,034,593	\$ 3,365,008
Estimated claims incurred, including changes in estimates	7,317,287	7,952,821
Claim payments	<u>(6,670,293)</u>	<u>(7,283,236)</u>
Estimated liability, end of year	<u>\$ 4,681,587</u>	<u>\$ 4,034,593</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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 2014 levy, including industrial facilities and neighborhood enterprise zone properties, but net of renaissance zones, was \$1,474,434,456. The government's general operating tax rate for fiscal 2014-15 was 10.307 mills with an additional 4.429 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.

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 2015. Due to the large number of appeals currently before the Tribunal, the time frame for resolution of these matters is unknown at this time. The City has an estimated maximum exposure of approximately \$2.28 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 web site: www.battlecreekmi.gov.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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>

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, 2015 represented 34.18% of the annual covered payroll.

Rate of Return. For the year ended June 30, 2015, the annual money-weighted rate of return on plan investments, net of investment expenses, was 3.44 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Net Pension Liability of the City. The components of the net pension liability of the City at June 30, 2015, were as follows:

Total pension liability	\$ 164,569,757
Plan fiduciary net position	<u>133,850,433</u>
City's net pension liability	<u>\$ 30,719,324</u>
Plan fiduciary net position as percentage of total pension liability	81.33%

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	4.0%
Salary increases	4.0 to 12.4%, including inflation
Investment rate of return	7.0%
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 were based on the P-2014 Standard Mortality Tables projected 6 years.

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.

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, 2015 (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
U.S. treasuries	0.00%	0.75%
U.S. agencies	47.00%	0.75%
Domestic corporate securities	30.00%	5.25%
Domestic equities	8.00%	5.60%
American depository receipts	3.00%	5.25%
International equities	12.00%	5.25%
Real estate investment trusts	<u>0.00%</u>	<u>0.75%</u>
	<u>100.00%</u>	

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability was 7.0%. 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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
City's net pension liability	\$ 50,595,235	\$ 30,719,324	\$ 14,121,381

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, 2014	\$ 153,438,134	\$ 133,897,145	\$ 19,540,989
Changes for the year:			
Service cost	3,460,667	-	3,460,667
Interest on total pension liability	10,533,430	-	10,533,430
Differences between expected and actual experience	2,043,014	-	2,043,014
Assumption changes	4,476,291	-	4,476,291
Employer contributions	-	4,612,446	(4,612,446)
Employee contributions	-	1,076,523	(1,076,523)
Net investment income	-	4,868,622	(4,868,622)
Benefit payments	(9,381,779)	(9,362,852)	(18,927)
Administrative expense	-	(200,499)	200,499
Other	-	(1,040,952)	1,040,952
Net changes	11,131,623	(46,712)	11,178,335
Balances at June 30, 2015	\$ 164,569,757	\$ 133,850,433	\$ 30,719,324

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 7.75% to 7.00%.

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the combining statements for the pension at the end of this footnote.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2015, the City recognized pension expense of \$5,083,276. At June 30, 2015, 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	\$ 1,623,047	\$ -	\$ 1,623,047
Changes in assumptions	3,556,134	-	3,556,134
Net difference between projected and actual earnings on pension plan investments	<u>3,632,484</u>	-	<u>3,632,484</u>
Total	<u>\$ 8,811,665</u>	<u>\$ -</u>	<u>\$ 8,811,665</u>

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
2016	\$ 2,248,246
2017	2,248,246
2018	2,248,246
2019	<u>2,066,927</u>
Total	<u>\$ 8,811,665</u>

Payable to the Pension Plan. At June 30, 2015, the City reported \$389,496 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.

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 2.25%. 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, or age 55 with 15 years of service, depending on division/bargaining unit.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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 4.46% to 106.72% of annual payroll, or annual amounts ranging from \$18,161 to \$57,221 annually depending on division/bargaining unit.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2014, 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	\$ 129,613,025
Plan fiduciary net position	<u>83,406,766</u>
City's net pension liability	<u>\$ 46,206,259</u>
Plan fiduciary net position as percentage of total pension liability	64.35%

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)
Investment rate of return	8.25%

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3.0%-4.0%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

Employees Covered by Benefit Terms. At December 31, 2014, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	373
Inactive employees entitled to but not yet receiving benefits	43
Active employees	<u>336</u>
Total membership	<u>752</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>	<u>6.56%</u>	<u>0.65%</u>
	<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 2014. 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, 2013	<u>\$ 126,378,189</u>	<u>\$ 82,831,807</u>	<u>\$ 43,546,382</u>
Changes for the year:			
Service cost	1,869,998	-	1,869,998
Interest	10,141,309	-	10,141,309
Employer contributions	-	3,776,983	(3,776,983)
Employee contributions	-	618,872	(618,872)
Net investment income	-	5,143,720	(5,143,720)
Benefit payments, including refunds of employee contributions	(8,776,472)	(8,776,472)	-
Administrative expense	-	(188,145)	188,145
Net changes	<u>3,234,835</u>	<u>574,958</u>	<u>2,659,877</u>
Balances at December 31, 2014	<u>\$ 129,613,024</u>	<u>\$ 83,406,765</u>	<u>\$ 46,206,259</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%)
\$ 59,055,235	\$ 46,206,259	\$ 35,161,101

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, 2015, the City recognized pension expense of \$2,235,707. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,201,154
Contributions subsequent to the measurement date	<u>1,979,646</u>
 Total	 <u>\$ 3,180,800</u>

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, 2016. Other amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2016	\$ 300,288
2017	300,288
2018	300,288
2019	<u>300,290</u>
 Total	 <u>\$ 1,201,154</u>

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 in separately issued financial statements; these two trust funds constitute the financial statements for the City's postemployment benefits plan).

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

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

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 311 retirees currently receiving benefits and 490 active members (for a total of 801) as of June 30, 2013, 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, 2015, \$2,316,550 was contributed towards the cost of benefits and funding the plan. See below for summary:

Fund	Employee	Employer	Total
Retirement health funding vehicle	\$ -	\$ 408,493	\$ 408,493
Fire retiree health care	251,906	250,000	501,906
Police and fire pension fund	-	1,018,000	1,018,000
Internal service - self-insurance fund	-	388,151	388,151
	<hr/>	<hr/>	<hr/>
	\$ 251,906	\$ 2,064,644	\$ 2,316,550

Funding Progress. For the year ended June 30, 2015, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. 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 8.73% of annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation. For fiscal year 2015, 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	\$ 2,496,219
Interest on net OPEB obligation	465,647
Adjustment to annual required contribution	(389,314)
Annual OPEB cost	2,572,552
Contributions made	(2,316,550)
Increase in net OPEB obligation	256,002
Net OPEB obligation, beginning of year	9,312,938
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Net OPEB obligation, end of year	\$ 9,568,940

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 3,310,184	53.0%	\$ 8,590,680
6/30/2014	2,476,958	70.8%	9,312,938
6/30/2015	2,572,552	90.0%	9,568,940

The funded status of the plan as of June 30, 2013, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liability (AAL)	\$ 41,620,241
Actuarial value of assets	4,078,070
Unfunded AAL (UAAL)	<u>\$ 37,542,171</u>
Funded ratio	<u>9.8%</u>
Covered payroll	<u>\$ 28,591,928</u>
UAAL as % of covered payroll	<u>131.3%</u>

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.

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

Significant methods and assumptions were as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Individual entry age
Amortization method	Level percent open
Remaining amortization period	26 years closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	4.5%-17.5%
Inflation rate	4.5%
Healthcare inflation rate	9% (2014), grading to 4.5% (2023)

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		
Assets					
Cash and cash equivalents	\$ 5,488,081	\$ 62	\$ 1,270,173	\$ 6,758,316	
Investments:					
U.S. treasuries	8,385,544	-	-	8,385,544	
U.S. agencies	16,773,743	-	-	16,773,743	
Domestic corporate securities	35,761,763	-	-	35,761,763	
Domestic equities	24,980,665	-	-	24,980,665	
American depository receipts	12,954,733	-	-	12,954,733	
International equities	28,364,287	-	-	28,364,287	
Real estate trusts	463,980	-	-	463,980	
Mutual funds	-	3,813,348	-	3,813,348	
Interest receivable	419,380	-	2,982	422,362	
Pension contributions receivable	389,496	-	-	389,496	
Total assets	133,981,672		3,813,410	1,273,155	139,068,237
Liabilities					
Obligation for impaired investment of securities lending collateral	131,239	-	-	-	131,239
Net position					
Restricted for pension and postemployment healthcare benefits	<u>\$ 133,850,433</u>	<u>\$ 3,813,410</u>	<u>\$ 1,273,155</u>	<u>\$ 138,936,998</u>	

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			
Additions						
Investment income:						
From investing activities:						
Net appreciation in fair value of investments	\$ 2,273,047	\$ -	\$ -	\$ 2,273,047		
Investment earnings and dividends	2,941,508	110,909	19,592	3,072,009		
Less investment expenses	(324,996)	-	-	(324,996)		
Net income from investing activities	<u>4,889,559</u>	<u>110,909</u>	<u>19,592</u>	<u>5,020,060</u>		
From securities lending activities:						
Gross earnings	1,583	-	-	1,583		
Borrower rebates	(32,850)	-	-	(32,850)		
Securities lending fees	<u>10,330</u>	<u>-</u>	<u>-</u>	<u>10,330</u>		
Net loss from securities lending activities	<u>(20,937)</u>	<u>-</u>	<u>-</u>	<u>(20,937)</u>		
Total net investment income	<u>4,868,622</u>	<u>110,909</u>	<u>19,592</u>	<u>4,999,123</u>		
Contributions:						
Employer	4,612,446	408,493	250,000	5,270,939		
Employees	<u>1,076,523</u>	<u>-</u>	<u>251,906</u>	<u>1,328,429</u>		
Total contributions	<u>5,688,969</u>	<u>408,493</u>	<u>501,906</u>	<u>6,599,368</u>		
Total additions	<u>10,557,591</u>	<u>519,402</u>	<u>521,498</u>	<u>11,598,491</u>		

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	
Deductions				
Pension benefit payments	\$ 9,362,852	\$ -	\$ -	\$ 9,362,852
Contribution refunds	22,952	-	-	22,952
Medical insurance premiums/benefits	1,018,000	159,735	553,579	1,731,314
Administrative expenses	200,499	6,828	-	207,327
Total deductions	10,604,303	166,563	553,579	11,324,445
Net change to net position restricted for benefits	(46,712)	352,839	(32,081)	274,046
Net position restricted for benefits:				
Beginning of year	<u>133,897,145</u>	<u>3,460,571</u>	<u>1,305,236</u>	<u>138,662,952</u>
End of year	<u>\$ 133,850,433</u>	<u>\$ 3,813,410</u>	<u>\$ 1,273,155</u>	<u>\$ 138,936,998</u>

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	\$ 7,612,521	\$ 8,861,278
Capital assets being depreciated	<u>229,056,300</u>	<u>90,798,497</u>
	<u>236,668,821</u>	<u>99,659,775</u>
Long-term liabilities related to capital assets:		
Due within one year	3,907,421	2,761,836
Due in more than one year	28,562,885	5,730,645
Deferred charge on refunding	(234,810)	(72,359)
Unexpended bond proceeds	(5,473,457)	-
Compensated absences	<u>(2,856,960)</u>	<u>(518,004)</u>
Net long-term liabilities related to capital assets	<u>23,905,079</u>	<u>7,902,118</u>
Net investment in capital assets	<u>\$ 212,763,742</u>	<u>\$ 91,757,657</u>

CITY OF BATTLE CREEK, MICHIGAN

Notes to Financial Statements

20. FUND BALANCES - GOVERNMENTAL FUNDS

	General	Community Development	Nonmajor Governmental	Total Governmental
Nonspendable:				
Inventories	\$ 6,603	\$ -	\$ 104,129	\$ 110,732
Prepaid items	448,811	-	27,555	476,366
Endowments	-	-	879,909	879,909
	<u>455,414</u>	<u>-</u>	<u>1,011,593</u>	<u>1,467,007</u>
Restricted for:				
Michigan justice training	-	-	23,965	23,965
Narcotics forfeiture	-	-	115,613	115,613
Public safety communication	-	-	4,425	4,425
Building inspection	-	-	777,241	777,241
Binder park golf course	-	-	5,095	5,095
Youth center	-	-	8,915	8,915
Kellogg arena	-	-	59,965	59,965
Community development	-	101	-	101
Special projects	103,499	-	-	103,499
Capital improvements (unexpended bond proceeds)	-	-	5,473,457	5,473,457
	<u>103,499</u>	<u>101</u>	<u>6,468,676</u>	<u>6,572,276</u>
Committed for:				
Major and local streets	-	-	1,041,396	1,041,396
Special grants	-	-	68,547	68,547
Debt service	-	-	154,482	154,482
Capital projects	-	-	1,153,694	1,153,694
Special projects	891,241	-	-	891,241
	<u>891,241</u>	<u>-</u>	<u>2,418,119</u>	<u>3,309,360</u>
Assigned for:				
Departmental appropriations	-	-	454,581	454,581
Capital outlay and projects (encumbrances)	101,236	-	-	101,236
	<u>101,236</u>	<u>-</u>	<u>454,581</u>	<u>555,817</u>
Unassigned (deficit)	6,417,328	-	(9,922)	6,407,406
Total fund balances, governmental funds	<u><u>\$ 7,968,718</u></u>	<u><u>\$ 101</u></u>	<u><u>\$ 10,343,047</u></u>	<u><u>\$ 18,311,866</u></u>

CITY OF BATTLE CREEK, MICHIGAN

■ Notes to Financial Statements

21. RESTATEMENT

The City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result of this change, the beginning net position of the following activities/funds were restated:

Governmental activities	\$ (44,027,963)
Business-type activities	<u>(17,115,809)</u>
	<u><u>\$ (61,143,772)</u></u>
 Enterprise funds:	
Water and wastewater system	\$ (11,868,627)
Battle Creek transit system	(3,789,632)
FAA	(41,644)
Solid waste collection	(166,577)
W.K. Kellogg airport	<u>(1,249,329)</u>
	<u><u>\$ (17,115,809)</u></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,	
	2015	2014
Total pension liability		
Service cost	\$ 3,460,667	\$ 3,152,919
Interest on total pension liability	10,533,430	10,227,546
Difference between expected and actual experience	2,043,014	-
Assumption changes	4,476,291	-
Benefit payments	(9,381,779)	(8,947,330)
Net change in total pension liability	<u>11,131,623</u>	<u>4,433,135</u>
 Total pension liability, beginning of year	 <u>153,438,134</u>	 <u>149,004,999</u>
 Total pension liability, end of year	 <u>164,569,757</u>	 <u>153,438,134</u>
 Plan fiduciary net position		
Employer contributions	4,612,446	4,316,203
Employee contributions	1,076,523	984,463
Pension plan net investment income	4,868,622	17,087,045
Benefit payments and refunds	(9,362,852)	(8,947,330)
Pension plan administrative expense	(200,499)	(213,462)
Other	(1,040,952)	(356,758)
Net change in plan fiduciary net position	<u>(46,712)</u>	<u>12,870,161</u>
 Plan fiduciary net position, beginning of year	 <u>133,897,145</u>	 <u>121,026,984</u>
 Plan fiduciary net position, end of year	 <u>133,850,433</u>	 <u>133,897,145</u>
 Net pension liability	 <u>\$ 30,719,324</u>	 <u>\$ 19,540,989</u>
 Plan fiduciary net position as a percentage of total pension liability	 81.33%	 87.26%
 Covered employee payroll	 <u>\$ 13,495,955</u>	 <u>\$ 11,700,630</u>
 Net pension liability as a percentage of covered employee payroll	 227.62%	 167.01%

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%
		Fiscal Year Ending June 30,	Annual Return ⁽¹⁾			
		2014	14.01%			
		2015	3.44%			

⁽¹⁾ 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%

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	4.0%
Salary increases	4.0%-12.4% including inflation
Investment rate of return	7.0%
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	P-2014 Standard Mortality Tables projected 6 years.

Other information

Actuarial assumptions were updated for mortality improvements.

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, 2015
Total pension liability	
Service cost	\$ 1,869,998
Interest on total pension liability	10,141,309
Benefit payments	<u>(8,776,472)</u>
Net change in total pension liability	3,234,835
 Total pension liability, beginning of year	 <u>126,378,189</u>
 Total pension liability, end of year	 <u>129,613,024</u>
 Plan fiduciary net position	
Employer contributions	3,776,983
Employee contributions	618,872
Pension plan net investment income	5,143,720
Benefit payments and refunds	<u>(8,776,472)</u>
Pension plan administrative expense	<u>(188,145)</u>
Net change in plan fiduciary net position	574,958
 Plan fiduciary net position, beginning of year	 <u>82,831,807</u>
 Plan fiduciary net position, end of year	 <u>83,406,765</u>
 Net pension liability	 <u>\$ 46,206,259</u>
 Plan fiduciary net position as a percentage of total pension liability	 64.35%
 Covered employee payroll	 <u>\$ 17,200,636</u>
 Net pension liability as a percentage of covered employee payroll	 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

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%

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	December 31, 2014
Notes	Actuarially determined contribution rates are calculated as of the June 30 that 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 percent of payroll, closed
Remaining amortization period	24 years
Asset valuation method	Open; 10-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)
Investment rate of return	8.25%
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, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations.
Mortality	1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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%	

Schedule of Employer Contributions			
Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013	\$ 3,236,660	\$ 1,692,092	52.3%
2014	2,386,371	1,754,700	73.5%
2015	2,496,219	2,316,550	92.8%

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 2,265,451	\$ 80,597	\$ 7,714,813	\$ 939,979	\$ 11,000,840
Receivables:					
Interest	12,404	-	1,188	8,810	22,402
Accounts	1,213,261	75,398	52,552	-	1,341,211
Special assessments	-	97,109	-	-	97,109
Grants	746,214	-	-	-	746,214
Inventories	104,129	-	-	-	104,129
Prepaid items	27,555	-	-	-	27,555
Total assets	\$ 4,369,014	\$ 253,104	\$ 7,768,553	\$ 948,789	\$ 13,339,460
Liabilities					
Accounts payable	\$ 594,820	\$ 1,513	\$ 684,926	\$ -	\$ 1,281,259
Retentions, deposits and other liabilities	278,621	-	-	-	278,621
Interfund payable	762,109	-	-	-	762,109
Unearned revenue	575,420	-	1,895	-	577,315
Total liabilities	2,210,970	1,513	686,821	-	2,899,304
Deferred inflows of resources					
Unavailable revenue - Special assessments	-	97,109	-	-	97,109
Fund balances					
Nonspendable	131,684	-	-	879,909	1,011,593
Restricted	926,339	-	5,473,457	68,880	6,468,676
Committed	1,109,943	154,482	1,153,694	-	2,418,119
Assigned	-	-	454,581	-	454,581
Unassigned (deficit)	(9,922)	-	-	-	(9,922)
Total fund balances	2,158,044	154,482	7,081,732	948,789	10,343,047
Total liabilities, deferred inflows of resources and fund balances	\$ 4,369,014	\$ 253,104	\$ 7,768,553	\$ 948,789	\$ 13,339,460

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property tax	\$ -	\$ -	\$ 1,523,972	\$ -	\$ 1,523,972
Intergovernmental	8,171,509	233,421	1,313,936	-	9,718,866
Charges for services	2,737,858	-	-	-	2,737,858
Investment earnings	18,691	846	5,286	13,880	38,703
Contributions	342,462	-	-	-	342,462
Rents and leases	39,463	-	32,504	-	71,967
Other	31,030	668,433	1,937	-	701,400
Total revenues	11,341,013	902,700	2,877,635	13,880	15,135,228
Expenditures					
Current expenditures:					
General government	780,698	-	1,781,607	-	2,562,305
Public safety	634,477	-	-	-	634,477
Highway and streets	6,534,048	-	7,708,408	-	14,242,456
Parks and recreation	2,436,393	-	-	-	2,436,393
Community development	169,832	63,679	-	-	233,511
Inspections	580,355	-	-	-	580,355
Debt service:					
Principal retirement	475,000	1,867,497	-	-	2,342,497
Interest	104,561	1,242,201	-	-	1,346,762
Total expenditures	11,715,364	3,173,377	9,490,015	-	24,378,756
Revenues over (under) expenditures	(374,351)	(2,270,677)	(6,612,380)	13,880	(9,243,528)
Other financing sources (uses)					
Transfers in	2,019,588	2,366,802	2,173,298	-	6,559,688
Transfers out	(1,700,228)	-	(797,001)	(15,000)	(2,512,229)
Total other financing sources (uses)	319,360	2,366,802	1,376,297	(15,000)	4,047,459
Net change in fund balances	(54,991)	96,125	(5,236,083)	(1,120)	(5,196,069)
Fund balances, beginning of year	2,213,035	58,357	12,317,815	949,909	15,539,116
Fund balances, end of year	\$ 2,158,044	\$ 154,482	\$ 7,081,732	\$ 948,789	\$ 10,343,047

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2015

	Major Street and Trunkline Maintenance	Local Street	Special Grants
Assets			
Pooled cash and investments	\$ -	\$ 437,914	\$ -
Receivables:			
Interest	-	10,931	-
Accounts	969,071	169,152	3,215
Grants	-	-	697,104
Inventories	-	-	-
Prepaid items	-	-	5,649
Total assets	\$ 969,071	\$ 617,997	\$ 705,968
Liabilities			
Accounts payable	\$ 61,141	\$ 101,166	\$ 211,123
Retentions, deposits and other liabilities	-	-	-
Interfund payable	380,024	-	369,121
Unearned revenue	3,341	-	51,528
Total liabilities	444,506	101,166	631,772
Fund balances			
Nonspendable	-	-	5,649
Restricted	-	-	-
Committed	524,565	516,831	68,547
Unassigned (deficit)	-	-	-
Total fund balances	524,565	516,831	74,196
Total liabilities and fund balances	\$ 969,071	\$ 617,997	\$ 705,968

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2015

	HOME Program	Michigan Justice Training	Narcotics Forfeiture
Assets			
Pooled cash and investments	\$ -	\$ 26,743	\$ 394,981
Receivables:			
Interest	-	-	1,473
Accounts	-	-	-
Grants	49,110	-	-
Inventories	-	-	-
Prepaid items	-	-	1,333
Total assets	\$ 49,110	\$ 26,743	\$ 397,787
Liabilities			
Accounts payable	\$ 36,146	\$ 2,778	\$ 2,220
Retentions, deposits and other liabilities	-	-	278,621
Interfund payable	12,964	-	-
Unearned revenue	-	-	-
Total liabilities	49,110	2,778	280,841
Fund balances			
Nonspendable	-	-	1,333
Restricted	-	23,965	115,613
Committed	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	-	23,965	116,946
Total liabilities and fund balances	\$ 49,110	\$ 26,743	\$ 397,787

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2015

	Public Safety Communications	Kellogg Arena	Binder Park Golf Course
Assets			
Pooled cash and investments	\$ 435,147	\$ 164,674	\$ 16,844
Receivables:			
Interest	-	-	-
Accounts	-	70,890	-
Grants	-	-	-
Inventories	-	28,829	75,300
Prepaid items	-	18,828	-
Total assets	\$ 435,147	\$ 283,221	\$ 92,144
Liabilities			
Accounts payable	\$ -	\$ 162,957	\$ 4,449
Retentions, deposits and other liabilities	-	-	-
Interfund payable	-	-	-
Unearned revenue	430,722	82,529	7,300
Total liabilities	430,722	245,486	11,749
Fund balances			
Nonspendable	-	47,657	75,300
Restricted	4,425	-	5,095
Committed	-	-	-
Unassigned (deficit)	-	(9,922)	-
Total fund balances	4,425	37,735	80,395
Total liabilities and fund balances	\$ 435,147	\$ 283,221	\$ 92,144

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2015

	Building Inspection Fund	Total
Assets		
Pooled cash and investments	\$ 789,148	\$ 2,265,451
Receivables:		
Interest	-	12,404
Accounts	933	1,213,261
Grants	-	746,214
Inventories	-	104,129
Prepaid items	1,745	27,555
Total assets	\$ 791,826	\$ 4,369,014
Liabilities		
Accounts payable	12,840	\$ 594,820
Retentions, deposits and other liabilities	-	278,621
Interfund payable	-	762,109
Unearned revenue	-	575,420
Total liabilities	12,840	2,210,970
Fund balances		
Nonspendable	1,745	131,684
Restricted	777,241	926,339
Committed	-	1,109,943
Unassigned (deficit)	-	(9,922)
Total fund balances	778,986	2,158,044
Total liabilities and fund balances	\$ 791,826	\$ 4,369,014

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, 2015

	Major Street and Trunkline Maintenance	Local Street	Special Grants
Revenues			
Intergovernmental	\$ 4,963,155	\$ 1,047,076	\$ 1,040,652
Charges for services	-	-	-
Investment earnings (loss)	(1,506)	(5,272)	-
Contributions	-	-	25,544
Rents and leases	39,463	-	-
Other	17,322	13,203	175
Total revenues	5,018,434	1,055,007	1,066,371
Expenditures			
Current expenditures:			
General government	-	-	615,619
Public safety	-	-	634,477
Highways and streets	3,663,830	2,870,218	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	3,663,830	2,870,218	1,250,096
Revenues over (under) expenditures	1,354,604	(1,815,211)	(183,725)
Other financing sources (uses)			
Transfers in	220,562	1,707,986	76,040
Transfers out	(1,699,463)	-	-
Total other financing sources (uses)	(1,478,901)	1,707,986	76,040
Net change in fund balances	(124,297)	(107,225)	(107,685)
Fund balances (deficit), beginning of year	648,862	624,056	181,881
Fund balances, end of year	\$ 524,565	\$ 516,831	\$ 74,196

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, 2015

	HOME Program	Michigan Justice Training	Narcotics Forfeiture
Revenues			
Intergovernmental	\$ 170,595	\$ 20,497	\$ 178,427
Charges for services	-	-	-
Investment earnings (loss)	-	-	5,440
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
Total revenues	170,595	20,497	183,867
Expenditures			
Current expenditures:			
General government	-	6,597	158,482
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	169,832	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	169,832	6,597	158,482
Revenues over (under) expenditures	763	13,900	25,385
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(765)	-	-
Total other financing sources (uses)	(765)	-	-
Net change in fund balances	(2)	13,900	25,385
Fund balances (deficit), beginning of year	2	10,065	91,561
Fund balances, end of year	\$ -	\$ 23,965	\$ 116,946

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, 2015

	Public Safety Communications	Kellogg Arena	Binder Park Golf Course
Revenues			
Intergovernmental	\$ 451,107	\$ 300,000	\$ -
Charges for services	-	987,401	1,042,953
Investment earnings (loss)	8,190	-	-
Contributions	-	316,918	-
Rents and leases	-	-	-
Other	-	-	-
Total revenues	459,297	1,604,319	1,042,953
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	1,507,089	929,304
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	435,000	-	40,000
Interest	24,297	-	80,264
Total expenditures	459,297	1,507,089	1,049,568
Revenues over (under) expenditures	-	97,230	(6,615)
Other financing sources (uses)			
Transfers in	-	15,000	-
Transfers out	-	-	-
Total other financing sources (uses)	-	15,000	-
Net change in fund balances	-	112,230	(6,615)
Fund balances (deficit), beginning of year	4,425	(74,495)	87,010
Fund balances, end of year	\$ 4,425	\$ 37,735	\$ 80,395

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, 2015

	Building Inspection Fund	Total
Revenues		
Intergovernmental	\$ -	\$ 8,171,509
Charges for services	707,504	2,737,858
Investment income (loss)	11,839	18,691
Contributions	-	342,462
Rents and leases	-	39,463
Other	330	31,030
 Total revenues	 719,673	 11,341,013
 Expenditures		
Current expenditures:		
General government	-	780,698
Public safety	-	634,477
Highways and streets	-	6,534,048
Parks and recreation	-	2,436,393
Community development	-	169,832
Inspections	580,355	580,355
Debt service:		
Principal	-	475,000
Interest	-	104,561
 Total expenditures	 580,355	 11,715,364
 Revenues over (under) expenditures	 139,318	 (374,351)
 Other financing sources (uses)		
Transfers in	-	2,019,588
Transfers out	-	(1,700,228)
 Total other financing sources (uses)	 -	 319,360
 Net change in fund balances	 139,318	 (54,991)
 Fund balances (deficit), beginning of year	 639,668	 2,213,035
 Fund balances, end of year	 \$ 778,986	 \$ 2,158,044

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, 2015

	Major Street and Trunkline Maintenance Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ 4,979,774	\$ 4,963,155	\$ (16,619)
Charges for services	-	-	-
Investment earnings (loss)	-	(1,506)	(1,506)
Contributions	-	-	-
Rents and leases	41,000	39,463	(1,537)
Other	1,000	17,322	16,322
Total revenues	5,021,774	5,018,434	(3,340)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	3,667,170	3,663,830	(3,340)
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	3,667,170	3,663,830	(3,340)
Revenues over (under) expenditures	1,354,604	1,354,604	-
Other financing sources (uses)			
Transfers in	220,562	220,562	-
Transfers out	(1,699,463)	(1,699,463)	-
Total other financing sources (uses)	(1,478,901)	(1,478,901)	-
Net change in fund balances	(124,297)	(124,297)	-
Fund balances (deficit), beginning of year	648,862	648,862	-
Fund balances, end of year	\$ 524,565	\$ 524,565	\$ -

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, 2015

	Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ 1,046,650	\$ 1,047,076	\$ 426
Charges for services	-	-	-
Investment earnings (loss)	-	(5,272)	(5,272)
Contributions	-	-	-
Rents and leases	-	-	-
Other	8,358	13,203	4,845
Total revenues	1,055,008	1,055,007	(1)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	2,870,220	2,870,218	(2)
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	2,870,220	2,870,218	(2)
Revenues over (under) expenditures	(1,815,212)	(1,815,211)	1
Other financing sources (uses)			
Transfers in	1,707,986	1,707,986	-
Transfers out	-	-	-
Total other financing sources (uses)	1,707,986	1,707,986	-
Net change in fund balances	(107,226)	(107,225)	1
Fund balances (deficit), beginning of year	624,056	624,056	-
Fund balances, end of year	\$ 516,830	\$ 516,831	\$ 1

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, 2015

	Special Grants Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ 1,943,680	\$ 1,040,652	\$ (903,028)
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	44,330	25,544	(18,786)
Rents and leases	-	-	-
Other	912	175	(737)
Total revenues	1,988,922	1,066,371	(922,551)
Expenditures			
Current expenditures:			
General government	1,323,541	615,619	(707,922)
Public safety	1,002,733	634,477	(368,256)
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	2,326,274	1,250,096	(1,076,178)
Revenues over (under) expenditures	(337,352)	(183,725)	153,627
Other financing sources (uses)			
Transfers in	99,446	76,040	(23,406)
Transfers out	-	-	-
Total other financing sources (uses)	99,446	76,040	(23,406)
Net change in fund balances	(237,906)	(107,685)	130,221
Fund balances (deficit), beginning of year	181,881	181,881	-
Fund balances, end of year	\$ (56,025)	\$ 74,196	\$ 130,221

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, 2015

	HOME Program Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ 413,715	\$ 170,595	\$ (243,120)
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
Total revenues	413,715	170,595	(243,120)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	412,950	169,832	(243,118)
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	412,950	169,832	(243,118)
Revenues over (under) expenditures	765	763	(2)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(765)	(765)	-
Total other financing sources (uses)	(765)	(765)	-
Net change in fund balances	-	(2)	(2)
Fund balances (deficit), beginning of year	2	2	-
Fund balances, end of year	\$ 2	\$ -	\$ (2)

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, 2015

Michigan Justice Training Fund			
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ 18,400	\$ 20,497	\$ 2,097
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
Total revenues	18,400	20,497	2,097
Expenditures			
Current expenditures:			
General government	18,400	6,597	(11,803)
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	18,400	6,597	(11,803)
Revenues over (under) expenditures	-	13,900	13,900
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	13,900	13,900
Fund balances (deficit), beginning of year	10,065	10,065	-
Fund balances, end of year	\$ 10,065	\$ 23,965	\$ 13,900

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, 2015

	Narcotics Forfeiture Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ 150,000	\$ 178,427	\$ 28,427
Charges for services	-	-	-
Investment earnings (loss)	(1,000)	5,440	6,440
Contributions	-	-	-
Rents and leases	-	-	-
Other	10,000	-	(10,000)
Total revenues	159,000	183,867	24,867
Expenditures			
Current expenditures:			
General government	158,950	158,482	(468)
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	158,950	158,482	(468)
Revenues over (under) expenditures	50	25,385	25,335
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	50	25,385	25,335
Fund balances (deficit), beginning of year	91,561	91,561	-
Fund balances, end of year	\$ 91,611	\$ 116,946	\$ 25,335

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, 2015

	Public Safety Communications		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ 466,380	\$ 451,107	\$ (15,273)
Charges for services	-	-	-
Investment earnings (loss)	-	8,190	8,190
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
Total revenues	466,380	459,297	(7,083)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	435,000	435,000	-
Interest	24,297	24,297	-
Total expenditures	459,297	459,297	-
Revenues over (under) expenditures	7,083	-	(7,083)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	7,083	-	(7,083)
Fund balances (deficit), beginning of year	4,425	4,425	-
Fund balances, end of year	\$ 11,508	\$ 4,425	\$ (7,083)

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, 2015

	Kellogg Arena Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ 616,918	\$ 300,000	\$ (316,918)
Charges for services	1,083,642	987,401	(96,241)
Investment earnings (loss)	-	-	-
Contributions	-	316,918	316,918
Rents and leases	-	-	-
Other	-	-	-
 Total revenues	 1,700,560	 1,604,319	 (96,241)
 Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	1,657,695	1,507,089	(150,606)
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
 Total expenditures	 1,657,695	 1,507,089	 (150,606)
 Revenues over (under) expenditures	 42,865	 97,230	 54,365
 Other financing sources (uses)			
Transfers in	-	15,000	15,000
Transfers out	-	-	-
 Total other financing sources (uses)	 -	 15,000	 15,000
 Net change in fund balances	 42,865	 112,230	 69,365
 Fund balances (deficit), beginning of year	 (74,495)	 (74,495)	 -
 Fund balances, end of year	 \$ (31,630)	 \$ 37,735	 \$ 69,365

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, 2015

	Binder Park Golf Course		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ -	\$ -	\$ -
Charges for services	1,078,590	1,042,953	(35,637)
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
Total revenues	1,078,590	1,042,953	(35,637)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	956,997	929,304	(27,693)
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	40,000	40,000	-
Interest	80,264	80,264	-
Total expenditures	1,077,261	1,049,568	(27,693)
Revenues over (under) expenditures	1,329	(6,615)	(7,944)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	1,329	(6,615)	(7,944)
Fund balances (deficit), beginning of year	87,010	87,010	-
Fund balances, end of year	\$ 88,339	\$ 80,395	\$ (7,944)

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, 2015

	Building Inspection Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	\$ -	\$ -	\$ -
Charges for services	524,100	707,504	183,404
Investment earnings (loss)	4,000	11,839	7,839
Contributions	-	-	-
Rents and leases	-	-	-
Other	200	330	130
Total revenues	528,300	719,673	191,373
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Community development	-	-	-
Inspections	528,300	580,355	52,055
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	528,300	580,355	52,055
Revenues over (under) expenditures	-	139,318	139,318
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	139,318	139,318
Fund balances (deficit), beginning of year	639,668	639,668	-
Fund balances, end of year	\$ 639,668	\$ 778,986	\$ 139,318

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds
June 30, 2015

	DPW Building	Building Authority Bonds	Special Assessment Debt Service	Michigan Transportation Fund Bonds Debt Service
Assets				
Pooled cash and investments	\$ 3,064	\$ 5,311	\$ 51,969	\$ 926
Receivables:				
Accounts	-	-	-	-
Special assessments	-	-	97,109	-
Total assets	\$ 3,064	\$ 5,311	\$ 149,078	\$ 926
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,513	\$ -
Deferred inflows of resources				
Unavailable revenue -				
Special assessments	-	-	97,109	-
Fund balances				
Committed	3,064	5,311	50,456	926
Total liabilities, deferred inflows of resources and fund balances	\$ 3,064	\$ 5,311	\$ 149,078	\$ 926

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds
June 30, 2015

	Energy Savings	Capital Improvement Bonds	Total
Assets			
Pooled cash and investments	\$ -	\$ 19,327	\$ 80,597
Receivables:			
Accounts	-	75,398	75,398
Special assessments	-	-	97,109
Total assets	\$ -	\$ 94,725	\$ 253,104
Liabilities			
Accounts payable	\$ -	\$ -	\$ 1,513
Deferred inflows of resources			
Unavailable revenue -			
Special assessments	-	-	97,109
Fund balances			
Committed	-	94,725	154,482
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 94,725	\$ 253,104

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, 2015

	DPW Building	Building Authority Bonds	Special Assessment Debt Service	Michigan Transportation Fund Bonds Debt Service
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	846	-
Other	-	604,200	64,233	-
Total revenues	-	604,200	65,079	-
Expenditures				
Community development	-	-	63,679	-
Debt service:				
Principal retirement	510,000	440,000	-	-
Interest	244,790	164,200	-	-
Total expenditures	754,790	604,200	63,679	-
Revenues over (under) expenditures	(754,790)	-	1,400	-
Other financing sources				
Transfers in	754,790	-	-	-
Net change in fund balances	-	-	1,400	-
Fund balances, beginning of year	3,064	5,311	49,056	926
Fund balances, end of year	\$ 3,064	\$ 5,311	\$ 50,456	\$ 926

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, 2015

	Energy Savings	Capital Improvement Bonds	Total
Revenues			
Intergovernmental	\$ -	\$ 233,421	\$ 233,421
Investment earnings	-	-	846
Other	-	-	<u>668,433</u>
Total revenues	<u>-</u>	<u>233,421</u>	<u>902,700</u>
Expenditures			
Community development	-	-	63,679
Debt service:			
Principal retirement	262,497	655,000	1,867,497
Interest	120,823	712,388	<u>1,242,201</u>
Total expenditures	<u>383,320</u>	<u>1,367,388</u>	<u>3,173,377</u>
Revenues over (under) expenditures	(383,320)	(1,133,967)	(2,270,677)
Other financing sources			
Transfers in	<u>383,320</u>	<u>1,228,692</u>	<u>2,366,802</u>
Net change in fund balances	<u>-</u>	<u>94,725</u>	<u>96,125</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>58,357</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 94,725</u>	<u>\$ 154,482</u>

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds
June 30, 2015

	Street Projects	Justice Center Construction	General Capital Improvement
Assets			
Pooled cash and investments	\$ 1,078,615	\$ 8,360	\$ 408,926
Receivables:			
Interest	-	33	-
Accounts	-	-	47,892
Total assets	\$ 1,078,615	\$ 8,393	\$ 456,818
Liabilities			
Accounts payable	\$ 21,162	\$ -	\$ 342
Unearned revenue	-	-	1,895
Total liabilities	21,162	-	2,237
Fund balances			
Restricted	-	-	-
Committed	1,057,453	8,393	-
Assigned	-	-	454,581
Total fund balances	1,057,453	8,393	454,581
Total liabilities and fund balances	\$ 1,078,615	\$ 8,393	\$ 456,818

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet Nonmajor Capital Projects Funds

	Dispatch Capital Improvement	Downtown Transformation Projects	Capital Improvements Bond	Total
Assets				
Pooled cash and investments	\$ 89,221	\$ 134,460	\$ 5,995,231	\$ 7,714,813
Receivables:				
Interest	-	-	1,155	1,188
Accounts	-	4,660	-	52,552
Total assets	\$ 89,221	\$ 139,120	\$ 5,996,386	\$ 7,768,553
Liabilities				
Accounts payable	\$ 1,409	\$ 139,084	\$ 522,929	\$ 684,926
Unearned revenue	-	-	-	1,895
Total liabilities	1,409	139,084	522,929	686,821
Fund balances				
Restricted	-	-	5,473,457	5,473,457
Committed	87,812	36	-	1,153,694
Assigned	-	-	-	454,581
Total fund balances	87,812	36	5,473,457	7,081,732
Total liabilities and fund balances	\$ 89,221	\$ 139,120	\$ 5,996,386	\$ 7,768,553

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, 2015

	Street Projects	Justice Center Construction	General Capital Improvement
Revenue			
Property tax	\$ 1,523,972	\$ -	\$ -
Intergovernmental	13,936	-	-
Investment earnings	-	125	-
Rents and leases	-	-	32,504
Other	750	-	1,187
Total revenue	1,538,658	125	33,691
Expenditures			
General government	-	-	319,687
Highways and streets	2,935,599	-	-
Total expenditures	2,935,599	-	319,687
Revenue over (under) expenditures	(1,396,941)	125	(285,996)
Other financing sources (uses)			
Transfers in	1,755,946	-	1,000
Transfers out	(130,649)	-	-
Total other financing sources (uses)	1,625,297	-	1,000
Net change in fund balances	228,356	125	(284,996)
Fund balances, beginning of year	829,097	8,268	739,577
Fund balances, end of year	\$ 1,057,453	\$ 8,393	\$ 454,581

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, 2015

	Dispatch Capital Improvement	Downtown Transformation Projects	Capital Improvements Bond	Total
Revenue				
Property tax	\$ -	\$ -	\$ -	\$ 1,523,972
Intergovernmental	-	1,300,000	-	1,313,936
Investment earnings	1,473	-	3,688	5,286
Rents and leases	-	-	-	32,504
Other	-	-	-	1,937
Total revenue	1,473	1,300,000	3,688	2,877,635
Expenditures				
General government	-	-	1,461,920	1,781,607
Highways and streets	-	1,716,351	3,056,458	7,708,408
Total expenditures	-	1,716,351	4,518,378	9,490,015
Revenue over (under) expenditures	1,473	(416,351)	(4,514,690)	(6,612,380)
Other financing sources (uses)				
Transfers in	-	416,352	-	2,173,298
Transfers out	-	-	(666,352)	(797,001)
Total other financing sources (uses)	-	416,352	(666,352)	1,376,297
Net change in fund balances	1,473	1	(5,181,042)	(5,236,083)
Fund balances, beginning of year	86,339	35	10,654,499	12,317,815
Fund balances, end of year	\$ 87,812	\$ 36	\$ 5,473,457	\$ 7,081,732

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2015

	Youth Center Endowment	Kellogg Arena Endowment	Total
Assets			
Pooled cash and investments	\$ 260,254	\$ 679,725	\$ 939,979
Interest receivable	5,037	3,773	8,810
Total assets	\$ 265,291	\$ 683,498	\$ 948,789
Fund balances			
Nonspendable	\$ 256,376	\$ 623,533	\$ 879,909
Restricted	8,915	59,965	68,880
Total fund balances	\$ 265,291	\$ 683,498	\$ 948,789

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended June 30, 2015

	Youth Center Endowment	Kellogg Arena Endowment	Total
Revenues			
Investment earnings	\$ 3,577	\$ 10,303	\$ 13,880
Other financing uses			
Transfers out	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
Net change in fund balances	3,577	(4,697)	(1,120)
Fund balances, beginning of year	261,714	688,195	949,909
Fund balances, end of year	\$ 265,291	\$ 683,498	\$ 948,789

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2015

	Automobile Parking System	FAA	Solid Waste Collection
Assets			
Current assets:			
Pooled cash and investments	\$ 721,033	\$ 1,174,407	\$ 24,461
Receivables:			
Interest	-	-	860
Accounts	67,714	34,951	558,783
Loans, current portion	-	-	-
Prepaid items	-	-	-
Total current assets	<u>788,747</u>	<u>1,209,358</u>	<u>584,104</u>
Noncurrent assets -			
Capital assets, net	<u>4,294,660</u>	<u>1,114,624</u>	<u>-</u>
Total assets	<u>5,083,407</u>	<u>2,323,982</u>	<u>584,104</u>
Deferred outflows of resources			
Deferred pension amounts	<u>-</u>	<u>3,181</u>	<u>12,724</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	3,453	6,983	223,457
Compensated absences	-	-	4,532
Retentions, deposits and other liabilities	-	-	76,021
Accrued interest payable	-	-	-
Unearned revenue	-	33,700	-
Lease payable, current portion	-	-	-
Total current liabilities	<u>3,453</u>	<u>40,683</u>	<u>304,010</u>
Noncurrent liabilities -			
Advances from other government	-	397,540	-
Lease payable	-	-	-
Net pension liability	-	46,206	184,826
Total noncurrent liabilities	<u>-</u>	<u>443,746</u>	<u>184,826</u>
Total liabilities	<u>3,453</u>	<u>484,429</u>	<u>488,836</u>
Net position			
Net investment in capital assets	4,294,660	1,114,624	-
Unrestricted (deficit)	<u>785,294</u>	<u>728,110</u>	<u>107,992</u>
Total net position	<u>\$ 5,079,954</u>	<u>\$ 1,842,734</u>	<u>\$ 107,992</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2015

	Economic Development	W.K. Kellogg Airport	Total
Assets			
Current assets:			
Pooled cash and investments	\$ 6,543,049	\$ 479,600	\$ 8,942,550
Receivables:			
Interest	19,692	13,877	34,429
Accounts	-	372,659	1,034,107
Loans, current portion	3,236,611	-	3,236,611
Prepaid items	-	220	220
Total current assets	<u>9,799,352</u>	<u>866,356</u>	<u>13,247,917</u>
Noncurrent assets -			
Capital assets, net		<u>11,350,874</u>	<u>16,760,158</u>
Total assets	<u>9,799,352</u>	<u>12,217,230</u>	<u>30,008,075</u>
Deferred outflows of resources			
Deferred pension amounts		<u>95,423</u>	<u>111,328</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	6,947	464,295	705,135
Compensated absences	-	60,097	64,629
Retentions, deposits and other liabilities	-	-	76,021
Accrued interest payable	-	7,393	7,393
Unearned revenue	-	52,894	86,594
Lease payable, current portion	-	138,078	138,078
Total current liabilities	<u>6,947</u>	<u>722,757</u>	<u>1,077,850</u>
Noncurrent liabilities -			
Advances from other government	-	-	397,540
Lease payable	-	185,572	185,572
Net pension liability	-	1,386,187	1,617,219
Total noncurrent liabilities	<u>-</u>	<u>1,571,759</u>	<u>2,200,331</u>
Total liabilities	<u>6,947</u>	<u>2,294,516</u>	<u>3,278,181</u>
Net position			
Net investment in capital assets	-	11,027,224	16,436,508
Unrestricted (deficit)	<u>9,792,405</u>	<u>(1,009,087)</u>	<u>10,404,714</u>
Total net position	<u>\$ 9,792,405</u>	<u>\$ 10,018,137</u>	<u>\$ 26,841,222</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, 2015

	Automobile Parking System	FAA	Solid Waste Collection
Operating revenues			
Charges for services	\$ 1,398,498	\$ 404,400	\$ 3,032,556
Other	-	-	62,182
Total operating revenues	1,398,498	404,400	3,094,738
Operating expenses			
Personal services	-	15,555	207,189
Materials and supplies	-	4,520	31,442
Contractual and other	1,074,415	133,605	2,736,439
Depreciation	295,541	125,314	-
Total operating expenses	1,369,956	278,994	2,975,070
Operating income (loss)	28,542	125,406	119,668
Nonoperating revenues (expenses)			
Intergovernmental subsidies	-	-	-
Investment income	8,649	-	-
Interest expense	-	-	-
Total nonoperating revenues	8,649	-	-
Income (loss) before transfers	37,191	125,406	119,668
Transfers in	9,036	-	-
Transfers out	(57,137)	(826)	(14,016)
Change in net position	(10,910)	124,580	105,652
Net position, beginning of year	5,090,864	1,759,798	168,917
Restatement for implementation of GASB 68	-	(41,644)	(166,577)
Net position, end of year	\$ 5,079,954	\$ 1,842,734	\$ 107,992

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, 2015

	Economic Development	W.K. Kellogg Airport	Total
Operating revenues			
Charges for services	\$ -	\$ 965,334	\$ 5,800,788
Other	<u>44,676</u>	<u>19,780</u>	<u>126,638</u>
Total operating revenues	<u>44,676</u>	<u>985,114</u>	<u>5,927,426</u>
Operating expenses			
Personal services	-	866,753	1,089,497
Materials and supplies	-	189,992	225,954
Contractual and other	124,121	491,566	4,560,146
Depreciation	-	656,824	1,077,679
Total operating expenses	<u>124,121</u>	<u>2,205,135</u>	<u>6,953,276</u>
Operating income (loss)	<u>(79,445)</u>	<u>(1,220,021)</u>	<u>(1,025,850)</u>
Nonoperating revenues (expenses)			
Intergovernmental subsidies	-	1,043,725	1,043,725
Investment income	11,027	6,666	26,342
Interest expense	-	(21,411)	(21,411)
Total nonoperating revenues	<u>11,027</u>	<u>1,028,980</u>	<u>1,048,656</u>
Income (loss) before transfers	(68,418)	(191,041)	22,806
Transfers in	-	-	9,036
Transfers out	-	(5,993)	(77,972)
Change in net position	(68,418)	(197,034)	(46,130)
Net position, beginning of year	9,860,823	11,464,500	28,344,902
Restatement for implementation of GASB 68	-	(1,249,329)	(1,457,550)
Net position, end of year	<u>\$ 9,792,405</u>	<u>\$ 10,018,137</u>	<u>\$ 26,841,222</u>

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

	Automobile Parking System	FAA	Solid Waste Collection
Cash flows from operating activities			
Receipts from customers and users	\$ 1,330,784	\$ 438,100	\$ 3,079,819
Payments to suppliers and contractors	(1,152,189)	(139,103)	(2,801,567)
Payments to employees	-	(14,174)	(204,792)
Payments for interfund services	-	-	(34,983)
 Net cash provided by (used in) operating activities	 178,595	 284,823	 38,477
Cash flows from noncapital financing activities			
Transfers in	9,036	-	-
Transfers out	(57,137)	(826)	(14,016)
Intergovernmental subsidies	-	-	-
 Net cash provided by (used in) noncapital financing activities	 (48,101)	 (826)	 (14,016)
Cash flows from capital and related financing activities			
Principal and interest paid on debt	-	-	-
Purchase of capital assets	-	(20,165)	-
 Net cash used in capital and related financing activities	 -	 (20,165)	 -
Cash flows from investing activities			
Interest earnings on investments	8,649	-	-
 Net change in pooled cash and investments	 139,143	 263,832	 24,461
Pooled cash and investments, beginning of year	581,890	910,575	-
 Pooled cash and investments, end of year	 \$ 721,033	 \$ 1,174,407	 \$ 24,461

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

	Economic Development	W.K. Kellogg Airport	Total
Cash flows from operating activities			
Receipts from customers and users	\$ (1,421,426)	\$ 656,983	\$ 4,084,260
Payments to suppliers and contractors	(117,174)	(192,939)	(4,402,972)
Payments to employees	-	(821,329)	(1,040,295)
Payments for interfund services	-	(98,232)	(133,215)
 Net cash provided by (used in) operating activities	 <u>(1,538,600)</u>	 <u>(455,517)</u>	 <u>(1,492,222)</u>
Cash flows from noncapital financing activities			
Transfers in	-	-	9,036
Transfers out	-	(5,993)	(77,972)
Intergovernmental subsidies	-	1,043,725	1,043,725
 Net cash provided by (used in) noncapital financing activities	 <u>-</u>	 <u>1,037,732</u>	 <u>974,789</u>
Cash flows from capital and related financing activities			
Principal and interest paid on debt	-	(194,991)	(194,991)
Purchase of capital assets	-	(601,086)	(621,251)
 Net cash used in capital and related financing activities	 <u>-</u>	 <u>(796,077)</u>	 <u>(816,242)</u>
Cash flows from investing activities			
Interest earnings on investments	11,027	7,041	26,717
 Net change in pooled cash and investments	 <u>(1,527,573)</u>	 <u>(206,821)</u>	 <u>(1,306,958)</u>
 Pooled cash and investments, beginning of year	 <u>8,070,622</u>	 <u>686,421</u>	 <u>10,249,508</u>
 Pooled cash and investments, end of year	 <u>\$ 6,543,049</u>	 <u>\$ 479,600</u>	 <u>\$ 8,942,550</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2015

	Automobile Parking System	FAA	Solid Waste Collection
Cash flows from operating activities			
Operating income (loss)	\$ 28,542	\$ 125,406	\$ 119,668
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	295,541	125,314	-
Changes in assets and liabilities:			
Interest receivable	-	-	(455)
Accounts receivable	(67,714)	33,700	(14,464)
Loans receivable	-	-	-
Prepaid items	-	-	-
Accounts payable and accrued liabilities	(77,774)	(978)	(730)
Retentions, deposits and other liabilities	-	-	8,209
Compensated absences	-	-	(3,128)
Interfund payable	-	-	(76,148)
Unearned revenue	-	-	-
Net pension liability and related deferred outflows	-	1,381	5,525
Net cash provided by (used in) operating activities	\$ 178,595	\$ 284,823	\$ 38,477

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

	Economic Development	W.K. Kellogg Airport	Total
Cash flows from operating activities			
Operating income (loss)	\$ (79,445)	\$ (1,220,021)	\$ (1,025,850)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	656,824	1,077,679
Changes in assets and liabilities:			
Interest receivable	41,766	-	41,311
Accounts receivable	2,270	(328,129)	(374,337)
Loans receivable	(1,510,138)	-	(1,510,138)
Prepaid items	-	(220)	(220)
Accounts payable and accrued liabilities	6,947	390,607	318,072
Retentions, deposits and other liabilities	-	-	8,209
Compensated absences	-	3,989	861
Interfund payable	-	-	(76,148)
Unearned revenue	-	(2)	(2)
Net pension liability and related deferred outflows	-	41,435	48,341
Net cash provided by (used in) operating activities	\$ (1,538,600)	\$ (455,517)	\$ (1,492,222)

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Equipment Center	Self- Insurance	Information Services	Reproduction	Total
Assets					
Current assets:					
Pooled cash and investments	\$ 1,988,558	\$ 7,145,198	\$ -	\$ 84,424	\$ 9,218,180
Interest	-	92,972	-	-	92,972
Accounts	23,096	552,996	-	2,202	578,294
Inventories	540,503	-	-	-	540,503
Prepaid items	-	142,967	319,929	-	462,896
Total current assets	2,552,157	7,934,133	319,929	86,626	10,892,845
Noncurrent assets -					
Capital assets, net	2,112,512	36,392	823,185	-	2,972,089
Total assets	4,664,669	7,970,525	1,143,114	86,626	13,864,934
Liabilities					
Current liabilities:					
Accounts payable	163,853	219,940	159,575	2,128	545,496
Compensated absences payable	55,996	11,036	85,361	10,455	162,848
Claims payable, current portion	-	2,646,293	-	-	2,646,293
Unearned revenue	350	84,029	-	-	84,379
Total current liabilities	220,199	2,961,298	244,936	12,583	3,439,016
Noncurrent liabilities -					
Claims payable	-	2,035,294	-	-	2,035,294
Total liabilities	220,199	4,996,592	244,936	12,583	5,474,310
Net position					
Investment in capital assets	2,112,512	36,392	823,185	-	2,972,089
Unrestricted	2,331,958	2,937,541	74,993	74,043	5,418,535
Total net position	\$ 4,444,470	\$ 2,973,933	\$ 898,178	\$ 74,043	\$ 8,390,624

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, 2015

	Equipment Center	Self- Insurance	Information Services	Reproduction	Total
Operating revenues					
Charges for services	\$ 4,415,790	\$ 11,989,008	\$ 1,129,688	\$ 239,539	\$ 17,774,025
Rents and leases	1,585,050	-	-	-	1,585,050
Other	125,796	112,158	143	-	238,097
Total operating revenues	6,126,636	12,101,166	1,129,831	239,539	19,597,172
Operating expenses					
Personal services	1,031,198	1,239,082	1,149,725	193,550	3,613,555
Materials and supplies	2,035,889	21,716	108,178	95,106	2,260,889
Contractual and other	1,239,207	12,167,110	396,189	35,897	13,838,403
Depreciation	625,808	10,398	174,434	-	810,640
Total operating expenses	4,932,102	13,438,306	1,828,526	324,553	20,523,487
Operating income (loss)	1,194,534	(1,337,140)	(698,695)	(85,014)	(926,315)
Nonoperating revenues					
Investment gain	-	82,522	-	-	82,522
Income (loss) before transfers	1,194,534	(1,254,618)	(698,695)	(85,014)	(843,793)
Transfers in	-	-	456,410	54,634	511,044
Transfers out	(786,790)	(489,683)	-	(459)	(1,276,932)
Change in net position	407,744	(1,744,301)	(242,285)	(30,839)	(1,609,681)
Net position, beginning of year	4,036,726	4,718,234	1,140,463	104,882	10,000,305
Net position, end of year	\$ 4,444,470	\$ 2,973,933	\$ 898,178	\$ 74,043	\$ 8,390,624

CITY OF BATTLE CREEK, MICHIGAN

■ **Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2015

	Equipment Center	Self- Insurance	Information Services	Reproduction	Total
Cash flows from operating activities					
Receipts from interfund services	\$ 6,126,636	\$ 12,101,166	\$ 1,129,831	\$ 239,539	\$ 19,597,172
Payments to suppliers and contractors	(3,316,641)	(12,933,879)	(684,575)	(127,292)	(17,062,387)
Payments to employees	(1,021,986)	(1,232,991)	(1,138,990)	(192,860)	(3,586,827)
Net cash provided by (used in) operating activities	1,788,009	(2,065,704)	(693,734)	(80,613)	(1,052,042)
Cash flows from noncapital financing activities					
Transfers in	-	-	456,410	54,634	511,044
Transfers out	(786,790)	(489,683)	-	(459)	(1,276,932)
Net cash provided by (used in) noncapital financing activities	(786,790)	(489,683)	456,410	54,175	(765,888)
Cash flows from capital and related financing activities					
Purchase of capital assets	(809,845)	-	(19,896)	-	(829,741)
Cash flows from investing activities					
Investment income	-	82,522	-	-	82,522
Net change in pooled cash and investments	191,374	(2,472,865)	(257,220)	(26,438)	(2,565,149)
Pooled cash and investments, beginning of year	1,797,184	9,618,063	257,220	110,862	11,783,329
Pooled cash and investments, end of year	\$ 1,988,558	\$ 7,145,198	\$ -	\$ 84,424	\$ 9,218,180

continued...

CITY OF BATTLE CREEK, MICHIGAN

■ **Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2015

	Equipment Center	Self- Insurance	Information Services	Reproduction	Total
Cash flows from operating activities					
Operating income (loss)	\$ 1,194,534	\$ (1,337,140)	\$ (698,695)	\$ (85,014)	\$ (926,315)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	625,808	10,398	174,434	-	810,640
Changes in assets and liabilities:					
Interest receivable	-	8,699	-	-	8,699
Accounts receivable	(21,029)	29,233	18,152	2,690	29,046
Inventories	54,177	-	-	-	54,177
Prepaid items	-	(107)	(319,929)	-	(320,036)
Accounts payable and accrued liabilities	(74,693)	(1,443,971)	121,569	1,021	(1,396,074)
Compensated absences	9,212	6,091	10,735	690	26,728
Claims payable	-	646,994	-	-	646,994
Unearned revenue	-	14,099	-	-	14,099
Net cash provided by (used in) operating activities	\$ 1,788,009	\$ (2,065,704)	\$ (693,734)	\$ (80,613)	\$ (1,052,042)

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CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

June 30, 2015

	Pension		Other Employee Benefits			
	Police and Fire Retirement System	Retirement Health Funding Vehicle	Fire Retiree Health Care	Total		
Assets						
Cash and cash equivalents	\$ 5,488,081	\$ 62	\$ 1,270,173	\$ 6,758,316		
Investments:						
U.S. treasuries	8,385,544	-	-	8,385,544		
U.S. agencies	16,773,743	-	-	16,773,743		
Domestic corporate securities	35,761,763	-	-	35,761,763		
Domestic equities	24,980,665	-	-	24,980,665		
American depository receipts	12,954,733	-	-	12,954,733		
International equities	28,364,287	-	-	28,364,287		
Real estate trusts	463,980	-	-	463,980		
Mutual funds	-	3,813,348	-	3,813,348		
Interest receivable	419,380	-	2,982	422,362		
Pension contributions receivable	389,496	-	-	389,496		
 Total assets	 133,981,672	 3,813,410	 1,273,155	 139,068,237		
Liabilities						
Obligation for impaired investment of securities lending collateral	131,239	-	-	131,239		
Net position						
Restricted for pension and postemployment healthcare benefits	<u>\$ 133,850,433</u>	<u>\$ 3,813,410</u>	<u>\$ 1,273,155</u>	<u>\$ 138,936,998</u>		

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds
For the Year Ended June 30, 2015

	Pension	Other Employee Benefits		
	Police and Fire Retirement System	Retirement Health Funding Vehicle	Fire Retiree Health Care	Total
Additions				
Investment income:				
From investing activities:				
Net appreciation in fair value of investments	\$ 2,273,047	\$ -	\$ -	\$ 2,273,047
Investment earnings and dividends	2,941,508	110,909	19,592	3,072,009
Less investment expenses	(324,996)	-	-	(324,996)
Net income from investing activities	<u>4,889,559</u>	<u>110,909</u>	<u>19,592</u>	<u>5,020,060</u>
From securities lending activities:				
Gross earnings	1,583	-	-	1,583
Borrower rebates	(32,850)	-	-	(32,850)
Securities lending fees	10,330	-	-	10,330
Net loss from securities lending activities	<u>(20,937)</u>	<u>-</u>	<u>-</u>	<u>(20,937)</u>
Total net investment income	<u>4,868,622</u>	<u>110,909</u>	<u>19,592</u>	<u>4,999,123</u>
Contributions:				
Employer	4,612,446	408,493	250,000	5,270,939
Employees	<u>1,076,523</u>	<u>-</u>	<u>251,906</u>	<u>1,328,429</u>
Total contributions	<u>5,688,969</u>	<u>408,493</u>	<u>501,906</u>	<u>6,599,368</u>
Total additions	<u>10,557,591</u>	<u>519,402</u>	<u>521,498</u>	<u>11,598,491</u>
Deductions				
Pension benefit payments	9,362,852	-	-	9,362,852
Contribution refunds	22,952	-	-	22,952
Medical insurance premiums/benefits	1,018,000	159,735	553,579	1,731,314
Administrative expenses	<u>200,499</u>	<u>6,828</u>	<u>-</u>	<u>207,327</u>
Total deductions	<u>10,604,303</u>	<u>166,563</u>	<u>553,579</u>	<u>11,324,445</u>

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, 2015

	Pension	Other Employee Benefits		
	Police and Fire Retirement System	Retirement Health Funding Vehicle	Fire Retiree Health Care	Total
Change to net position restricted for benefits	\$ (46,712)	\$ 352,839	\$ (32,081)	\$ 274,046
Net position, beginning of year	<u>133,897,145</u>	<u>3,460,571</u>	<u>1,305,236</u>	<u>138,662,952</u>
Net position, end of year	<u><u>\$ 133,850,433</u></u>	<u><u>\$ 3,813,410</u></u>	<u><u>\$ 1,273,155</u></u>	<u><u>\$ 138,936,998</u></u>

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CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
June 30, 2015

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Assets					
Pooled cash and investments	\$ 154,555	\$ 7,472	\$ 7,328	\$ 1,239	\$ 170,594
Delinquent taxes receivable	-	633,274	-	-	633,274
Total assets	\$ 154,555	\$ 640,746	\$ 7,328	\$ 1,239	\$ 803,868
Liabilities					
Undistributed receipts	\$ 154,555	\$ 640,746	\$ 7,328	\$ 1,239	\$ 803,868

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2015

	Balance June 30, 2014				Balance June 30, 2015
		Additions	Deletions		
<i>Fire Insurance Escrow</i>					
Assets					
Pooled cash and investments	\$ 134,642	\$ 115,367	\$ 95,454	\$ 154,555	
Liabilities					
Undistributed receipts	\$ 134,642	\$ 115,367	\$ 95,454	\$ 154,555	
<i>Delinquent Personal Property Taxes</i>					
Assets					
Pooled cash and investments	\$ 171,853	\$ 1,056,892	\$ 1,221,273	\$ 7,472	
Delinquent taxes receivable	635,663	202,976	205,365	633,274	
Total assets	\$ 807,516	\$ 1,259,868	\$ 1,426,638	\$ 640,746	
Liabilities					
Undistributed receipts	\$ 807,516	\$ 1,259,868	\$ 1,426,638	\$ 640,746	
<i>Summer Property Tax Collection</i>					
Assets					
Pooled cash and investments	\$ 85	\$ 57,861,295	\$ 57,854,052	\$ 7,328	
Taxes receivable	643	-	643	-	
Total assets	\$ 728	\$ 57,861,295	\$ 57,854,695	\$ 7,328	
Liabilities					
Undistributed receipts	\$ 728	\$ 57,861,295	\$ 57,854,695	\$ 7,328	
Total liabilities	\$ 728	\$ 57,861,295	\$ 57,854,695	\$ 7,328	
<i>Winter Property Tax Collection</i>					
Assets					
Pooled cash and investments	\$ 9	\$ 18,200,239	\$ 18,199,009	\$ 1,239	
Liabilities					
Undistributed receipts	\$ 9	\$ 18,200,239	\$ 18,199,009	\$ 1,239	

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2015

	Balance June 30, 2014				Balance June 30, 2015
		Additions	Deletions		
<i>Total All Agency Funds</i>					
Assets					
Pooled cash and investments	\$ 306,589	\$ 77,233,793	\$ 77,369,788	\$ 170,594	
Taxes receivable	643	-	643	-	
Delinquent taxes receivable	<u>635,663</u>	<u>202,976</u>	<u>205,365</u>	<u>633,274</u>	
Total assets	\$ 942,895	\$ 77,436,769	\$ 77,575,796	\$ 803,868	
Liabilities					
Undistributed receipts	<u>\$ 942,895</u>	<u>\$ 77,436,769</u>	<u>\$ 77,575,796</u>	<u>\$ 803,868</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.	158
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.	170
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.	214
Demographic and Economic Information (Schedules 33 & 34)	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	219
Operating Information (Schedules 35-38)	These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	222

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

CITY OF BATTLE CREEK, MICHIGAN

Schedule 1
Unaudited

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2006	2007	2008	2009	2010
Governmental activities					
Net investment in capital assets	\$ 209,058,967	\$ 208,138,951	\$ 209,225,026	\$ 213,060,080	\$ 207,342,367
Restricted	5,837,903	7,861,430	4,929,264	3,287,591	2,150,046
Unrestricted (deficit)	38,237,634	33,944,289	33,063,496	28,294,180	29,256,852
Total governmental activities	\$ 253,134,504	\$ 249,944,670	\$ 247,217,786	\$ 244,641,851	\$ 238,749,265
Business-type activities					
Net investment in capital assets	\$ 98,873,436	\$ 97,919,583	\$ 96,505,088	\$ 96,106,663	\$ 96,648,044
Unrestricted	20,617,951	21,418,649	19,641,409	18,335,770	19,217,106
Total business-type activities	\$ 119,491,387	\$ 119,338,232	\$ 116,146,497	\$ 114,442,433	\$ 115,865,150
Primary government					
Net investment in capital assets	\$ 307,932,403	\$ 306,058,534	\$ 305,730,114	\$ 309,166,743	\$ 303,990,411
Restricted	5,837,903	7,861,430	4,929,264	3,287,591	2,150,046
Unrestricted (deficit)	58,855,585	55,362,938	52,704,905	46,629,950	48,473,958
Total primary government	\$ 372,625,891	\$ 369,282,902	\$ 363,364,283	\$ 359,084,284	\$ 354,614,415

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 1
Unaudited

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

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

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.

CITY OF BATTLE CREEK, MICHIGAN

Schedule 2
Unaudited

Changes in Net Position

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

	2006	2007	2008	2009	2010
Expenses					
Governmental activities:					
General government					
General government	\$ 10,138,832	\$ 12,354,963	\$ 13,176,854	\$ 11,518,181	\$ 8,669,931
Public safety	23,052,841	25,211,331	27,337,709	27,392,970	31,461,275
Public works	1,721,053	1,862,529	1,896,351	2,267,154	1,839,732
Highways and streets	10,648,811	10,947,131	12,521,742	11,445,076	9,761,195
Parks and recreation	7,528,251	6,098,967	5,994,590	7,309,779	7,104,029
Community development	2,602,331	3,033,185	2,629,423	2,446,793	3,258,213
Interest on long-term debt	1,079,398	1,103,096	885,050	1,063,227	746,334
Total governmental activities	<u>56,771,517</u>	<u>60,611,202</u>	<u>64,441,719</u>	<u>63,443,180</u>	<u>62,840,709</u>
Business-type activities:					
Wastewater	14,598,187	14,492,263	15,371,605	15,196,805	14,132,718
Water	6,897,186	7,222,797	7,439,990	7,189,064	7,276,720
Public transit	3,724,879	3,762,533	3,985,668	4,179,374	3,968,197
Solid waste collection	2,292,562	2,437,238	2,591,517	2,698,282	2,753,730
Airport	1,991,606	2,094,172	2,393,643	2,395,483	2,552,763
Golf course	1,199,704	1,184,758	1,232,043	-	-
Parking	1,021,337	1,151,969	1,147,371	1,179,759	1,155,113
Economic development	764,690	180,870	930,268	193,000	187,295
Total business-type activities	<u>32,490,151</u>	<u>32,526,600</u>	<u>35,092,105</u>	<u>33,031,767</u>	<u>32,026,536</u>
Total primary government expenses	<u>89,261,668</u>	<u>93,137,802</u>	<u>99,533,824</u>	<u>96,474,947</u>	<u>94,867,245</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	2,596,709	2,535,769	2,907,276	2,952,331	2,447,656
Public safety	1,927,079	1,926,202	1,835,157	2,005,200	1,820,299
Public works	152,295	111,494	671,611	583,610	142,714
Highways and streets	463	1,903	5,240	23,998	6,354
Parks and recreation	3,428,780	3,159,269	2,320,582	3,464,587	3,194,147
Community development	80,821	130,502	45,239	24,320	-
Interest on long-term debt	-	-	-	249	-
Operating grants and contributions	12,363,163	11,362,032	12,442,524	10,945,297	11,450,771
Capital grants and contributions	2,371,353	1,427,358	1,651,247	2,224,654	-
Total governmental activities	<u>22,920,663</u>	<u>20,654,529</u>	<u>21,878,876</u>	<u>22,224,246</u>	<u>19,061,941</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 2
Unaudited

Changes in Net Position

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

	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	\$ 10,303,586	\$ 12,250,359	\$ 10,372,803	\$ 12,208,561	\$ 8,841,596
Public safety	29,053,426	27,025,682	26,952,192	27,215,335	29,790,342
Public works	2,803,968	2,396,590	1,891,765	2,199,624	2,239,223
Highways and streets	9,426,798	7,149,971	11,585,808	9,731,567	14,960,926
Parks and recreation	6,665,571	6,280,210	6,323,529	5,759,128	6,491,021
Community development	5,321,021	6,589,947	4,907,271	3,019,449	2,709,435
Interest on long-term debt	830,920	826,922	745,018	1,206,989	1,307,722
Total governmental activities	64,405,290	62,519,681	62,778,386	61,340,653	66,340,265
Business-type activities:					
Wastewater	15,444,292	15,215,733	15,247,288	15,642,028	15,833,103
Water	8,358,607	7,814,304	7,520,760	7,930,788	7,881,178
Public transit	4,498,411	4,705,296	4,924,554	4,814,924	4,551,257
Solid waste collection	2,741,558	2,865,831	2,940,000	3,004,407	2,977,648
Airport	2,634,483	2,662,373	2,511,613	2,485,677	2,512,780
Golf course	-	-	-	-	-
Parking	1,252,970	1,406,230	1,509,283	1,549,455	1,369,956
Economic development	355,375	124,973	148,922	130,400	124,121
Total business-type activities	35,285,696	34,794,740	34,802,420	35,557,679	35,250,043
Total primary government expenses	99,690,986	97,314,421	97,580,806	96,898,332	101,590,308
Program revenues					
Governmental activities:					
Charges for services:					
General government	2,739,519	3,270,597	3,363,317	2,824,535	3,442,117
Public safety	1,161,679	1,148,538	960,535	907,128	900,686
Public works	323,374	98,263	84,207	201,493	120,379
Highways and streets	25,511	7,498	4,251	27,929	13,953
Parks and recreation	3,516,153	3,735,452	3,635,347	3,250,950	3,400,581
Community development	54,440	607,631	830,898	277,924	135,693
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	15,277,402	21,767,295	12,618,453	10,289,625	12,533,025
Capital grants and contributions	-	-	-	-	762,199
Total governmental activities	23,098,078	30,635,274	21,497,008	17,779,584	21,308,633

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 2
Unaudited

Changes in Net Position

Last Ten Years

(*accrual basis of accounting*)

	2006	2007	2008	2009	2010
Business-type activities:					
Charges for services:					
Wastewater	\$ 9,726,868	\$ 10,992,780	\$ 11,617,431	\$ 12,056,109	\$ 13,600,518
Water	7,337,571	7,789,671	7,783,011	7,760,563	8,014,650
Public transit	398,011	356,902	381,122	401,200	390,010
Solid waste collection	2,250,880	2,516,122	2,554,607	2,592,942	2,702,376
Airport	1,083,875	1,124,816	1,165,832	1,287,463	1,228,917
Golf course	1,187,918	1,208,185	1,186,315	-	-
Parking	659,630	681,515	656,249	611,725	600,608
Economic development	330,893	497,066	845,671	359,384	479,652
Operating grants and contributions	2,408,957	4,756,705	3,891,109	3,571,310	3,459,262
Capital grants and contributions	2,696,895	794,260	544,337	1,940,273	2,319,601
Total business-type activities	28,081,498	30,718,022	30,625,684	30,580,969	32,795,594
 Total primary government					
Program revenues	51,002,161	51,372,551	52,504,560	52,805,215	51,857,535
 Net (expense)/revenue					
Government activities	(33,850,854)	(39,956,673)	(42,562,843)	(41,218,934)	(43,778,768)
Business-type activities	(4,408,653)	(1,808,578)	(4,466,421)	(2,450,798)	769,058
 Total primary government net expense	(38,259,507)	(41,765,251)	(47,029,264)	(43,669,732)	(43,009,710)
 General revenues					
Governmental activities:					
General revenues:					
Property taxes	14,580,358	15,322,115	16,485,528	17,033,749	17,414,875
Income taxes	14,450,183	14,226,870	15,505,430	14,240,808	14,328,097
Grants and contributions not restricted to specific programs	6,221,293	6,038,495	6,090,487	5,882,127	5,235,168
Unrestricted investment earnings	1,241,966	2,166,102	2,448,172	1,921,942	1,816,033
Transfers - internal activities	(695,480)	(986,742)	(693,655)	(585,336)	(533,894)
Total governmental activities	35,798,320	36,766,840	39,835,962	38,493,290	38,260,279
 Business-type activities:					
Unrestricted investment earnings	289,480	668,682	581,031	161,107	119,765
Transfers - internal activities	695,480	986,742	693,655	585,336	533,894
Total business-type activities	984,960	1,655,424	1,274,686	746,443	653,659
 Total primary government	36,783,280	38,422,264	41,110,648	39,239,733	38,913,938
 Change in net position					
Government activities	1,947,466	(3,189,833)	(2,726,881)	(2,725,644)	(5,518,489)
Business-type activities	(3,423,693)	(153,154)	(3,191,735)	(1,704,355)	1,422,717
 Total primary government	\$ (1,476,227)	\$ (3,342,987)	\$ (5,918,616)	\$ (4,429,999)	\$ (4,095,772)

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 2
Unaudited

Changes in Net Position

Last Ten Years

(*accrual basis of accounting*)

	2011	2012	2013	2014	2015
Business-type activities:					
Charges for services:					
Wastewater	\$ 13,204,301	\$ 14,268,729	\$ 15,013,143	\$ 15,586,240	\$ 17,061,207
Water	7,955,198	8,824,757	9,208,283	9,465,371	9,495,161
Public transit	405,754	423,116	415,699	425,705	430,572
Solid waste collection	2,841,261	2,865,400	2,863,898	3,082,169	3,094,738
Airport	1,189,936	1,358,819	1,364,368	1,365,747	1,389,514
Golf course	-	-	-	-	-
Parking	872,937	1,117,414	1,229,770	1,330,971	1,398,498
Economic development	139,425	163,229	37,639	91,571	55,703
Operating grants and contributions	6,021,711	4,197,347	5,060,638	3,571,072	3,987,451
Capital grants and contributions	-	-	-	-	-
Total business-type activities	<u>32,630,523</u>	<u>33,218,811</u>	<u>35,193,438</u>	<u>34,918,846</u>	<u>36,912,844</u>
Total primary government					
Program revenues	<u>55,728,601</u>	<u>63,854,085</u>	<u>56,690,446</u>	<u>52,698,430</u>	<u>58,221,477</u>
Net (expense)/revenue					
Government activities	<u>(41,307,212)</u>	<u>(31,884,407)</u>	<u>(41,281,378)</u>	<u>(43,561,069)</u>	<u>(45,031,632)</u>
Business-type activities	<u>(2,655,173)</u>	<u>(1,575,929)</u>	<u>391,018</u>	<u>(638,833)</u>	<u>1,662,801</u>
Total primary government net expense	<u>(43,962,385)</u>	<u>(33,460,336)</u>	<u>(40,890,360)</u>	<u>(44,199,902)</u>	<u>(43,368,831)</u>
General revenues					
Governmental activities:					
General revenues:					
Property taxes	16,711,960	16,542,171	15,809,783	16,258,935	16,028,806
Income taxes	13,548,759	15,009,421	16,234,540	16,093,707	16,475,837
Grants and contributions not restricted to specific programs	5,599,849	5,296,135	5,271,399	5,336,347	5,441,022
Unrestricted investment earnings	1,070,544	1,176,170	371,196	953,036	856,338
Transfers - internal activities	(562,941)	(23,829)	(349,082)	(396,516)	(453,061)
Total governmental activities	<u>36,368,171</u>	<u>38,000,068</u>	<u>37,337,836</u>	<u>38,245,509</u>	<u>38,348,942</u>
Business-type activities:					
Unrestricted investment earnings	80,674	97,266	(63,487)	96,548	74,665
Transfers - internal activities	562,941	23,829	349,082	396,516	453,061
Total business-type activities	<u>643,615</u>	<u>121,095</u>	<u>285,595</u>	<u>493,064</u>	<u>527,726</u>
Total primary government	<u>37,011,786</u>	<u>38,121,163</u>	<u>37,623,431</u>	<u>38,738,573</u>	<u>38,876,668</u>
Change in net position					
Government activities	<u>(4,939,041)</u>	<u>6,115,661</u>	<u>(3,943,542)</u>	<u>(5,315,560)</u>	<u>(6,682,690)</u>
Business-type activities	<u>(2,011,558)</u>	<u>(1,454,834)</u>	<u>676,613</u>	<u>(145,769)</u>	<u>2,190,527</u>
Total primary government	<u>\$ (6,950,599)</u>	<u>\$ 4,660,827</u>	<u>\$ (3,266,929)</u>	<u>\$ (5,461,329)</u>	<u>\$ (4,492,163)</u>

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 3
Unaudited

■ Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	195,796	580,445	297,534	531,030	518,774
Unreserved	<u>9,574,180</u>	<u>7,500,072</u>	<u>7,875,800</u>	<u>6,886,896</u>	<u>6,740,926</u>
Total general fund	<u>\$ 9,769,976</u>	<u>\$ 8,080,517</u>	<u>\$ 8,173,334</u>	<u>\$ 7,417,926</u>	<u>\$ 7,259,700</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Reserved	2,232,709	2,411,576	2,380,677	2,270,931	1,121,697
Unreserved, reported in:					
Special revenue funds	2,714,722	2,074,998	1,153,026	(284,187)	664,720
Debt service funds	1,052,660	1,099,349	62,483	7,380	7,564
Capital projects funds	5,010,124	5,362,221	4,000,751	712,055	1,250,256
Permanent funds	<u>1,370,131</u>	<u>1,381,477</u>	<u>1,055,843</u>	<u>1,156,678</u>	<u>1,157,171</u>
Total all other governmental funds	<u>\$ 12,380,346</u>	<u>\$ 12,329,621</u>	<u>\$ 8,652,780</u>	<u>\$ 3,862,857</u>	<u>\$ 4,201,408</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 3
Unaudited

■ Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

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

concluded.

Source: City of Battle Creek Finance Department

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

CITY OF BATTLE CREEK, MICHIGAN

Schedule 4
Unaudited

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010
Revenues					
Income taxes	\$ 14,586,873	\$ 14,226,870	\$ 15,505,430	\$ 14,240,808	\$ 14,328,097
Property taxes	14,450,183	15,322,115	16,485,528	17,033,749	17,414,875
Licenses and permits	1,084,527	1,075,341	1,026,490	1,012,079	1,038,089
Intergovernmental	17,709,598	16,665,977	16,942,219	16,323,084	15,867,905
Charges for services	4,842,463	4,674,591	3,975,149	5,329,100	4,833,110
Fines and forfeitures	250,683	210,795	249,809	207,251	217,119
Investment income	1,177,345	1,933,354	1,942,756	1,626,797	985,996
Other	4,100,007	4,642,201	4,266,257	3,566,605	2,903,858
Total revenues	58,201,679	58,751,244	60,393,638	59,339,473	57,589,049
Expenditures					
General government	8,841,806	10,325,281	11,975,613	10,426,091	7,970,982
Public safety	25,551,655	25,106,311	26,766,867	27,333,095	27,096,596
Public works	1,480,494	1,606,562	1,600,366	2,005,097	1,906,614
Highway and streets	10,760,834	9,837,482	11,599,488	13,495,120	8,270,729
Parks and recreation	7,503,210	5,757,306	5,192,125	6,411,034	5,791,915
Community development	1,781,415	2,093,161	1,829,799	2,273,906	3,040,116
Unallocated	2,331,588	3,123,061	2,504,094	551,947	537,689
Capital outlay	1,199,315	2,807,886	168,949	327,213	267,009
Debt service:					
Principal retirement	1,630,000	2,889,000	2,110,890	2,119,432	2,103,669
Interest	1,091,107	1,127,753	928,236	1,035,366	927,124
Bond issuance costs	-	-	215,915	-	83,095
Total expenditures	62,171,424	64,673,803	64,892,342	65,978,301	57,995,538
Revenues over (under) expenditures	(3,969,745)	(5,922,559)	(4,498,704)	(6,638,828)	(406,489)
Other financing sources (uses)					
Issuance of bonds	3,819,000	3,708,005	8,975,420	-	2,240,000
Premium (discount) on bonds	-	-	(39,814)	-	5,220
Payment to refunding bond escrow agent	-	-	(8,556,980)	-	(2,162,125)
Proceeds from sales of capital assets	631,254	697,708	987,229	1,094,075	974,036
Transfers in	8,896,090	8,535,425	9,521,452	8,829,217	10,851,446
Transfers out	(9,359,654)	(8,758,763)	(9,972,627)	(8,353,518)	(11,331,409)
Total other financing sources (uses)	3,986,690	4,182,375	914,680	1,569,774	577,168
Net changes in fund balances	\$ 16,945	\$ (1,740,184)	\$ (3,584,024)	\$ (5,069,054)	\$ 170,679
Debt services as a percentage of noncapital expenditures	5.3%	7.0%	5.1%	5.4%	5.7%

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 4
Unaudited

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

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

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 5
Unaudited

■ **Changes in Fund Balances - General Fund**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010
Revenues					
Income taxes	\$ 14,450,183	\$ 14,226,870	\$ 15,505,430	\$ 14,240,808	\$ 14,328,097
Property taxes	14,580,358	15,322,115	16,485,528	17,033,749	17,414,875
Licenses and permits	1,084,527	1,075,341	1,026,490	1,012,079	1,038,089
Intergovernmental	7,804,482	7,814,021	7,932,595	7,688,340	7,121,712
Charges for services	2,518,560	2,436,074	2,377,713	2,297,536	2,305,552
Fines and forfeitures	250,683	210,795	249,809	207,251	217,119
Investment income	1,047,649	1,408,071	1,455,000	1,330,682	793,498
Other	1,700,687	1,607,005	2,083,831	2,042,606	1,545,510
Total revenues	43,437,129	44,100,292	47,116,396	45,853,051	44,764,452
Expenditures					
General government	6,835,195	7,100,784	7,818,545	8,526,593	7,707,358
Public safety	24,207,356	24,691,224	26,187,733	26,631,841	26,452,872
Public works	1,480,494	1,606,562	1,600,366	2,005,097	1,906,614
Parks and recreation	4,155,768	4,013,727	3,847,291	3,756,736	3,390,286
Unallocated	2,082,499	2,871,545	2,140,538	402,265	364,755
Total expenditures	38,761,312	40,283,842	41,594,473	41,322,532	39,821,885
Revenues over (under) expenditures	4,675,817	3,816,450	5,521,923	4,530,519	4,942,567
Other financing sources (uses)					
Transfers in	46,244	70,307	150,382	155,742	1,820,222
Sale of land and other assets	631,254	697,708	757,881	818,715	917,847
Transfers out	(6,776,903)	(6,273,924)	(6,337,369)	(6,260,384)	(7,838,862)
Total other financing sources (uses)	(6,099,405)	(5,505,909)	(5,429,106)	(5,285,927)	(5,100,793)
Net changes in fund balances	\$ (1,423,588)	\$ (1,689,459)	\$ 92,817	\$ (755,408)	\$ (158,226)

CITY OF BATTLE CREEK, MICHIGAN

Schedule 5
Unaudited

■ **Changes in Fund Balances - General Fund**

Last Ten Fiscal Years

(modified accrual basis of accounting)

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

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 6
Unaudited

■ Assessed and Taxable Value of Property

Last Ten Fiscal Years
(*in thousands of dollars*)

Fiscal Year Ended June 30,	Tax Year	Valued as of December 31,	(1) Total Assessed Value (S.E.V.)	Taxable Value	
				Real Property	Personal Property
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
2006	2005	2004	1,744,721,015	1,049,158,197	318,597,419

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 6
Unaudited

■ Assessed and Taxable Value of Property

Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30,	Taxable Value			Total Estimated Actual Value of Taxable Property	Total Direct Tax Rate
	(2) Industrial Facilities	(2) Neighborhood Enterprise Zone	Total		
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
2006	184,621,661	876,280	1,553,253,557	3,489,442,030	13.0000

concluded.

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

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

Source: City of Battle Creek Assessor's Office.

CITY OF BATTLE CREEK, MICHIGAN

Schedule 7
Unaudited

■ Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

Fiscal Year Ended June 30,	Levied July 1,	(1) City of Battle Creek			Total Direct Rate	Battle Creek Public Schools	State Education Tax
		Operating	Debt	Pension			
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
2006	2005	11.2300	-	2.6910	13.0000	20.0000	6.0000

CITY OF BATTLE CREEK, MICHIGAN

Schedule 7
Unaudited

■ Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

Fiscal Year Ended June 30,	Calhoun Intermediate School District	Kellogg Community College	District Library	County	Totals	
					Non-Homestead	Homestead (2)
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
2006	6.2057	3.7106	2.0000	6.3713	58.2086	40.2086

- (1) Approximately 2/3 of the City's taxable value is contained in Battle Creek School District. Four other school districts overlap into the geographical boundaries of the City. The millage rates for these other school districts are approximately equivalent to Battle Creek School District's.
- (2) Passage of Proposal A in 1994 reduced operating millage for Michigan public schools to 18 mills for non-homestead properties and exempted homestead properties. Both homestead and non-homestead properties are subject to the State Education Tax of 6 mills as well as any debt service levy.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 8
Unaudited

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2006		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 148,165,319	1	9.54%
Denso Manufacturing MI Inc.	99,328,023	2	6.39%
Post Foods LLC	54,068,016	3	3.48%
Musashi Auto Parts-Michigan Inc.	-	-	0.00%
Consumer Energy	17,723,359	6	1.14%
TRMI Inc.	14,270,037	8	0.92%
Il Stanley Co Inc.	23,077,305	5	1.49%
Conagra Foods Inc.	17,123,381	7	1.10%
Semco Energy Inc.	12,393,526	10	0.80%
Graphic Packaging International	-	-	0.00%
Technical Auto Parts	32,545,640	4	2.10%
Yorozu Auto Parts	13,011,447	9	0.84%
	<u><u>\$ 431,706,053</u></u>		<u><u>27.79%</u></u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 8
Unaudited

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2015		
	Taxable Value	Rank	Percentage of Total City Taxable Value
Kellogg Company	\$ 145,818,260	1	9.46%
Denso Manufacturing MI Inc.	89,925,078	2	5.83%
Post Foods LLC	44,519,965	3	2.89%
Musashi Auto Parts-Michigan Inc.	36,162,352	4	2.35%
Consumer Energy	32,950,993	5	2.14%
TRMI Inc.	21,406,021	6	1.39%
Il Stanley Co Inc.	19,264,518	7	1.25%
Conagra Foods Inc.	14,089,069	8	0.91%
Semco Energy Inc.	12,136,440	9	0.79%
Graphic Packaging International	11,947,030	10	0.78%
Technical Auto Parts	-	-	0.00%
Yorozu Auto Parts	-	-	0.00%
	<u>\$ 428,219,726</u>		<u>27.78%</u>

Source: City of Battle Creek Assessor's Office.

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 9
Unaudited

Property Tax Levies and Collections
Last Ten Fiscal Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
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%
2006	18,922,342	18,016,274	95.21%	906,068	18,922,342	100.00%

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 10
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	15,762	15,743	15,627	14,639	14,467
Commercial (1)	1,807	1,795	1,756	1,718	1,575
Industrial	225	221	204	211	126
	<u>17,794</u>	<u>17,759</u>	<u>17,587</u>	<u>16,568</u>	<u>16,168</u>
Outside City					
Emmett Township	766	719	742	754	668
Bedford Township	434	427	431	437	421
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>1,200</u>	<u>1,146</u>	<u>1,173</u>	<u>1,191</u>	<u>1,089</u>
Totals	<u>18,994</u>	<u>18,905</u>	<u>18,760</u>	<u>17,759</u>	<u>17,257</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 10
Unaudited

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

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

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 11
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	82.98%	83.27%	83.30%	82.43%	83.83%
Commercial	9.51%	9.49%	9.36%	9.67%	9.13%
Industrial	1.18%	1.17%	1.09%	1.19%	0.73%
	<u>93.68%</u>	<u>93.94%</u>	<u>93.75%</u>	<u>93.29%</u>	<u>93.69%</u>
Outside City					
Emmett Township	4.03%	3.80%	3.96%	4.25%	3.87%
Bedford Township	2.28%	2.26%	2.30%	2.46%	2.44%
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>6.32%</u>	<u>6.06%</u>	<u>6.25%</u>	<u>6.71%</u>	<u>6.31%</u>
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 11
Unaudited

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

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	83.90%	83.92%	83.83%	83.80%	83.86%
Commercial	9.12%	9.06%	9.18%	9.22%	9.18%
Industrial	0.73%	0.74%	0.72%	0.75%	0.74%
	<u>93.75%</u>	<u>93.72%</u>	<u>93.73%</u>	<u>93.77%</u>	<u>93.79%</u>
Outside City					
Emmett Township	3.80%	3.78%	3.79%	3.79%	3.79%
Bedford Township	2.45%	2.50%	2.48%	2.44%	2.42%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>6.25%</u>	<u>6.28%</u>	<u>6.27%</u>	<u>6.23%</u>	<u>6.21%</u>
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

concluded.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 12
Unaudited

Water System Revenues by User Class
Last Ten Fiscal Years

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	\$ 2,930,112	\$ 3,114,683	\$ 3,128,571	\$ 3,116,515	\$ 3,013,516
Commercial (1)	2,384,246	2,229,896	2,140,021	2,018,350	2,036,886
Industrial	1,458,381	1,775,531	1,782,813	1,709,693	1,865,248
	<u>6,772,739</u>	<u>7,120,110</u>	<u>7,051,405</u>	<u>6,844,558</u>	<u>6,915,650</u>
Outside City					
Emmett Township (2)	-	-	-	-	157,258
Bedford Township (2)	-	-	-	-	45,160
East Leroy Township (2)	-	-	-	-	6,162
Springfield City	269,809	264,153	270,169	267,048	278,047
Pennfield Township	24,931	25,170	24,215	23,466	26,304
	<u>294,740</u>	<u>289,323</u>	<u>294,384</u>	<u>290,514</u>	<u>512,931</u>
Totals	\$ 7,067,479	\$ 7,409,433	\$ 7,345,789	\$ 7,135,072	\$ 7,428,581

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 12
Unaudited

Water System Revenues by User Class

Last Ten Fiscal Years

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

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

CITY OF BATTLE CREEK, MICHIGAN

Schedule 13
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	41.46%	42.04%	42.59%	43.68%	40.57%
Commercial (1)	33.74%	30.10%	29.13%	28.29%	27.42%
Industrial	20.64%	23.96%	24.27%	23.96%	25.11%
	<u>95.83%</u>	<u>96.10%</u>	<u>95.99%</u>	<u>95.93%</u>	<u>93.10%</u>
Outside City					
Emmett Township (2)	0.00%	0.00%	0.00%	0.00%	2.12%
Bedford Township (2)	0.00%	0.00%	0.00%	0.00%	0.61%
East Leroy Township (2)	0.00%	0.00%	0.00%	0.00%	0.08%
Springfield City	3.82%	3.57%	3.68%	3.74%	3.74%
Pennfield Township	0.35%	0.34%	0.33%	0.33%	0.35%
	<u>4.17%</u>	<u>3.90%</u>	<u>4.01%</u>	<u>4.07%</u>	<u>6.90%</u>
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 13
Unaudited

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

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	40.66%	39.50%	40.22%	39.05%	39.87%
Commercial (1)	23.02%	23.30%	24.76%	24.01%	23.25%
Industrial	23.94%	25.30%	23.66%	24.48%	24.98%
	<u>87.61%</u>	<u>88.10%</u>	<u>88.64%</u>	<u>87.54%</u>	<u>88.10%</u>
Outside City					
Emmett Township (2)	7.09%	7.03%	5.85%	7.01%	7.18%
Bedford Township (2)	1.34%	1.11%	1.20%	1.06%	1.13%
East Leroy Township (2)	0.19%	0.29%	0.40%	0.22%	0.14%
Springfield City	2.85%	3.12%	3.25%	3.83%	3.13%
Pennfield Township	0.91%	0.35%	0.66%	0.34%	0.32%
	<u>12.39%</u>	<u>11.90%</u>	<u>11.36%</u>	<u>12.46%</u>	<u>11.90%</u>
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

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 Residential.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 14
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	122,288,785	132,922,943	129,667,312	125,570,888	126,426,959
Commercial (1)	113,556,377	109,436,923	111,213,299	111,337,291	104,709,987
Industrial	127,409,289	125,573,555	117,340,118	112,527,550	113,482,354
	<u>363,254,451</u>	<u>367,933,421</u>	<u>358,220,729</u>	<u>349,435,729</u>	<u>344,619,300</u>
Outside City					
Emmett Township	15,288,468	17,771,062	19,970,065	17,390,165	19,058,356
Bedford Township	3,602,107	3,301,180	3,647,245	3,199,666	3,513,561
Springfield City	20,754,525	19,956,511	22,897,818	19,962,071	18,041,171
Pennfield Township	2,937,600	2,700,500	2,570,500	2,467,500	2,368,300
	<u>42,582,700</u>	<u>43,729,253</u>	<u>49,085,628</u>	<u>43,019,402</u>	<u>42,981,388</u>
Totals	405,837,151	411,662,674	407,306,357	392,455,131	387,600,688

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 14
Unaudited

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

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

concluded.

(1) This class includes commercial and governmental users.

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

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 15
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	30.13%	32.29%	31.84%	32.00%	32.62%
Commercial (1)	27.98%	26.58%	27.30%	28.37%	27.01%
Industrial	31.39%	30.50%	28.81%	28.67%	29.28%
	<u>89.51%</u>	<u>89.38%</u>	<u>87.95%</u>	<u>89.04%</u>	<u>88.91%</u>
Outside City					
Emmett Township	3.77%	4.32%	4.90%	4.43%	4.92%
Bedford Township	0.89%	0.80%	0.90%	0.82%	0.91%
Springfield City	5.11%	4.85%	5.62%	5.09%	4.65%
Pennfield Township	0.72%	0.66%	0.63%	0.63%	0.61%
	<u>10.49%</u>	<u>10.62%</u>	<u>12.05%</u>	<u>10.96%</u>	<u>11.09%</u>
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 15
Unaudited

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

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	32.52%	28.56%	30.71%	28.76%	28.51%
Commercial (1)	26.82%	24.36%	26.09%	25.59%	24.66%
Industrial	28.06%	34.93%	31.35%	33.25%	34.57%
	<u>87.40%</u>	<u>87.85%</u>	<u>88.15%</u>	<u>87.60%</u>	<u>87.74%</u>
Outside City					
Emmett Township	5.81%	5.43%	5.47%	6.34%	6.26%
Bedford Township	0.87%	0.88%	0.95%	0.83%	0.85%
Springfield City	5.27%	5.19%	4.89%	4.67%	4.57%
Pennfield Township	0.66%	0.65%	0.54%	0.56%	0.58%
	<u>12.60%</u>	<u>12.15%</u>	<u>11.85%</u>	<u>12.40%</u>	<u>12.26%</u>
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 16
Unaudited

■ Water Pumped and Sold (Cubic Feet)

Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Pumped	Percent Increase (Decrease)	Water Sold	Percent Increase (Decrease)	Water Sold as a % of Water Pumped
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%
2006	506,143,048	0.11%	405,837,151	1.72%	80.18%

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 17
Unaudited

■ Water Revenues and Usage - Major Customers

Fiscal Year Ended June 30, 2015

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Kellogg Company - Plant	Breakfast foods	40,069,845	10.85%	\$ 648,163	7.43%
Post Foods	Breakfast foods	33,530,000	9.08%	548,172	6.28%
Graphic Packaging/MI Paperboard	Paper Mill	8,182,405	2.22%	138,419	1.59%
Denso Mfg - Michigan	Automotive Parts	7,295,031	1.98%	165,231	1.89%
Fire Keepers Casino	Gambling/Entertainment	7,272,300	1.97%	153,030	1.75%
City of Battle Creek - WWTP	Government	6,177,700	1.67%	101,579	1.16%
VA Medical Center - Hospital	Medical services	5,603,344	1.52%	96,911	1.11%
PCPC, Inc./Rock-Tenn/Waldorf Corp	Paperboard	5,373,574	1.46%	51,115	0.59%
Prairie Farms Dairy	Dairy processing	4,093,351	1.11%	63,887	0.73%
Ralcorp - Div of Conagra Foods	Breakfast foods	3,336,700	0.90%	80,030	0.92%
Johnson Controls	Heating & Venting	3,236,600	0.88%	56,538	0.65%
Bronson Battle Creek	Medical services	3,207,334	0.87%	64,205	0.74%
Cello-Foil Products	Cellophane Product Mfg.	2,496,301	0.68%	42,413	0.49%
Calhoun County Justice Center	Government-Jails/Courts	2,380,700	0.64%	41,372	0.47%
Kellogg Company - Research	Food research	2,010,900	0.54%	36,659	0.42%
VA Medical Center - Laundry	Laundry	1,927,033	0.52%	33,552	0.38%
Pedcor Investments (Teal Run)	Apartment Complex	1,406,683	0.38%	27,036	0.31%
Gallagher Laundry	Laundry	1,305,717	0.35%	23,636	0.27%
Kellogg Company (headquarters)	Breakfast foods	1,305,593	0.35%	25,797	0.30%
Ft. Custer Training Center	Military facility	1,203,737	0.33%	23,789	0.27%
Totals		141,414,848	38.31%	\$ 2,421,534	27.76%

Source: City of Battle Creek Treasurer's Office

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 18
Unaudited

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				
Inside City										
0 to 4,410,000	\$ 1.29	\$ 1.32	\$ 1.39	\$ 1.46	\$ 1.53	\$ 1.60				
4,410,001 to 11,000,000	0.63	0.64	0.07	0.71	0.74	0.78				
Over 11,000,000	0.95	0.97	1.02	1.07	1.12	1.18				
Outside City (bulk rate)										
Pennfield Township	0.93	0.95	1.01	1.06	1.11	1.17				
Springfield City	1.29	1.32	1.39	1.46	1.53	1.60				

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

Monthly Fire Sprinkler Charges (3)										
(Fiscal Year Ending June 30)										
	2010	2011	2012	2013	2014	2015				
Inside City										
2"	\$ 5.53	\$ 5.67	\$ 5.95	\$ 6.25	\$ 6.56	\$ 6.89				
3"	10.36	10.62	11.15	11.71	12.29	12.91				
4"	17.28	17.72	18.61	19.54	20.51	21.54				
6"	34.55	35.41	37.18	39.04	40.99	43.04				
8"	55.30	56.68	59.51	62.49	65.61	68.89				
10"	79.50	81.48	85.55	89.83	94.32	99.04				

(1) Rate per 100 cubic feet.

(2) Rate based on meter size; Outside City rates are set by contract.

(3) Rate based on connection size; Outside City rates are set by contract.

(4) To be calculated at time of permit.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 19
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	16,761	16,738	16,788	16,893	15,490
Commercial (1)	1,798	1,756	2,068	1,736	1,563
Industrial	151	145	155	155	116
	<u>18,710</u>	<u>18,639</u>	<u>19,011</u>	<u>18,784</u>	<u>17,169</u>
Outside City					
Emmett Township	1,825	1,828	1,842	1,885	1,665
Bedford Township	579	539	586	612	545
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	<u>2,404</u>	<u>2,367</u>	<u>2,428</u>	<u>2,497</u>	<u>2,210</u>
Totals	<u>21,114</u>	<u>21,006</u>	<u>21,439</u>	<u>21,281</u>	<u>19,379</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 19
Unaudited

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

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

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 20
Unaudited

Wastewater System Customers by User Class as a Percent of Total
Last Ten Fiscal Years Ended June 30, 2015

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	79.38%	79.68%	78.31%	79.38%	79.93%
Commercial (1)	8.52%	8.36%	9.65%	8.16%	8.07%
Industrial	0.72%	0.69%	0.72%	0.73%	0.60%
	<u>88.61%</u>	<u>88.73%</u>	<u>88.67%</u>	<u>88.27%</u>	<u>88.60%</u>
Outside City					
Emmett Township	8.64%	8.70%	8.59%	8.86%	8.59%
Bedford Township	2.74%	2.57%	2.73%	2.88%	2.81%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>11.39%</u>	<u>11.27%</u>	<u>11.33%</u>	<u>11.73%</u>	<u>11.40%</u>
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 20
Unaudited

Wastewater System Customers by User Class as a Percent of Total
Last Ten Fiscal Years Ended June 30, 2015

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	80.07%	79.85%	80.17%	80.05%	80.06%
Commercial (1)	7.95%	7.83%	7.96%	7.99%	7.98%
Industrial	0.61%	0.62%	0.60%	0.62%	0.62%
	<u>88.63%</u>	<u>88.30%</u>	<u>88.73%</u>	<u>88.66%</u>	<u>88.66%</u>
Outside City					
Emmett Township	8.54%	8.82%	8.42%	8.53%	8.55%
Bedford Township	2.83%	2.89%	2.85%	2.80%	2.79%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	<u>11.37%</u>	<u>11.70%</u>	<u>11.27%</u>	<u>11.34%</u>	<u>11.34%</u>
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 21
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	\$ 2,761,007	\$ 3,376,960	\$ 3,267,808	\$ 3,763,342	\$ 4,012,982
Commercial (1)	1,783,669	2,058,448	2,169,934	2,108,616	2,219,711
Industrial	3,446,719	3,731,009	4,262,166	4,290,110	5,235,533
	<u>7,991,395</u>	<u>9,166,417</u>	<u>9,699,908</u>	<u>10,162,068</u>	<u>11,468,226</u>
Outside City					
Emmett Township	587,939	681,049	681,035	673,156	855,357
Bedford Township	241,027	208,199	198,244	202,640	177,108
East Leroy Township	-	-	-	-	426
Springfield City	395,862	395,875	457,727	477,221	536,289
Pennfield Township	379,492	404,821	434,360	485,602	496,588
	<u>1,604,320</u>	<u>1,689,944</u>	<u>1,771,366</u>	<u>1,838,619</u>	<u>2,065,768</u>
Totals	\$ 9,595,715	\$ 10,856,361	\$ 11,471,274	\$ 12,000,687	\$ 13,533,994

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 21
Unaudited

■ Wastewater System Revenues by User Class Last Ten Fiscal Years

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	\$ 4,145,313	\$ 4,323,322	\$ 4,450,077	\$ 4,764,798	\$ 4,941,109
Commercial (1)	2,169,252	2,340,662	2,385,212	2,592,433	2,576,867
Industrial	4,732,896	5,220,780	5,815,387	5,564,090	6,810,953
	<u>11,047,460</u>	<u>11,884,764</u>	<u>12,650,676</u>	<u>12,921,321</u>	<u>14,328,929</u>
Outside City					
Emmett Township	858,298	852,108	905,189	1,087,836	1,137,984
Bedford Township	193,916	236,027	130,388	228,892	241,437
East Leroy Township	12,961	24,345	35,571	16,971	11,468
Springfield City	482,238	536,885	557,175	586,192	595,998
Pennfield Township	447,255	519,595	545,549	551,887	570,497
	<u>1,994,668</u>	<u>2,168,960</u>	<u>2,173,872</u>	<u>2,471,778</u>	<u>2,557,384</u>
Totals	\$ 13,042,128	\$ 14,053,724	\$ 14,824,548	\$ 15,393,099	\$ 16,886,313

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 22
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	28.77%	31.11%	28.49%	31.36%	29.65%
Commercial (1)	18.59%	18.96%	18.92%	17.57%	16.40%
Industrial	35.92%	34.37%	37.16%	35.75%	38.68%
	<u>83.28%</u>	<u>84.43%</u>	<u>84.56%</u>	<u>84.68%</u>	<u>84.74%</u>
Outside City					
Emmett Township (2)	6.13%	6.27%	5.94%	5.61%	6.32%
Bedford Township (2)	2.51%	1.92%	1.73%	1.69%	1.31%
East Leroy Township (2)	0.00%	0.00%	0.00%	0.00%	0.00%
Springfield City	4.13%	3.65%	3.99%	3.98%	3.96%
Pennfield Township	3.95%	3.73%	3.79%	4.05%	3.67%
	<u>16.72%</u>	<u>15.57%</u>	<u>15.44%</u>	<u>15.32%</u>	<u>15.26%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 22
Unaudited

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

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	31.78%	30.76%	30.02%	30.95%	29.26%
Commercial (1)	16.63%	16.66%	16.09%	16.84%	15.26%
Industrial	36.29%	37.15%	39.23%	36.15%	40.33%
	<u>84.71%</u>	<u>84.57%</u>	<u>85.34%</u>	<u>83.94%</u>	<u>84.86%</u>
Outside City					
Emmett Township (2)	6.58%	6.06%	6.11%	7.07%	6.74%
Bedford Township (2)	1.49%	1.68%	0.88%	1.49%	1.43%
East Leroy Township (2)	0.10%	0.17%	0.24%	0.11%	0.07%
Springfield City	3.70%	3.82%	3.76%	3.81%	3.53%
Pennfield Township	3.43%	3.70%	3.68%	3.59%	3.38%
	<u>15.29%</u>	<u>15.43%</u>	<u>14.66%</u>	<u>16.06%</u>	<u>15.14%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

Source: City of Battle Creek Treasurer's Office

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CITY OF BATTLE CREEK, MICHIGAN**Schedule 23**
Unaudited**Wastewater System Ten Year History of Volumes**

Fiscal Year Ended June 30,	Total Customers	Total Annual Amount of Sewer Treatment Sold (000,000's Gallons)	Total Annual Amount of Sewer Treated (000,000's Gallons)
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
2006	21,114	3,040	3,450

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 24
Unaudited

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

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	125,601,626	129,484,615	133,629,491	119,898,268	118,720,421
Commercial (1)	103,331,052	94,077,325	100,897,362	84,822,970	83,527,632
Industrial	114,255,306	70,828,876	46,361,097	42,910,122	42,917,747
	<u>343,187,984</u>	<u>294,390,816</u>	<u>280,887,950</u>	<u>247,631,360</u>	<u>245,165,800</u>
Outside City					
Emmett Township	22,416,138	11,346,135	30,642,811	16,913,606	28,623,502
Bedford Township	7,141,993	3,176,176	7,342,349	5,620,143	6,339,386
Springfield City	17,858,390	17,077,626	18,222,458	17,902,584	16,043,919
Pennfield Township	15,795,100	18,438,800	16,392,850	17,519,550	14,309,350
	<u>63,211,621</u>	<u>50,038,737</u>	<u>72,600,468</u>	<u>57,955,883</u>	<u>65,316,157</u>
Totals	<u>406,399,605</u>	<u>344,429,553</u>	<u>353,488,418</u>	<u>305,587,243</u>	<u>310,481,957</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 24
Unaudited

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

Type of User	2011	2012	2013	2014	2015 (2)
In-City					
Residential	119,253,007	115,628,965	121,420,791	118,523,455	111,516,777
Commercial (1)	79,250,599	76,113,173	79,329,661	80,966,406	74,033,282
Industrial	44,410,403	45,466,669	43,565,656	37,475,733	43,364,117
	<u>242,914,009</u>	<u>237,208,807</u>	<u>244,316,108</u>	<u>236,965,594</u>	<u>228,914,176</u>
Outside City					
Emmett Township	30,339,592	28,112,337	32,937,121	32,620,458	30,937,747
Bedford Township	5,409,186	5,798,143	5,866,583	5,462,014	5,251,629
Springfield City	16,990,491	17,028,636	16,822,846	15,906,771	15,992,257
Pennfield Township	15,813,350	16,344,800	14,984,100	14,855,300	15,111,650
	<u>68,552,619</u>	<u>67,283,916</u>	<u>70,610,650</u>	<u>68,844,543</u>	<u>67,293,283</u>
Totals	<u>311,466,628</u>	<u>304,492,723</u>	<u>314,926,758</u>	<u>305,810,137</u>	<u>296,207,459</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, 2015

Type of User	2006	2007	2008	2009	2010
In-City					
Residential	30.91%	37.59%	37.80%	39.24%	38.24%
Commercial (1)	25.43%	27.31%	28.54%	27.76%	26.90%
Industrial	28.11%	20.56%	13.12%	14.04%	13.82%
	<u>84.45%</u>	<u>85.47%</u>	<u>79.46%</u>	<u>81.03%</u>	<u>78.96%</u>
Outside City					
Emmett Township	5.52%	3.29%	8.67%	5.53%	9.22%
Bedford Township	1.76%	0.92%	2.08%	1.84%	2.04%
Springfield City	4.39%	4.96%	5.16%	5.86%	5.17%
Pennfield Township	3.89%	5.35%	4.64%	5.73%	4.61%
	<u>15.55%</u>	<u>14.53%</u>	<u>20.54%</u>	<u>18.97%</u>	<u>21.04%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 25
Unaudited

■ Wastewater System Sales Volume by User Class as a Percent of Total Sales (Cubic Feet)
Last Ten Fiscal Years Ended June 30, 2015

Type of User	2011	2012	2013	2014	2015
In-City					
Residential	38.29%	37.97%	38.56%	38.76%	37.65%
Commercial (1)	25.44%	25.00%	25.19%	26.48%	24.99%
Industrial	14.26%	14.93%	13.83%	12.25%	14.64%
	<u>77.99%</u>	<u>77.90%</u>	<u>77.58%</u>	<u>77.49%</u>	<u>77.28%</u>
Outside City					
Emmett Township	9.74%	9.23%	10.46%	10.67%	10.44%
Bedford Township	1.74%	1.90%	1.86%	1.79%	1.77%
Springfield City	5.45%	5.60%	5.34%	5.20%	5.40%
Pennfield Township	5.08%	5.37%	4.76%	4.86%	5.10%
	<u>22.01%</u>	<u>22.10%</u>	<u>22.42%</u>	<u>22.51%</u>	<u>22.72%</u>
Totals	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

concluded.

(1) This class includes commercial and governmental users

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

 Schedule 26
 Unaudited

Wastewater Revenue and Usage - Major Customers

Fiscal Year Ended June 30, 2015

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Kellogg Company - Plant	Breakfast foods	35,467,263	11.97%	\$2,112,560	12.51%
Graphic Packaging/MI Paperboard	Paper mill	20,691,327	6.99%	1,204,360	7.13%
Post Foods	Breakfast foods	17,275,989	5.83%	957,122	5.67%
PCPC, Inc./Rock-Tenn/Waldorf Corp	Paperboard	16,131,118	5.45%	1,352,484	8.01%
Denso Mfg - Michigan	Automotive Parts	7,295,031	2.46%	186,030	1.10%
Fire Keepers Casino	Gambling/Entertainment	7,272,300	2.46%	212,243	1.26%
Ralcorp - Div of Conagra Foods	Breakfast foods	5,607,833	1.89%	147,361	0.87%
VA Medical Center - Hospital	Medical services	5,603,344	1.89%	136,388	0.81%
City of Battle Creek-WWTP	Government	5,380,817	1.82%	131,040	0.78%
Prairie Farms Dairy	Dairy processing	4,093,351	1.38%	105,240	0.62%
Johnson Controls	Heating & Venting	3,236,600	1.09%	83,568	0.49%
Bronson Battle Creek Health Sys.	Medical services	3,054,534	1.03%	83,015	0.49%
Federal Center	Government	2,678,616	0.90%	77,520	0.46%
Calhoun Co. Justice Center	Government-Jails/Courts	2,380,700	0.80%	62,720	0.37%
VA Medical Center - Laundry	Laundry Services	1,848,433	0.62%	48,145	0.29%
Kellogg Company - Research	Food research	1,747,500	0.59%	47,322	0.28%
Pedcor Investments (Teal Run)	Apartment Complex	1,406,683	0.47%	41,913	0.25%
Gallagher Laundry	Laundry	1,263,600	0.43%	33,192	0.20%
Fort Custer Training & Vet Affairs	Military base	1,203,737	0.41%	35,373	0.21%
River Oaks Apartments	Apartment Complex	1,122,000	0.38%	35,243	0.21%
Totals		144,760,776	48.87%	\$ 7,092,839	42.00%

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

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Schedule 27
Unaudited

Largest Wastewater Customers

Last Ten Fiscal Years Ended June 30, 2015

Fiscal Year Ended June 30,	Kellogg Company - Plant		Graphic Packaging/ MI Paperboard		Post Foods	
	Consumption	Revenue	Consumption	Revenue	Consumption	Revenue
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
2006	48,061,497	1,181,361	26,485,294	654,208	14,089,572	382,378

Consumption measured in Cubic Feet (M3).

Source: City of Battle Creek Treasurer's Office

CITY OF BATTLE CREEK, MICHIGAN

Current Wastewater Rates

From July 1, 2010 to June 30, 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

Schedule 28
Unaudited

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, 2010 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

Schedule 28
Unaudited

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

CITY OF BATTLE CREEK, MICHIGAN

Schedule 29
Unaudited

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

Year	General Bonded Debt Outstanding					
	Governmental Activities		Business-type Activities			
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	
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	
2006	24,729,000	(4,298)	4,195,000	-	28,919,702	

Year	Governmental Activities						
	General Obligation Bonds	Special Assessment Bonds	Installment Obligations	Capital Leases	Loans Payable	Less: Amounts Restricted to Repaying Principal	Total
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
2006	24,729,000	-	380,000	-	900,000	(4,298)	26,004,702

CITY OF BATTLE CREEK, MICHIGAN

Schedule 29
Unaudited

**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
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
2006	0.74%	1.86%	550.67

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					
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	
2006	4,195,000	21,885,000	1,090,948	-	27,170,948	1.46%	3.69%	1,092.34	

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, 2015

	(1) Net Debt Outstanding	Percentage Applicable to City of Battle Creek	Amount Applicable to City of Battle Creek
Direct:			
City issued bonded debt (2)	\$ 27,208,801	100.00%	\$ 27,208,801
Installment obligations	2,404,545	100.00%	2,404,545
			<u>29,613,346</u>
Overlapping: (3)			
Battle Creek Public Schools	57,015,000	76.85%	43,816,028
Calhoun County	20,697,200	38.18%	7,902,191
Climax-Scotts School District	3,582,384	4.01%	143,654
Harper Creek School District	67,262,443	0.30%	201,787
Kalamazoo RESA	14,525,000	0.06%	8,715
Lakeview School District	41,785,000	100.00%	41,785,000
Pennfield School District	35,838,120	3.90%	1,397,687
Kalamazoo Valley Community College	9,835,000	0.06%	5,901
Kellogg community College	8,730,000	38.17%	3,332,241
			<u>98,593,203</u>
Total direct and overlapping debt			<u>\$ 128,206,549</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	\$ 1,434,090,119
State Equalized Value - tax abated property:	
Industrial Facilities	146,581,873
Neighborhood Enterprise Zone	<u>62,440</u>
Total State Equalized Value (SEV)	<u><u>\$ 1,580,734,432</u></u>
Legal debt limit (10% of SEV)	\$ 158,073,443
Outstanding debt subject to limitation	\$ 77,999,544
Less exempt obligations	<u>(3,487,000)</u>
	<u><u>74,512,544</u></u>
Legal debt margin	<u><u>\$ 83,560,899</u></u>
Debt subject to limitation as a percent of SEV	<u><u>4.71%</u></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
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%
2006	174,472,102	83,450,407	91,021,695	54.84%

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 32
Unaudited

Water and Wastewater System Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30,	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	(3) Total Debt Service Requirement	Coverage
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
2006	17,438,691	14,533,605	2,905,086	2,139,594	1.36

(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

CITY OF BATTLE CREEK, MICHIGAN

Schedule 33
Unaudited

■ Demographic and Economic Statistics Last Ten Fiscal Years

Year		Population	(b) Personal Income (thousands of dollars)	(b) Per Capita Personal Income	Unemployment Rate
2015	(a)	51,833	\$ 4,923,591	\$ 36,468	5.40%
2014	(a)	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	(a)	51,843	4,342,138	32,018	14.10%
2008	(a)	52,154	4,231,549	31,146	9.00%
2007	(a)	52,184	4,075,917	29,897	8.00%
2006	(a)	52,525	3,931,003	28,653	8.00%

(a) Reflects most recent data available.

(b) Battle Creek MSA data.

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

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers Current Year and Nine Years Ago

Employer	2006		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,800	1	10.78%
Kellogg Company	1,800	3	6.93%
Firekeepers Casino	-	-	-
Hart-Doyle-Inouye Federal Center	1,900	2	7.32%
Michigan Air National Guard	-	-	-
Veterans Administration Med Center	1,150	5	4.43%
Bronson Battle Creek	1,554	4	5.98%
Battle Creek Public Schools	1,300	6	5.01%
Kellogg Community College	-	-	-
II Stanley Company, Inc.	780	7	3.00%
Kraft Foods, Post Division	700	8	2.70%
Felpausch Food Centers	700	9	2.70%
City of Battle Creek	650	10	2.50%
	<u>13,334</u>		<u>51.34%</u>

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers Current Year and Nine Years Ago

Employer	2015		
	Employees	Rank	% of Total City Employment
Denso Manufacturing Michigan, Inc.	2,817	1	12.46%
Kellogg Company	2,279	2	10.08%
Firekeepers Casino	2,000	3	8.84%
Hart-Doyle-Inouye Federal Center	1,500	4	6.63%
Michigan Air National Guard	1,488	4	6.58%
Veterans Administration Med Center	1,400	6	6.19%
Bronson Battle Creek	1,352	7	5.98%
Battle Creek Public Schools	1,089	8	4.82%
Kellogg Community College	920	9	4.07%
II Stanley Company, Inc.	916	10	4.05%
Kraft Foods, Post Division	-	-	-
Family Fare	-	-	-
City of Battle Creek	-	-	-
	15,761		69.69%

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 35
Unaudited

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

Function/Program	2006	2007	2008	2009	2010
General Fund and Special Revenue Funds					
Administration					
Community development	25	33	25	23	25
Finance	33	27	34	33	28
Police department	27	132	26	133	26
Fire department	132	115	111	132	131
Public works	115	73	68	108	98
Parks and recreation	73	10	65	63	56
	<u>10</u>	<u>10</u>	<u>8</u>	<u>6</u>	<u>6</u>
	<u>415</u>	<u>411</u>	<u>398</u>	<u>388</u>	<u>365</u>
Enterprise Funds					
W.K. Kellogg airport	27	9	10	10	10
Battle Creek transit system	39	39	38	36	38
Sewer and wastewater plant	66	66	63	65	60
Water	43	43	46	44	41
	<u>157</u>	<u>157</u>	<u>160</u>	<u>153</u>	<u>154</u>
	<u>157</u>	<u>160</u>	<u>153</u>	<u>154</u>	<u>152</u>
Internal Service Funds					
Information systems	9	18	10	16	11
Equipment center	18	4	16	4	16
Self insurance	4	4	3	4	4
Reproduction and stores	4	35	4	3	3
	<u>35</u>	<u>35</u>	<u>33</u>	<u>34</u>	<u>34</u>
	<u>35</u>	<u>35</u>	<u>33</u>	<u>34</u>	<u>34</u>
Total	607	604	585	576	550

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 35
Unaudited

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

Function/Program	2011	2012	2013	2014	2015
General Fund and Special Revenue Funds					
Administration					
Community development	24	25	26	28	29
Finance	22	23	21	22	23
Police department	133	123	119	122	126
Fire department	82	79	77	78	80
Public works	54	54	57	60	59
Parks and recreation	6	6	6	10	10
	<u>345</u>	<u>328</u>	<u>326</u>	<u>338</u>	<u>345</u>
Enterprise Funds					
W.K. Kellogg airport					
Battle Creek transit system	10	10	10	10	10
Sewer and wastewater plant	38	40	39	36	37
Water	57	59	55	56	55
	<u>40</u>	<u>37</u>	<u>38</u>	<u>38</u>	<u>39</u>
	<u>145</u>	<u>146</u>	<u>142</u>	<u>140</u>	<u>141</u>
Internal Service Funds					
Information systems					
Equipment center	11	10	9	13	13
Self insurance	15	15	14	14	14
Reproduction and stores	3	3	3	3	3
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
	<u>32</u>	<u>31</u>	<u>29</u>	<u>33</u>	<u>33</u>
Total	<u>522</u>	<u>505</u>	<u>497</u>	<u>511</u>	<u>519</u>

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 36
Unaudited

Operating Indicators by Function/Program
Last Eight Fiscal Years

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

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 36
Unaudited

Operating Indicators by Function/Program
Last Eight Fiscal Years

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

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 37
Unaudited

■ Capital Asset Statistics by Function/Program Last Nine Fiscal Years

Function/Program	2006	2007	2008	2009	2010
Police - vehicle patrol units					
Police patrol	46	42	41	42	48
Detective	15	11	18	10	18
Other	20	36	34	23	14
SIU	-	-	16	6	7
Fire					
Fire vehicle units:					
Trucks	2	2	2	2	2
Engines	9	8	8	8	8
Other	12	11	10	9	11
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Parks and Recreation					
Parks:					
Parkland acreage	1,200	1,028	1,200	1,036	1,036
Natural area acreage	200	344	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	12
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	3	-	-	-
Public Works					
Major street miles maintained	90.58	90.58	90.58	90.14	90.14
Local street miles maintained	204.32	204.70	204.70	204.52	204.79
Vehicles:					
Dump trucks	47	47	48	48	41
Heavy equipment	22	28	15	17	20
Other	240	201	243	239	224

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 37
Unaudited

■ Capital Asset Statistics by Function/Program Last Nine Fiscal Years

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

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 38
Unaudited

Schedule of Insurance

As of June 30, 2015

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Airport Liability	7/1/16	\$12,864	\$50,000,000 CSL each occ.; ded. \$1,000 per occ./\$10,000 agg., \$50,000,000 per aircraft/occ Hangar \$250,000 fire damage - any one fire Keepers liability. Terrorism declined.
Auto Liability (Except Buses)	6/25/16	N/A	Self-insured for 1st \$1 million(PIP SIR is equal to MCCA threshold, Increased to \$500,000 2011), must renew certification with Assigned Claims Fund each year, by June 25th.
Auto Physical Damage (except Buses)	7/1/16	Included in Property Insurance	Stated amount coverage on all but transit vehicles, with over-the-road physical damage deductible of \$50,000 on buses, fire trucks except \$100,000 on two largest fire trucks, and \$25,000 on all other vehicles. Deductibles are on per occurrence basis.
Boiler & Machinery	7/1/16	Included in Property Insurance	\$100,000,000 Property limit, subject to \$25,000 per occ. ded.
Crime Coverage	7/1/16	\$5,420 \$1,514 Treasurer's Bond	Employee dishonesty \$1,000,000 per loss, with \$10,000 ded.; forgery \$50,000 with \$500 ded., blanket limits, \$500,000 on Treasurer.
Data Processing Equipment	7/1/16	Included in Property Insurance	Blanket coverage for equipment on premises, blanket coverage for data/media and extra expense coverage, subject to ded. on mechanical breakdown and other perils.
Emergency Care Services (First Responder Prof. Liability)	7/1/16	\$4,739 including surplus lines tax, policy fee	\$1,000,000/claim/general aggregate \$250 deductible each claim - excludes terrorism
Employee Benefits Liability	N/A	N/A	See Excess Liability, for losses above \$1,000,000 SIR.

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 38
Unaudited

Schedule of Insurance

As of June 30, 2015

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Employment Practices Liability Insurance	N/A	N/A	See Excess Liability, for losses above \$1,000,000 SIR.
Excess Liability (first layer)	10/1/15	\$192,652	\$5,000,000 each occ. and/or wrongful act \$5,000,000 aggregate limit for Personal Inj, Products/Completed Operations and Public Officials E&O combined. Subject to \$1,000,000 per occ/wrongful act, and \$2,500,000 Annual Aggregate SIR. Terrorism rejected. Does not apply to Airport Liability. Excess of all primary limits, subject to SIR on any self-insured primary exposures.
Excess Liability (2nd layer)	10/1/15	\$42,330 (including surplus lines taxes & fees, broker's fee)	\$5,000,000 excess of Clatlin's \$5,000,000 layer. Does not apply to Transit Operations.
Fiduciary (Designated Benefit Plan)	1/1/16	\$4,350	Coverage for Self Funded Health Plan \$1,000,000 Limit, \$25,000 SIR
Garage Liab. (Ambulance Repairs)		no longer applicable	
Inland Marine	7/1/16	Included in Property Insurance	Coverage on fine arts, contractors equipment(ACV), communications equipment, including dispatch equipment and towers.
Liquor Liability Binder Park Golf	3/8/16	\$500 (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)
Police Professional Liability	N/A	N/A	See Excess Liability, for losses above \$1 million SIR.

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 38
Unaudited

Schedule of Insurance

As of June 30, 2015

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Property Insurance	7/1/15	\$181,791 \$15,000 Broker Fee	All Risk coverage on real property, personal property, business interruption, extra expense, earthquake & flood, and vehicle physical damage, with \$200,000,000 per occ loss limit on real property, \$50,000,000 limit on flood and earthquake, with other special sublimits. \$50,000,000 E&O limit. \$100,000,000 terrorism coverage included. \$40,000 basic All Perils deductible. 2012 added pollution coverage \$500,000 and CYBER \$2,000,000.
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.
Transit (Physical Damage)	7/1/16	Included in Property Insurance	Stated amount coverage on all transit vehicles, with over-the-road physical damage deductibles of \$10,000 on handi-vans, \$50,000 on large busses. Deductible on per-occurrence basis.
Transit (Liability)	N/A	Primary Policy non-renewed 4-1-05	Note: See 1st Layer of excess coverage (\$5 million) for losses excess of \$1 million (PIP excess of \$375,000) SIR. 2nd Layer of excess does not apply to Transit.
Warehouse (Liability)	N/A	No longer applicable; BCTIFA owns	None
Worker's Comp. (Primary)	6/30/16	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.

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 38
Unaudited

Schedule of Insurance

As of June 30, 2015

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Worker's Comp. (Excess)	7/1/16	\$40,955	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.
Liquor Liability Except Binder Park	N/A	N/A	None - See separate policy for Binder Park

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