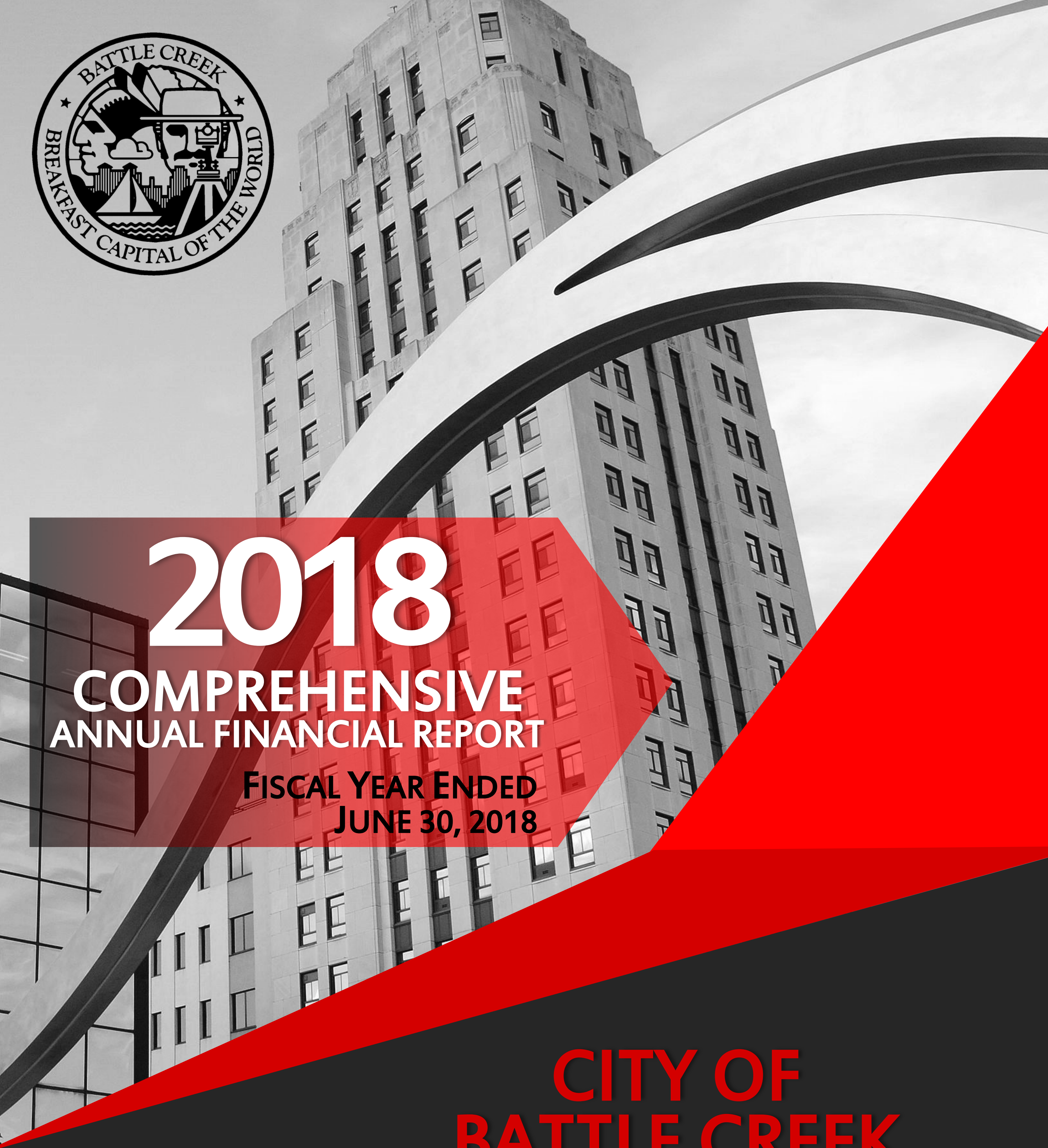

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2018

CITY OF BATTLE CREEK MICHIGAN

Prepared by the Finance Department

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CITY OF BATTLE CREEK, MICHIGAN

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INTRODUCTORY SECTION

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CITY OF BATTLE CREEK
CITY MANAGER

December 26, 2018

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

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Battle Creek, Michigan (the "City") for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018 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, 2018 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.

10 N. Division St. Suite 206 P.O. Box 1717 Battle Creek Michigan 49016-1717
Phone (269) 966-3378 Fax (269) 966-6654 Web: www.battlecreekmi.gov

Profile of the Government

The City of Battle Creek, incorporated as a City in 1859 and as a Home Rule City in 1913, is located in southwest Michigan, approximately 115 miles west of Detroit and 160 miles northeast of Chicago. It is the largest city in Calhoun County, encompassing an area of 44 square miles, with a current population of 51,286. 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. Current Commissioners are serving three-year terms to accommodate the move of the election timing to match even-year elections. The City Commission elects a Mayor and Vice-Mayor from among its members every year.

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

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

Factors Affecting Financial Condition

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

Local economy. The City's economy is diverse with a sizable, mature tax base valued at $2.8 billion for the year ended June 30, 2018. The residential amenities provide area residents with convenient and affordable housing to take advantage of the City's industrial, commercial, cultural, educational and recreational opportunities. The City is home to Kellogg Company's world headquarters and their Research & Development facility, the W.K. Kellogg Foundation, and the Hart-Dole-Inouye Federal Center. Battle Creek has many other major corporate community members including Post Cereals, Denso, II Stanley, and Duncan Aviation. The City is revitalizing its downtown to accommodate food science, small business, entrepreneurs, and other innovation industries. Battle Creek's general aviation airport and industrial park are diversifying the economy and attracting worldwide business for military, aviation, logistics, aerospace and alternative energy.

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

Along with efforts to ensure a future growth in tax revenue, the City has developed a Capital Improvements Program (CIP) to identify its long-term capital needs and ability to fund the program. Identified in the CIP for the six years 2018-2023 are over $278 million in capital needs including new facilities for the fire department. The City was close to construction completion of a new police station facility at 6/30/18 that was funded with bond proceeds, and the sewer fund continued the secondary energy project at the waste water facility that will provide energy and efficiency savings for years to come. The secondary energy project was funded with qualified energy conservation bonds.

From an operational perspective, the City's revenue profile is diverse and has shown improvement over the prior year. Income tax revenue accounts for 33.4% of general fund revenues for the year ending June 30, 2018. Property tax revenue makes up another 29.8% of general fund revenues for the year ending June 30, 2018, and the City has 0.622-mill (5.5%) margin available under the Headlee rollback limit for operation. This could generate approximately $627,000 in additional property tax revenue.

A Legacy Cost Committee was established in 2015 to evaluate unfunded liabilities for pension and other postemployment benefits. This committee has been looking at best practices and cost containment, and has assisted City administration in responding to the new requirements of Public Act 202 of 2017 (the Protecting Local Government Retirement and Benefits Act). Work continues by the Committee, which is comprised of City staff, a City Commissioner, a city resident, financial experts, and business representatives.

The priority based budgeting methodology has been fully implemented. This includes program identification and costing, prioritization by departments and independent committees, and analysis of mandated programs and partnership opportunities to identify potential savings.

New Accounting Standards. Governmental Accounting Standards Board (GASB) GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* was implemented for the year ended June 30, 2018. The new standard required the City to recognize a net other postemployment benefit (OPEB) liability based on an actuarial valuation of retiree healthcare and similar benefits administered by an OPEB trust. This implementation had a $35.8 million impact on the government-wide statement of net position.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the eighteenth 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.]

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

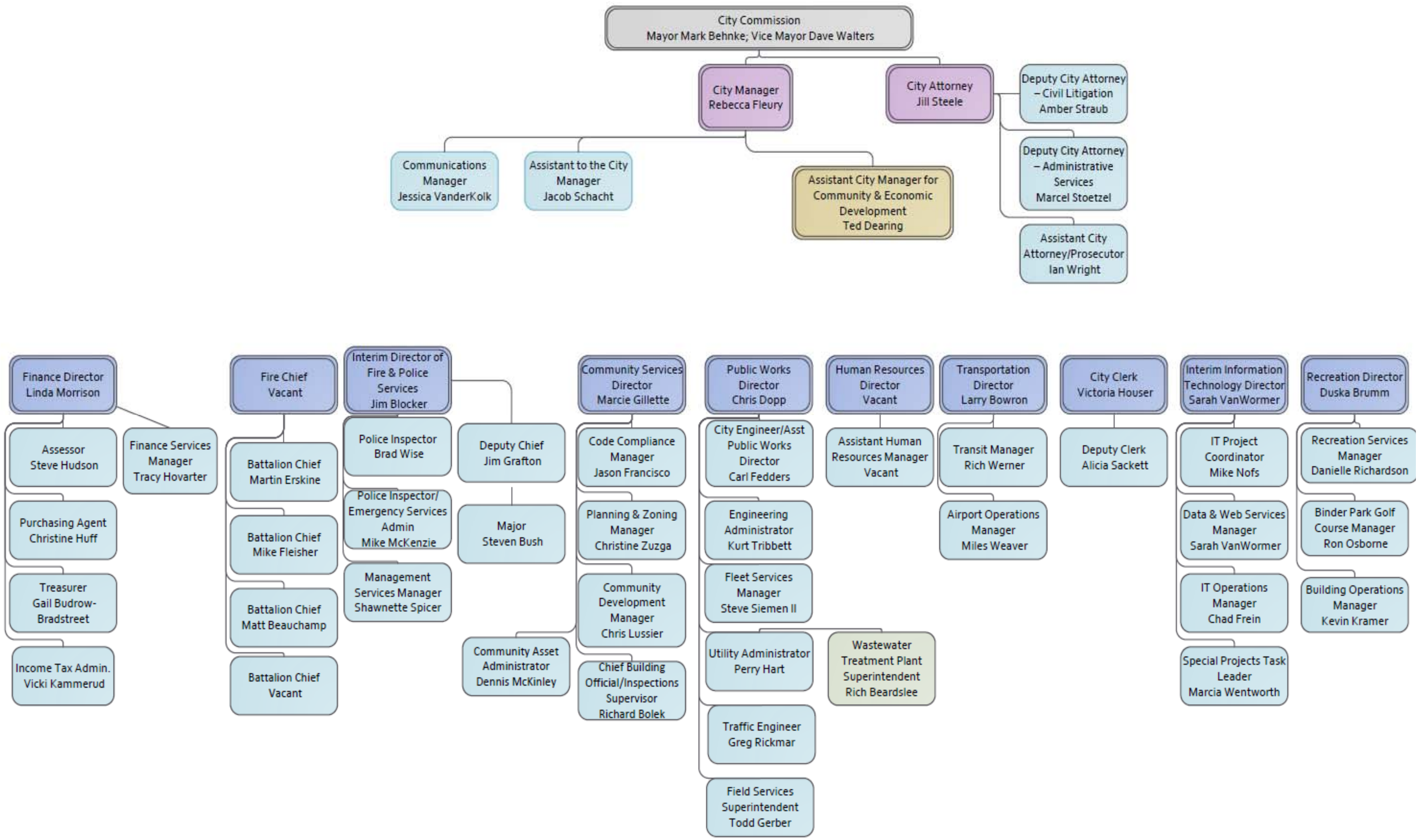
June 30, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF BATTLE CREEK, MICHIGAN

Organizational Chart



CITY OF BATTLE CREEK, MICHIGAN

List of Principal City Officials

CITY COMMISSION:

Mark Behnke
Mayor

David Walters
Vice Mayor

Susan Baldwin
Kaytee Faris
Kate Flores
Lynn Ward Gray
John Griffin
Christopher Simmons
Sherry Sofia

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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Rehmann

Rehmann Robson

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Jackson, MI 49203
Ph: 517.787.6503
Fx: 517.788.8111
rehmann.com

INDEPENDENT AUDITORS' REPORT

December 26, 2018

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, 2018, 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, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund and major street and trunkline maintenance special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 75

As described in Note 21, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* in the current year. Accordingly, beginning net position of the governmental activities, the business-type activities and the water and wastewater system, Battle Creek transit system and W.K. Kellogg airport/FAA enterprise funds were restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the introductory section, the statistical section, and the continuing disclosure filing are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section and continuing disclosure filing are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated December 26, 2018 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.

Rehmann Robson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as noted in the table of contents.

Financial Highlights

· Total net position	$176,819,715
· Change in total net position	(10,630,965)
· Fund balances, governmental funds	17,422,438
· Change in fund balances, governmental funds	(10,658,731)
· Unassigned fund balance, general fund	5,958,796
· Change in fund balance, general fund	137,581
· General obligation and revenue bonds outstanding	53,580,000
· Change in General obligation and revenue bonds outstanding	(3,695,000)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information shows how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, highways and streets, recreation and community development. The business-type activities of the City include wastewater, water, public transit, solid waste collection, airport, parking and economic development.

The government-wide financial statements include not only the City itself (known as the *primary government),* but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. These component units include the Downtown Development Authority, the Lakeview Downtown Development Authority, the Tax Incremental Financing Authority, the Brownfield Redevelopment Authority, the Local Development Finance Authority and the Cereal City Development Corporation. The Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Battle Creek, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $176,819,715 at the close of the most recent fiscal year.

Management's Discussion and Analysis

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, systems and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 39,369,988	$ 50,211,270	$ 37,061,219	$ 43,079,121	$ 76,431,207	$ 93,290,391
Capital assets	238,281,234	230,952,771	101,652,484	97,722,730	339,933,718	328,675,501
Total assets	277,651,222	281,164,041	138,713,703	140,801,851	416,364,925	421,965,892
Deferred outflows of resources	14,286,257	17,470,365	1,935,947	3,742,010	16,222,204	21,212,375
Liabilities						
Other liabilities	11,062,894	25,216,681	3,335,081	2,762,686	14,397,975	27,979,367
Long-term debt	43,011,142	45,772,761	19,221,179	20,605,951	62,232,321	66,378,712
Other liabilities due in more than one year:						
Net pension liability	80,969,755	73,409,877	23,389,855	24,660,090	104,359,610	98,069,967
Net other postemployment benefit liability	33,604,513	-	16,626,448	-	50,230,961	-
Total liabilities	168,648,304	144,399,319	62,572,563	48,028,727	231,220,867	192,428,046
Deferred inflows of resources	17,173,967	6,676,167	7,372,580	385,727	24,546,547	7,061,894
Net position						
Net investment in capital assets	202,996,774	204,289,221	84,440,617	77,696,600	287,437,391	281,985,821
Restricted	11,428,992	9,498,489	-	-	11,428,992	9,498,489
Unrestricted (deficit)	(108,310,558)	(66,228,790)	(13,736,110)	18,432,807	(122,046,668)	(47,795,983)
Total net position	$106,115,208	$147,558,920	$ 70,704,507	$ 96,129,407	$176,819,715	$243,688,327

As a result of the implementation and restatement for GASB 75 in the current year, the net OPEB obligation amount in 2017 is included in the other liabilities line item above resulting in the large decrease in governmental activities net position from 2017 to 2018.

An additional portion of the City's net position (6.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position (deficit)* may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City reported positive balances in the net investment of capital assets and restricted net position, however, the unrestricted deficit was a result of the City's net pension liability and net other postemployment benefit liability.

Management's Discussion and Analysis

The City’s net position decreased by $10,630,965 from the restated prior year net position. This is an improvement from the prior year's $20,880,368 decrease. Compared to the prior year, the current year improvement can be attributed to $2.7 million revenue for the receipt of donated property, $762,945 for an early payoff of a land contract, $107,877 sale of property proceeds, new special grants for economic development and increased funding for bias training, as well as $247,348 additional revenue for police services contracts. On the expense side, the prior year included the write off of an unsuccessful wastewater capital project of $4 million.

	Changes in Net Position					
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	$ 9,699,611	$ 8,021,746	$ 32,168,279	$ 33,063,914	$ 41,867,890	$ 41,085,660
Grants and contributions:						
Operating	17,633,267	15,546,274	4,664,524	3,698,755	22,297,791	19,245,029
Capital	3,391,624	320,769	-	-	3,391,624	-
General revenues:						
Property taxes	17,109,789	16,457,014	321,410	-	17,431,199	16,457,014
Income taxes	16,718,592	16,581,118	-	-	16,718,592	16,581,118
Grants and contributions not restricted to specific programs	5,822,141	5,678,681	-	-	5,822,141	5,678,681
Unrestricted investment earnings	125,428	293,860	8,976	49,396	134,404	343,256
Rents and leases	-	-	213,253	197,807	213,253	197,807
Total revenues	70,500,452	62,899,462	37,376,442	37,009,872	107,876,894	99,909,334
Expenses						
General government	3,027,365	13,804,561	-	-	3,027,365	13,804,561
Public safety	48,160,125	38,272,687	-	-	48,160,125	38,272,687
Public works	2,848,257	1,925,529	-	-	2,848,257	1,925,529
Highways and streets	14,614,111	12,962,951	-	-	14,614,111	12,962,951
Recreation	6,786,153	7,549,260	-	-	6,786,153	7,549,260
Community development	1,447,782	2,575,566	-	-	1,447,782	2,575,566
Interest on long-term debt	1,576,922	1,383,774	-	-	1,576,922	1,383,774
Water and wastewater	-	-	27,208,769	29,865,464	27,208,769	29,865,464
Public transit	-	-	4,763,055	4,787,343	4,763,055	4,787,343
Solid waste collection	-	-	3,418,516	3,327,216	3,418,516	3,327,216
Airport	-	-	2,684,727	2,620,027	2,684,727	2,620,027
Parking	-	-	1,378,093	1,418,990	1,378,093	1,418,990
Economic development	-	-	593,984	296,334	593,984	296,334
Total expenses	78,460,715	78,474,328	40,047,144	42,315,374	118,507,859	120,789,702
Change in net position, before transfers	(7,960,263)	(15,574,866)	(2,670,702)	(5,305,502)	(10,630,965)	(20,880,368)
Transfers	(631,231)	(439,951)	631,231	439,951	-	-
Change in net position	(8,591,494)	(16,014,817)	(2,039,471)	(4,865,551)	(10,630,965)	(20,880,368)
Net position						
Beginning of year	147,558,920	163,573,737	96,129,407	100,994,958	243,688,327	264,568,695
Restatement for implementation of GASB 75	(32,852,218)	-	(23,385,429)	-	(56,237,647)	-
End of year	$106,115,208	$147,558,920	$ 70,704,507	$ 96,129,407	$176,819,715	$243,688,327

Governmental activities. Governmental activities decreased the City's net position by $8,591,494 (as compared to a prior year decrease of $16,014,817). Key elements of this decrease and the change from the prior year include:

The total revenue increase of $7,600,990 is primarily due to an increase in general government operating grants as well as an increase in charges for services. The operating grants include the receipt of property from the Federal government (known as the Dolliver Building) with a value of $2.7 million. As was discussed above for the change in net position of the City overall, sales of property/early payoff of a land contract, and additional police services contracts also attributed to the governmental activities revenues over the prior year.

Business-type activities. Business-type activities decreased the City's net position by $2,039,471 as compared to a decrease of $4,865,551 in the prior year. Key elements of this decrease and the change from the prior year include:

The prior year expenses included the write off of an unsuccessful capital project in the amount of $4 million. This decrease in expense is offset by the reduction in industrial and residential water charges for services of approximately $865,000.

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 $17,422,438 a decrease of $10,658,731. The nonspendable portion of fund balance decreased from $1,400,443 to $1,389,947. 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 ($510,038).

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 $5,958,796, while total fund balance was $8,123,578. 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, 2018 is 11.9%.

The fund balance of the City's general fund increased by $137,581 during the current fiscal year. This was favorable in comparison to the final budgeted decrease in fund balance of $120,376. This fluctuation is a result of departmental expenditure savings and revenues over budget in special recreation projects and special assessments.

The major street and trunkline maintenance special revenue fund has a committed fund balance of $1,886,540 at year-end. The fund is used to account for the repair and maintenance of streets and sidewalks. The fund experienced an increase of $1,476,017 in fund balance in the current year. This increase is a result of increased gas and weight tax revenue from Act 51.

The police station capital project fund was created to account for the construction expenditures of the new police facility and has a restricted fund balance of $3,769,476 at year-end. The fund balance decreased from prior year in the amount of $10,275,847 as construction continued towards the completion of the project in August 2018.

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 $13,605,833. This deficit is the result of the net pension liability and net other postemployment benefit liability. The fund had a decrease in total net position for the year of $1,684,700. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

The Battle Creek Transit System reported a net position deficit of $8,019,956. The fund also reported a decrease in net position of $816,692. The deficit net position and decrease were primarily a result of the change in the net pension liability, net other postemployment benefit liability and related deferred outflows/inflows.

General Fund Budgetary Highlights

The general fund ended the year with revenues over expenditures of $137,581. This is favorable compared to the general fund original adopted budget with expenditures in excess of revenues and a use of fund balance of $16,600. Carryover of encumbrances resulted in a final budgeted use of $120,376. During the year the Binder Park Golf Course Fund was moved from a special revenue fund to the recreation department of the general fund. This brings the golf course from a December year end to June to correspond with the rest of the recreation department. The fiscal year general fund activity reflects 18 months of golf course revenues and expenditures to accomplish the transition to the June year end. Departments were diligent in containment of expenditures, and income tax revenues exceeded the budget for the better-than-budget year end result.

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, 2018, amounted to $339,933,718 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings, vehicles, equipment, infrastructure and systems. Net capital assets for governmental activities increased by 3.2%, and for business-type activities increased by 4.0%.

	City of Battle Creek's Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land and land improvements	$ 15,727,222	$ 17,346,139	$ 5,349,914	$ 5,418,141	$ 21,077,136	$ 22,764,280
Construction in progress	11,874,664	1,671,539	10,935,723	8,102,213	22,810,387	9,773,752
Buildings	30,463,834	29,725,968	19,369,267	15,249,952	49,833,101	44,975,920
Vehicles	4,740,170	4,067,189	691,891	648,372	5,432,061	4,715,561
Equipment	3,248,384	3,217,892	772,240	734,994	4,020,624	3,952,886
Infrastructure	172,226,960	174,924,044	-	-	172,226,960	174,924,044
Systems	-	-	64,533,449	67,569,058	64,533,449	67,569,058
Total	$238,281,234	$230,952,771	$101,652,484	$ 97,722,730	$339,933,718	$328,675,501

Major capital asset events during the current fiscal year included:

- Construction in progress in governmental activities includes $11,781,425 for the new police facility (completion was August 2018).

- The sludge cake project in the wastewater fund was completed during the year and was moved from construction-in-progress to depreciable building asset in the amount of $3.3 million. The secondary improvement project, funded primarily with 2016 revenue bonds, is shown in the business-type activities construction in progress in the amount of $9 million.

- Fleet purchases included a $404,000 sewer combination truck as well as four plow chassis in the amount of $420,000.

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

Management's Discussion and Analysis

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $53,580,000. Of this amount, $35,850,000 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds	$ 35,850,000	$ 38,250,000	$ -	$ -	$ 35,850,000	$ 38,250,000
Revenue bonds	-	-	17,730,000	19,025,000	17,730,000	19,025,000
Total	$ 35,850,000	$ 38,250,000	$ 17,730,000	$ 19,025,000	$ 53,580,000	$ 57,275,000

The City's total bonded debt decreased by $3,695,000 (6.5 percent) during the current fiscal year as a result of scheduled debt payments.

The following chart depicts the City's credit rating for the various outstanding debt and the different rating agencies:

	Moody's	S&P	Fitch
General obligation limited tax bonds	Aa3	AA	AA-
Water and wastewater revenue bonds	N/A	A	N/A

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The City's current outstanding general obligation debt is substantially below the current debt limit of $139,467,539.

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.

Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2018/19 fiscal year:

- Developed the fiscal year ending June 30, 2019 budget with revenues equal to expenditures, with no overall increase in the property tax millage.
- Included new police facility costs and anticipated savings.
- Included 2-3% wage raises across the organization - collectively bargained as well as non-represented.
- Internal service fund allocations were reviewed and realigned.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. The financial statements are available on the City's website: *www.battlecreekmi.gov.* Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Finance Director, P.O. Box 1717, Battle Creek, Michigan 49016-1717.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Pooled cash and investments	$ 24,410,547	$ 24,269,551	$ 48,680,098	$ 12,225,202
Receivables	12,041,461	8,748,517	20,789,978	2,318,627
Receivables, long-term portion	2,449,108	1,538,705	3,987,813	3,408,490
Internal balances	(878,587)	878,587	-	-
Inventories and prepaid items	1,347,459	1,625,859	2,973,318	-
Capital assets not being depreciated	13,924,997	14,388,586	28,313,583	20,472,838
Capital assets being depreciated, net	224,356,237	87,263,898	311,620,135	1,576,838
Total assets	277,651,222	138,713,703	416,364,925	40,001,995
Deferred outflows of resources				
Deferred charge on refunding	953,459	-	953,459	1,458,111
Deferred pension amounts	13,332,798	1,935,947	15,268,745	-
Total deferred outflows of resources	14,286,257	1,935,947	16,222,204	1,458,111
Liabilities				
Accounts payable and accrued liabilities	10,024,329	3,129,718	13,154,047	3,986,352
Accrued interest payable	223,533	88,693	312,226	227,605
Unearned revenue	815,032	116,670	931,702	1,975
Long-term debt:				
Due within one year	4,528,060	1,980,544	6,508,604	1,798,688
Due in more than one year	38,483,082	17,240,635	55,723,717	38,151,250
Other liabilities due in more than one year:				
Net pension liability	80,969,755	23,389,855	104,359,610	-
Net other postemployment benefit liability	33,604,513	16,626,448	50,230,961	-
Total liabilities	168,648,304	62,572,563	231,220,867	44,165,870
Deferred inflows of resources				
Deferred pension amounts	3,924,097	816,965	4,741,062	-
Deferred other postemployment benefit amounts	13,249,870	6,555,615	19,805,485	-
Total deferred inflows of resources	17,173,967	7,372,580	24,546,547	-
Net position				
Net investment in capital assets	202,996,774	84,440,617	287,437,391	22,049,676
Restricted for:				
Debt service	6,764,743	-	6,764,743	-
Endowment - nonexpendable	879,909	-	879,909	-
Endowment - expendable	49,859	-	49,859	-
Other purposes	3,734,481	-	3,734,481	1,246,750
Unrestricted (deficit)	(108,310,558)	(13,736,110)	(122,046,668)	(26,002,190)
Total net position	$ 106,115,208	$ 70,704,507	$ 176,819,715	$ (2,705,764)

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, 2018

		Program Revenues			
Functions / Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenues**
Primary government					
Governmental activities:					
General government	$ 3,027,365	$ 4,404,461	$ 7,252,853	$ 2,700,000	$ 11,329,949
Public safety	48,160,125	1,463,042	501,730	-	(46,195,353)
Public works	2,848,257	116,923	152,879	-	(2,578,455)
Highways and streets	14,614,111	2,494	8,387,467	691,624	(5,532,526)
Recreation	6,786,153	3,670,917	-	-	(3,115,236)
Community development	1,447,782	41,774	1,338,338	-	(67,670)
Interest on long-term debt	1,576,922	-	-	-	(1,576,922)
Total governmental activities	78,460,715	9,699,611	17,633,267	3,391,624	(47,736,213)
Business-type activities:					
Water and wastewater	27,208,769	25,613,729	597,382	-	(997,658)
Public transit	4,763,055	366,930	2,744,399	-	(1,651,726)
Solid waste collection	3,418,516	3,389,107	75,995	-	46,586
Airport	2,684,727	1,666,987	1,037,138	-	19,398
Parking	1,378,093	1,131,526	-	-	(246,567)
Economic development	593,984	-	209,610	-	(384,374)
Total business-type activities	40,047,144	32,168,279	4,664,524	-	(3,214,341)
Total primary government	$ 118,507,859	$ 41,867,890	$ 22,297,791	$ 3,391,624	$ (50,950,554)
Component units					
Community development	$ 11,470,975	$ 399,186	$ 3,077,827	$ 2,870,961	$ (5,123,001)

continued...

Statement of Activities
For the Year Ended June 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position				
Net expense	$ (47,736,213)	$ (3,214,341)	$ (50,950,554)	$ (5,123,001)
General revenues:				
Property taxes	17,109,789	321,410	17,431,199	5,506,905
Income taxes	16,718,592	-	16,718,592	-
Grants and contributions not restricted to specific programs	5,822,141	-	5,822,141	-
Unrestricted investment earnings	125,428	8,976	134,404	153,894
Rents and leases	-	213,253	213,253	74,815
Transfers	(631,231)	631,231	-	-
Total general revenues and transfers	39,144,719	1,174,870	40,319,589	5,735,614
Change in net position	(8,591,494)	(2,039,471)	(10,630,965)	612,613
Net position, beginning of year, as restated	114,706,702	72,743,978	187,450,680	(3,318,377)
Net position, end of year	$ 106,115,208	$ 70,704,507	$ 176,819,715	$ (2,705,764)

concluded.

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

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FUND FINANCIAL STATEMENTS

Balance Sheet

Governmental Funds
June 30, 2018

	General	Major Street and Trunkline Maintenance	Police Station Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	$ 5,088,321	$ 917,682	$ 5,611,353	$ 5,384,976	$ 17,002,332
Receivables:					
Interest	663	-	79	46,674	47,416
Accounts	2,253,514	11,401	-	177,422	2,442,337
Due from other governments	3,045,229	998,390	-	260,130	4,303,749
Special assessments	334,336	-	-	365	334,701
Grants	43,872	-	-	429,172	473,044
Loans	-	-	-	553,408	553,408
Loans, long-term portion	-	-	-	6,180,369	6,180,369
Inventories	109,207	-	-	32,976	142,183
Prepaid items	348,203	-	-	19,652	367,855
Interfund receivable	1,284,285	-	-	-	1,284,285
Total assets	$ 12,507,630	$ 1,927,473	$ 5,611,432	$ 13,085,144	$ 33,131,679
Liabilities					
Accounts payable	$ 1,451,326	$ 38,899	$ 1,841,956	$ 1,368,757	$ 4,700,938
Accrued payroll	2,636,348	371	-	-	2,636,719
Retentions, deposits and other liabilities	-	-	-	221,751	221,751
Interfund payable	-	-	-	376,003	376,003
Unearned revenue	37,517	1,663	-	710,681	749,861
Total liabilities	4,125,191	40,933	1,841,956	2,677,192	8,685,272
Deferred inflows of resources					
Unavailable revenue:					
Special assessments	258,861	-	-	365	259,226
Loans, grants and related interest	-	-	-	6,764,743	6,764,743
Total deferred inflows of resources	258,861	-	-	6,765,108	7,023,969
Fund balances					
Nonspendable	457,410	-	-	932,537	1,389,947
Restricted	229,368	1,886,540	3,723,553	1,668,432	7,507,893
Committed	1,347,241	-	45,923	759,436	2,152,600
Assigned	130,763	-	-	282,439	413,202
Unassigned	5,958,796	-	-	-	5,958,796
Total fund balances	8,123,578	1,886,540	3,769,476	3,642,844	17,422,438
Total liabilities, deferred inflows of resources and fund balances	$ 12,507,630	$ 1,927,473	$ 5,611,432	$ 13,085,144	$ 33,131,679

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

Reconciliation
Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2018

Fund balances - total governmental funds	$ 17,422,438
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	13,924,997
Capital assets being depreciated, net	224,356,237
Less: capital assets being accounted for in internal service funds	(4,840,600)
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	9,312,558
Portion of internal service funds cumulative net operating income attributed to business-type funds	(878,587)
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	259,226
Loans receivable related to the sale of capital assets and other loans	6,764,743
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	953,459
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	(39,631,685)
Accrued interest on bonds and installment contracts payable	(223,533)
Net pension liability	(80,969,755)
Deferred outflows related to the net pension liability	13,332,798
Deferred inflows related to the net pension liability	(3,924,097)
Net other postemployment benefit liability	(33,604,513)
Deferred inflows related to the net other postemployment benefit liability	(13,249,870)
Compensated absences	(2,888,608)
Net position of governmental activities	$ 106,115,208

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, 2018

	General	Major Street and Trunkline Maintenance	Police Station Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 32,375,938	$ -	$ -	$ 1,452,443	$ 33,828,381
Licenses and permits	1,057,206	-	-	-	1,057,206
Intergovernmental	10,361,118	6,866,339	-	4,370,881	21,598,338
Charges for services	4,310,766	-	-	1,137,983	5,448,749
Fines and forfeitures	116,581	-	-	-	116,581
Investment earnings (loss)	(4,463)	2,621	25,580	(19,938)	3,800
Contributions	3,407	-	-	1,846,211	1,849,618
Rents and leases	213,991	19,847	-	6,650	240,488
Other	1,601,274	26,545	-	761,799	2,389,618
Total revenues	50,035,818	6,915,352	25,580	9,556,029	66,532,779
Expenditures					
Current expenditures:					
General government	6,757,373	-	-	2,948,651	9,706,024
Public safety	30,488,624	-	10,301,427	530,725	41,320,776
Public works	2,873,537	-	-	-	2,873,537
Highway and streets	-	3,670,335	-	5,898,814	9,569,149
Recreation	4,322,645	-	-	898,347	5,220,992
Community development	607,252	-	-	1,380,568	1,987,820
Inspections	-	-	-	673,614	673,614
Non-departmental	1,323,813	-	-	-	1,323,813
Debt service:					
Principal	345,000	-	-	2,356,249	2,701,249
Interest	98,183	-	-	1,551,456	1,649,639
Total expenditures	46,816,427	3,670,335	10,301,427	16,238,424	77,026,613
Revenue over (under) expenditures	3,219,391	3,245,017	(10,275,847)	(6,682,395)	(10,493,834)
Other financing sources (uses)					
Transfers in	201,565	-	-	5,039,336	5,240,901
Transfers out	(3,283,375)	(1,769,000)	-	(353,423)	(5,405,798)
Total other financing sources (uses)	(3,081,810)	(1,769,000)	-	4,685,913	(164,897)
Net change in fund balances	137,581	1,476,017	(10,275,847)	(1,996,482)	(10,658,731)
Fund balances, beginning of year	7,985,997	410,523	14,045,323	5,639,326	28,081,169
Fund balances, end of year	$ 8,123,578	$ 1,886,540	$ 3,769,476	$ 3,642,844	$ 17,422,438

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

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds	$ (10,658,731)
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition/construction of capital assets	15,671,996
Less: acquisition/construction of capital assets being accounted for in internal service funds	(2,242,790)
Donated capital assets	3,391,624
Depreciation expense	(11,437,302)
Less: depreciation expense being accounted for in internal service funds	1,274,975
Loss on disposal of capital assets	(275,084)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather deferred to subsequent fiscal years.	
Change in long-term special assessments receivable	217,373
Change in unavailable revenues related to loans and grants receivable	(19,399)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on long-term debt	2,701,249
Amount received from other entities for their share of debt principal	(480,000)
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 income from governmental activities in internal service funds	2,055,318
Less: net operating income from business-type activities in internal service funds	(722,726)
Interest earnings from governmental internal service funds	510
Loss on disposal of capital assets from governmental internal service funds	(22,771)
Transfers received in governmental internal service funds	292,791
Transfers made from governmental internal services funds	(759,125)
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	72,207
Change in the net pension liability and related deferred amounts	(7,919,220)
Change in net other postemployment benefit liability and related deferred amounts	411,031
Change in the accrual for compensated absences	(143,420)
Change in net position of governmental activities	$ (8,591,494)

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, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
City income	$ 16,650,000	$ 16,650,000	$ 16,718,592	$ 68,592
Real estate	12,885,223	12,969,415	12,625,575	(343,840)
Personal property	1,692,119	2,229,119	2,277,755	48,636
Administration fees	666,846	666,846	681,384	14,538
Other	1,500	1,500	72,632	71,132
Total taxes	31,895,688	32,516,880	32,375,938	(140,942)
Licenses and permits	926,505	926,505	1,057,206	130,701
Intergovernmental:				
State shared - statutory	1,436,386	1,478,658	1,478,658	-
State shared - constitutional	4,087,394	4,267,394	4,301,987	34,593
Local community stabilization authority	3,136,123	3,136,123	3,100,000	(36,123)
Other	1,491,001	1,491,201	1,480,473	(10,728)
Total intergovernmental	10,150,904	10,373,376	10,361,118	(12,258)
Charges for services:				
Recreation	1,376,163	3,154,163	2,993,656	(160,507)
Police services	1,311,846	1,311,846	1,317,110	5,264
Total charges for services	2,688,009	4,466,009	4,310,766	(155,243)
Fines and forfeitures	130,000	130,000	116,581	(13,419)
Investment earnings (loss)	298,433	198,433	(4,463)	(202,896)
Contributions	-	-	3,407	3,407
Rent and leases	229,132	229,132	213,991	(15,141)
Other	1,340,715	1,399,086	1,601,274	202,188
Total revenues	47,659,386	50,239,421	50,035,818	(203,603)

continued...

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
General government:				
Administration:				
Mayor and city commission	$ 101,021	$ 101,021	$ 98,836	$ (2,185)
City clerk	348,898	348,898	349,802	904
City manager	1,255,250	1,256,589	1,235,337	(21,252)
City hall maintenance	400,215	400,215	402,296	2,081
Neighborhood code compliance	337,002	345,002	325,589	(19,413)
Labor relations	275,476	275,476	245,040	(30,436)
Human resources	435,216	523,216	450,290	(72,926)
Legal department	1,266,835	1,266,835	1,227,735	(39,100)
Elections	91,294	100,194	97,859	(2,335)
Civil service	77,008	77,008	73,293	(3,715)
Administrative reimbursements	(1,113,760)	(1,113,760)	(1,113,760)	-
Total administration	3,474,455	3,580,694	3,392,317	(188,377)
Finance:				
Accounting	1,121,323	1,121,323	1,126,105	4,782
Purchasing	325,949	327,149	327,203	54
Treasurer's office	372,199	372,199	349,420	(22,779)
Assessing	938,243	938,243	883,764	(54,479)
Income tax division	675,084	675,084	678,564	3,480
Total finance	3,432,798	3,433,998	3,365,056	(68,942)
Total general government	6,907,253	7,014,692	6,757,373	(257,319)
Public safety:				
Police department	18,407,071	18,437,820	18,367,374	(70,446)
Fire department	10,432,242	10,494,420	10,712,335	217,915
Dispatch	1,471,421	1,408,921	1,408,915	(6)
Total public safety	30,310,734	30,341,161	30,488,624	147,463

continued...

CITY OF BATTLE CREEK, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Public works:				
Street and storm sewers	$ 2,420,923	$ 2,525,523	$ 2,636,827	$ 111,304
Engineering	301,940	302,019	236,710	(65,309)
Total public works	2,722,863	2,827,542	2,873,537	45,995
Recreation	2,938,564	4,423,381	4,322,645	(100,736)
Community development	737,123	749,125	607,252	(141,873)
Non-departmental:				
Special projects	224,837	277,293	330,584	53,291
AccessVision	396,830	396,830	348,175	(48,655)
Retiree health contributions	537,870	537,870	537,870	-
Other	53,072	53,072	107,184	54,112
Total non-departmental	1,212,609	1,265,065	1,323,813	58,748
Debt service:				
Principal	-	345,000	345,000	-
Interest	-	98,183	98,183	-
Total debt service	-	443,183	443,183	-
Total expenditures	44,829,146	47,064,149	46,816,427	(247,722)
Revenue over expenditures	2,830,240	3,175,272	3,219,391	44,119
Other financing sources (uses)				
Transfers in	-	-	201,565	201,565
Transfers out	(2,846,840)	(3,295,648)	(3,283,375)	(12,273)
Total other financing uses	(2,846,840)	(3,295,648)	(3,081,810)	(213,838)
Net change in fund balance	(16,600)	(120,376)	137,581	257,957
Fund balance, beginning of year	7,985,997	7,985,997	7,985,997	-
Fund balance, end of year	$ 7,969,397	$ 7,865,621	$ 8,123,578	$ 257,957

concluded.

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

CITY OF BATTLE CREEK, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Major Street and Trunkline Maintenance Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ 5,578,428	$ 6,774,428	$ 6,866,339	$ 91,911
Investment earnings	-	-	2,621	2,621
Rents and leases	35,000	35,000	19,847	(15,153)
Other	1,000	1,000	26,545	25,545
Total revenues	5,614,428	6,810,428	6,915,352	104,924
Expenditures				
Current expenditures -				
Highways and streets	4,270,638	4,077,062	3,670,335	(406,727)
Revenues over expenditures	1,343,790	2,733,366	3,245,017	511,651
Other financing uses				
Transfers out	(1,769,000)	(1,769,000)	(1,769,000)	-
Net change in fund balances	(425,210)	964,366	1,476,017	511,651
Fund balance, beginning of year	482,050	410,523	410,523	-
Fund balance, end of year	$ 56,840	$ 1,374,889	$ 1,886,540	$ 511,651

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

CITY OF BATTLE CREEK, MICHIGAN

Statement of Net Position
Proprietary Funds
June 30, 2018

	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	$ 17,839,680	$ -	$ 7,338,153	$ 25,177,833	$ 6,499,933
Receivables:					
Interest	-	-	41,252	41,252	87,853
Accounts	3,618,388	3,002	669,050	4,290,440	67,692
Special assessments	151,532	-	-	151,532	-
Grants	-	1,131,941	-	1,131,941	-
Loans, current portion	-	-	3,133,352	3,133,352	-
Inventories	1,536,216	89,238	-	1,625,454	448,817
Prepaid items	-	405	-	405	388,604
Total current assets	23,145,816	1,224,586	11,181,807	35,552,209	7,492,899
Noncurrent assets:					
Loans receivable, long-term portion	-	-	1,538,705	1,538,705	-
Capital assets not being depreciated	11,019,929	66,499	3,302,159	14,388,587	-
Capital assets being depreciated, net	72,499,347	1,551,050	13,213,500	87,263,897	4,840,600
Total noncurrent assets	83,519,276	1,617,549	18,054,364	103,191,189	4,840,600
Total assets	106,665,092	2,842,135	29,236,171	138,743,398	12,333,499
Deferred outflows of resources					
Deferred pension amounts	1,342,445	428,640	164,862	1,935,947	-
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	2,134,999	56,830	625,199	2,817,028	361,056
Accrued payroll	6,043	3,959	-	10,002	-
Retentions, deposits and other liabilities	211,107	-	91,581	302,688	-
Accrued interest payable	87,066	-	1,627	88,693	-
Interfund payable	-	908,282	-	908,282	-
Unearned revenue	62,037	-	54,633	116,670	65,171
Compensated absences, current portion	403,130	53,503	82,816	539,449	161,062
Claims payable, current portion	-	-	-	-	1,222,526
Lease payable, current portion	-	-	42,626	42,626	110,379
Bonds payable, current portion	1,398,469	-	-	1,398,469	-
Total current liabilities	4,302,851	1,022,574	898,482	6,223,907	1,920,194
Noncurrent liabilities:					
Compensated absences	44,793	5,945	8,777	59,515	-
Claims payable	-	-	-	-	881,339
Lease payable	-	-	-	-	219,408
Bonds payable	17,181,120	-	-	17,181,120	-
Net pension liability	16,219,242	5,178,776	1,991,837	23,389,855	-
Net other postemployment benefit liability	12,155,893	3,516,167	954,388	16,626,448	-
Total noncurrent liabilities	45,601,048	8,700,888	2,955,002	57,256,938	1,100,747
Total liabilities	49,903,899	9,723,462	3,853,484	63,480,845	3,020,941
Deferred inflows of resources					
Deferred pension amounts	566,509	180,885	69,571	816,965	-
Deferred other postemployment benefit amounts	4,792,927	1,386,384	376,304	6,555,615	-
Total deferred inflows of resources	5,359,436	1,567,269	445,875	7,372,580	-
Net position					
Net investment in capital assets	66,350,035	1,551,050	14,967,908	82,868,993	4,510,813
Unrestricted (deficit)	(13,605,833)	(9,571,006)	10,133,766	(13,043,073)	4,801,745
Total net position	$ 52,744,202	$ (8,019,956)	$ 25,101,674	$ 69,825,920	$ 9,312,558

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

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2018

Net position - total enterprise funds	$ 69,825,920
Amounts reported for *business-type activities* in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain services to individual governmental and enterprise funds. The net revenues (expense) of the internal service funds are allocated to governmental and business-type activities.	
Portion of internal service funds cumulative net operating income attributed to enterprise funds.	878,587
Net position of business-type activities	$ 70,704,507

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

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds
For the Year Ended June 30, 2018

	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	$ 25,613,729	$ 366,930	$ 6,187,620	$ 32,168,279	$ 20,851,246
Rents and leases	213,253	-	-	213,253	1,686,105
Other	586,991	3,921	195,206	786,118	852,890
Total operating revenues	26,413,973	370,851	6,382,826	33,167,650	23,390,241
Operating expenses					
Personal services	9,436,761	3,291,039	1,533,214	14,261,014	3,357,872
Materials and supplies	2,233,717	585,060	216,255	3,035,032	2,255,603
Contractual and other	7,914,890	717,538	5,195,748	13,828,176	14,446,473
Depreciation	5,917,458	271,433	1,172,379	7,361,270	1,274,975
Total operating expenses	25,502,826	4,865,070	8,117,596	38,485,492	21,334,923
Operating income (loss)	911,147	(4,494,219)	(1,734,770)	(5,317,842)	2,055,318
Nonoperating revenues (expenses)					
Property taxes	-	-	321,410	321,410	-
Intergovernmental subsidies	10,391	2,740,478	1,127,537	3,878,406	-
Investment earnings (loss)	(23,975)	-	32,951	8,976	-
Interest revenues (expense)	(437,740)	-	(2,933)	(440,673)	510
Loss on disposal of capital assets	(1,842,524)	(1,181)	-	(1,843,705)	(22,771)
Total nonoperating revenues	(2,293,848)	2,739,297	1,478,965	1,924,414	(22,261)
Income (loss) before transfers	(1,382,701)	(1,754,922)	(255,805)	(3,393,428)	2,033,057
Transfers in	-	938,230	9,000	947,230	292,791
Transfers out	(301,999)	-	(14,000)	(315,999)	(759,125)
Change in net position	(1,684,700)	(816,692)	(260,805)	(2,762,197)	1,566,723
Net position, beginning of year, as restated	54,428,902	(7,203,264)	25,362,479	72,588,117	7,745,835
Net position, end of year	$ 52,744,202	$ (8,019,956)	$ 25,101,674	$ 69,825,920	$ 9,312,558

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

Reconciliation

Change in Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended June 30, 2018

Change in net position - total enterprise funds	$ (2,762,197)
Amounts reported for *business-type activities* in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain services to individual governmental and enterprise funds. The current year net operating income of the internal service funds are allocated to governmental and business-type activities.	722,726
Change in net position of business-type activities	$ (2,039,471)

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

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2018

	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	$ 26,389,863	$ 398,761	$ 6,515,638	$ 33,304,262	$ -
Receipts from interfund services	-	-	-	-	23,390,241
Payments to suppliers and contractors	(8,924,957)	(1,227,167)	(7,030,007)	(17,182,131)	(17,609,603)
Payments to employees	(8,904,211)	(2,546,647)	(1,443,440)	(12,894,298)	(3,329,955)
Receipts (payments) for interfund services	(574,321)	(103,196)	(45,209)	(722,726)	-
Net cash provided by (used in) operating activities	7,986,374	(3,478,249)	(2,003,018)	2,505,107	2,450,683
Cash flows from noncapital financing activities					
Transfers in	-	938,230	9,000	947,230	292,791
Transfers out	(301,999)	-	(14,000)	(315,999)	(759,125)
Property taxes	-	-	321,410	321,410	-
Intergovernmental subsidies	10,391	2,740,478	1,127,537	3,878,406	-
Net cash provided by (used in) noncapital financing activities	(291,608)	3,678,708	1,443,947	4,831,047	(466,334)
Cash flows from capital and related financing activities					
Principal and interest paid on debt	(1,810,877)	-	(44,924)	(1,855,801)	-
Interest paid on debt					
Principal paid on capital lease	-	-	-	-	(109,790)
Purchase of capital assets	(12,458,891)	(200,459)	(475,379)	(13,134,729)	(2,242,790)
Net cash used in capital and related financing activities	(14,269,768)	(200,459)	(520,303)	(14,990,530)	(2,352,580)
Cash flows from investing activities					
Interest on investments	(23,975)	-	14,671	(9,304)	3,131
Net change in pooled cash and investments	(6,598,977)	-	(1,064,703)	(7,663,680)	(365,100)
Pooled cash and investments, beginning of year	24,438,657	-	8,402,856	32,841,513	6,865,033
Pooled cash and investments, end of year	$ 17,839,680	$ -	$ 7,338,153	$ 25,177,833	$ 6,499,933

continued...

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2018

	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)	$ 911,147	$ (4,494,219)	$ (1,734,770)	$ (5,317,842)	$ 2,055,318
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	5,917,458	271,433	1,172,379	7,361,270	1,274,975
Changes in assets and liabilities:					
Accounts receivable	(18,814)	(2,922)	38,882	17,146	769,196
Special assessments receivable	(20,609)	-	-	(20,609)	-
Grants receivable	16,081	30,832	-	46,913	-
Loans receivable	-	-	(1,477,272)	(1,477,272)	-
Inventories	(48,849)	(5,569)	-	(54,418)	(7,858)
Prepaid items	-	(405)	-	(405)	71,896
Accounts payable and accrued liabilities	689,079	(21,791)	(61,932)	605,356	110,409
Compensated absences	10,642	(10,593)	19,094	19,143	27,917
Retentions, deposits and other liabilities	9,099	-	3,276	12,375	-
Claims payable	-	-	-	-	(1,839,306)
Interfund payable	-	583,873	-	583,873	-
Unearned revenue	(768)	-	(33,355)	(34,123)	(11,864)
Net pension liability	(880,820)	(281,244)	(108,171)	(1,270,235)	-
Deferred outflows related to the net pension liability	1,252,378	399,883	153,802	1,806,063	-
Deferred inflows related to the net pension liability	299,034	95,481	36,723	431,238	-
Net other postemployment benefit liability	(4,941,611)	(1,429,392)	(387,978)	(6,758,981)	-
Deferred inflows related to the net OPEB liability	4,792,927	1,386,384	376,304	6,555,615	-
Net cash provided by (used in) operating activities	$ 7,986,374	$ (3,478,249)	$ (2,003,018)	$ 2,505,107	$ 2,450,683

concluded.

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

Statement of Fiduciary Net Position

Fiduciary Funds
June 30, 2018

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Pooled cash and investments	$ 89,566	$ 123,656
Cash and cash equivalents	5,041,013	-
Investments:		
Fixed income:		
Corporate bonds	28,544,654	-
Foreign bonds	2,855,732	-
Municipal bonds	766,247	-
U.S. government securities	26,957,991	-
Equity-indexed institutional funds	30,684,089	-
Domestic equities	28,980,512	-
Foreign equities	3,364,886	-
American depositary receipts	16,272,335	-
Mutual funds	6,149,051	-
Real estate trusts	716,616	-
Interest receivable	394,648	-
Pension contributions receivable	132,424	-
Delinquent taxes receivable	-	511,256
Total assets	150,949,764	$ 634,912
Liabilities		
Obligation for impaired investment of securities lending collateral	120,303	$ -
Undistributed receipts	-	634,912
Total liabilities	120,303	$ 634,912
Net position		
Restricted for pension and postemployment healthcare benefits	$ 150,829,461	

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

Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2018

Additions	
Investment income:	
From investing activities:	
Net appreciation in fair value of investments	$ 7,806,720
Interest and dividends	3,159,297
Less investment expenses	(502,942)
Net income from investing activities	10,463,075
From securities lending activities:	
Gross earnings	81,347
Borrower rebates	(1,988)
Securities lending fees	24,988
Net income from securities lending activities	104,347
Total net investment income	10,567,422
Contributions:	
Employer	6,914,586
Employee	1,918,034
Total contributions	8,832,620
Total additions	19,400,042
Deductions	
Pension benefit payments	10,817,693
Medical insurance premiums/benefits	1,927,975
Administrative expenses	229,582
Total deductions	12,975,250
Change to net position restricted for benefits	6,424,792
Net position, beginning of year	144,404,669
Net position, end of year	$ 150,829,461

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

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COMPONENT UNITS FINANCIAL STATEMENTS

Combining Statement of Net Position

Component Units
June 30, 2018

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Assets				
Pooled cash and investments	$ 1,125,995	$ 99,859	$ 10,319,759	$ 658,634
Receivables, net	806,072	3,796	1,424,488	-
Loans receivable, net:				
Due within one year	21,943	-	-	-
Due in more than one year	240,575	-	3,167,915	-
Capital assets not being depreciated	-	-	20,472,838	-
Capital assets being depreciated, net	-	-	1,576,838	-
Total assets	2,194,585	103,655	36,961,838	658,634
Deferred outflows of resources				
Deferred charge on refunding	1,458,111	-	-	-
Liabilities				
Accounts payable and accrued liabilities	661,861	6,563	2,988,805	266,795
Accrued interest payable	212,050	-	15,555	-
Unearned revenue	1,975	-	-	-
Long-term debt:				
Due within one year	1,389,484	-	409,204	-
Due in more than one year	30,846,904	-	4,136,431	3,167,915
Total liabilities	33,112,274	6,563	7,549,995	3,434,710
Net position				
Investment in capital assets	-	-	22,049,676	-
Restricted for loan commitments and lending activity	1,246,750	-	-	-
Unrestricted (deficit)	(30,706,328)	97,092	7,362,167	(2,776,076)
Total net position (deficit)	$ (29,459,578)	$ 97,092	$ 29,411,843	$ (2,776,076)

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position
Component Units
June 30, 2018

	Local Development Finance Authority	Cereal City Development Corporation	Total
Assets			
Pooled cash and investments	$ 20,955	$ -	$ 12,225,202
Receivables, net	-	62,328	2,296,684
Loans receivable, net:			
Due within one year	-	-	21,943
Due in more than one year	-	-	3,408,490
Capital assets not being depreciated	-	-	20,472,838
Capital assets being depreciated, net	-	-	1,576,838
Total assets	20,955	62,328	40,001,995
Deferred outflows of resources			
Deferred charge on refunding	-	-	1,458,111
Liabilities			
Accounts payable and accrued liabilities	-	62,328	3,986,352
Accrued interest payable	-	-	227,605
Unearned revenue	-	-	1,975
Long-term debt:			
Due within one year	-	-	1,798,688
Due in more than one year	-	-	38,151,250
Total liabilities	-	62,328	44,165,870
Net position			
Investment in capital assets	-	-	22,049,676
Restricted for loan commitments and lending activity	-	-	1,246,750
Unrestricted (deficit)	20,955	-	(26,002,190)
Total net position (deficit)	$ 20,955	$ -	$ (2,705,764)

concluded.

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

Combining Statement of Activities
Component Units
For the Year Ended June 30, 2018

	Battle Creek Downtown Development Authority	Lakeview Downtown Development Authority	Battle Creek Tax Increment Financing Authority	Brownfield Redevelopment Authority
Expenses				
Community development	$ 2,087,148	$ 1,942,482	$ 5,769,747	$ 242,789
Program revenues				
Charges for services	3,482	-	263,781	-
Operating grants and contributions	1,703,879	51,895	-	55,934
Capital grants and contributions	-	-	2,870,961	-
Total program revenues	1,707,361	51,895	3,134,742	55,934
Net program expenses	(379,787)	(1,890,587)	(2,635,005)	(186,855)
General revenues				
Property taxes	1,528,555	1,896,538	1,486,153	595,659
Rents and leases	23,701	-	21,940	-
Unrestricted investment earnings (loss)	(4,221)	(12,053)	175,361	(5,193)
Total general revenues	1,548,035	1,884,485	1,683,454	590,466
Change in net position	1,168,248	(6,102)	(951,551)	403,611
Net position, beginning of year	(30,627,826)	103,194	30,363,394	(3,179,687)
Net position, end of year	$ (29,459,578)	$ 97,092	$ 29,411,843	$ (2,776,076)

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CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Activities
Component Units
For the Year Ended June 30, 2018

	Local Development Finance Authority	Cereal City Development Corporation	Total
Expenses			
Community development	$ 1,593	$ 1,427,216	$ 11,470,975
Program revenues			
Charges for services	-	131,923	399,186
Operating grants and contributions	-	1,266,119	3,077,827
Capital grants and contributions	-	-	2,870,961
Total program revenues	-	1,398,042	6,347,974
Net program expenses	(1,593)	(29,174)	(5,123,001)
General revenues			
Property taxes	-	-	5,506,905
Rents and leases	-	29,174	74,815
Unrestricted investment earnings	-	-	153,894
Total general revenues	-	29,174	5,735,614
Change in net position	(1,593)	-	612,613
Net position, beginning of year	22,548	-	(3,318,377)
Net position, end of year	$ 20,955	$ -	$ (2,705,764)

concluded.

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

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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.

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

Police station capital project fund. This fund accounts for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets for the police facility.

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 fund. 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.

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

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

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

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

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

Deposits and Investments

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

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

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

Receivables and Payables

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

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

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

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method.

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

Capital Assets

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

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

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

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

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

Deferred Outflows of Resources

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

Compensated Absences

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

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the 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 arise only under the modified accrual basis of accounting, from three sources: special assessments, property taxes, loans, and grants receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefits plans.

Fund Balances

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the City Commission. The City Commission is the highest level of decision-making authority for the government that can authorize a resolution prior to the end of the fiscal year to commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. *Assigned fund balance* is reported for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission has by resolution authorized City management to assign fund balance. *Unassigned fund balance* is the residual classification used only for the general fund and any deficits reported in other governmental funds.

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

Pensions and Other Postemployment Benefits (OPEB)

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

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. Annual appropriations lapse at year-end, except for those approved by the City Commission for carry forward. The legal level of budgetary control is the activity level.

The City Commission requires the City Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in June. The City Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the City defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded. City Commission approval is required for any budgetary changes that result in an increase to net appropriations.

Formal budgetary integration is employed as a management control during the year. Supplemental appropriations were approved by the City Commission in the form of budget amendment resolutions or as part of special authorizing motions for grants, bonds or notes, the total of which was not significant in relation to the original budget appropriation valuations.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on an activity 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, 2018, the City incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Amended Budget	Actual	Over Budget
General fund			
Public safety - Fire department	$ 10,494,420	$ 10,712,335	$ 217,915
Public works - Street and storm sewers	2,525,523	2,636,827	111,304
Non-departmental:			
Special projects	1,265,065	1,323,813	58,748
Other	53,072	107,184	54,112
Nonmajor governmental funds			
Local street fund	3,220,036	3,388,487	168,451
Binder park golf course	-	201,565	201,565

During the fiscal year ended June 30, 2018 the activity for the Binder Park Golf Course was moved from the special revenue fund to the recreation department in the general fund. This resulted in no budget being presented for the golf course special revenue fund at June 30, 2018.

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, 2018:

	Primary Government	Component Units	Total
Statement of net position			
Pooled cash and investments	$ 48,680,098	$ 12,225,202	$ 60,905,300
Statement of fiduciary net position			
Pooled cash and investments:			
Agency funds	123,656	-	123,656
Other employee benefits	89,566	-	89,566
Cash and cash equivalents - pension	5,041,013	-	5,041,013
Investments:			
Pension	139,143,062	-	139,143,062
Other employee benefits	6,149,051	-	6,149,051
Total	$ 199,226,446	$ 12,225,202	$ 211,451,648

Deposits and investments:

Bank deposits (checking, savings and certificates of deposit)	$ 16,251,724
Portfolio cash - pension	5,041,013
Investments in securities, mutual funds and similar vehicles:	
Pool	44,608,779
Pension	139,143,062
Other employee benefits	6,149,051
Cash on deposit with third party	246,009
Cash on hand	12,010
Total	$ 211,451,648

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, 2018, $16,470,658 of the City's total bank balance of $17,120,234 (total book balance was $16,251,724) 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, 2018:

U.S. agencies	$ 39,732,102
Municipal bonds	1,905,000
Money market accounts	2,971,677
Total investments	$ 44,608,779

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, 2018, 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, 2018, 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 municipal bonds rated AAA by Standard and Poor's and investments in money market accounts, which are not rated. All of the City's investments comply with its policy regarding the types of investments it may hold.

Concentration of Credit Risk. At June 30, 2018, the investment portfolio was concentrated as follows:

	% of portfolio
U.S. agencies	
Federal Farm Credit Bank	22.8%
Governmental National Mortgage Association	22.8%
Federal Home Loan Bank	19.3%
Federal National Mortgage Association	17.1%
Federal Home Loan Mortgage Corporation	7.2%

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

Interest Rate Risk. As of June 30, 2018, maturities of the City's investments in the debt securities were as follows:

		Investment Maturities (fair value by years)			
	Fair Value	Less Than 1	1-5	6-10	Over 10
U.S. agencies	$ 39,732,102	$ 1,003,090	$ 36,724,285	$ 2,004,727	$ -
Municipal bonds	1,905,000	-	285,000	430,000	1,190,000
	$ 41,637,102	$ 1,003,090	$ 37,009,285	$ 2,434,727	$ 1,190,000

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

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

The City's recurring fair value measurements as of June 30, 2018 for its investments in the money market accounts are valued using quoted prices in active markets (Level 1 inputs). Government agency securities and municipal bonds are valued using significant other observable inputs of the underlying securities and bonds as the investments are only traded in secondary markets (Level 2 inputs).

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

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

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

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

Investments at fair value, as determined by quoted market price	
Fixed income:	
Corporate bonds	$ 28,544,654
Foreign bonds	2,855,732
Municipal bonds	766,247
U.S. government securities	26,957,991
	59,124,624
Equity-indexed institutional funds	30,684,089
Domestic equities	28,980,512
Foreign equities	3,364,886
American depositary receipts	16,272,335
Real estate trusts	716,616
Total investments	$ 139,143,062

In addition to the above, the System and the other employee benefits trust funds had short-term investments of $5,041,013 held in money market accounts and $89,566 included in the City's pooled cash and investments as of June 30, 2018. Also, the Retiree Health Funding Vehicle fund, one of the other employee benefits trust funds, had $6,149,051 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 BB or better by a nationally recognized statistical rating organization. As of June 30, 2018, the System's investments in securities of U.S. agencies were not rated by Standard & Poor's. The System's investments in corporate bonds, foreign bonds, municipal bonds, and U.S. Government securities were rated by Standard & Poor's as follows:

	Rating
AAA	$ 2,347,661
AA	2,396,869
A	6,378,394
BBB	10,665,458
BB	196,792
Not rated	37,139,450
Totals	$ 59,124,624

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

Concentration of Credit Risk. 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, 2018, 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
Corporate bonds	$ 28,544,654	$ 1,105,886	$ 8,912,575	$ 7,801,487	$ 10,724,706
Foreign bonds	2,855,732	158,624	1,145,767	961,371	589,970
Municipal bonds	766,247	-	-	-	766,247
U.S. government securities	26,957,991	144,122	5,956,459	4,721,238	16,136,172
	$ 59,124,624	$ 1,408,632	$ 16,014,801	$ 13,484,096	$ 28,217,095

None of the above securities are callable.

The System's investment policy does not place limits on the maximum maturity for any single fixed income security or the weighted average for the portfolio maturity or a particular segment thereof. At June 30, 2018, the actual weighted average maturity was 14.3 years.

Foreign Currency Risk. Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System has various investment holdings in international equities of $3,364,886, foreign bonds of $2,855,732, and American depository receipts of $16,272,335; 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.

Rate of return. For the year ended June 30, 2018, the annual money-weighted rate of return on plan investments, net of investment expenses, was 6.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 $120,303 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.

Fair Value Measurements. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System had the following recurring fair value measurements as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	$ 594,721	$ 27,949,933	$ -	$ 28,544,654
Foreign bonds	-	2,855,732	-	2,855,732
Municipal bonds	-	766,247	-	766,247
U.S. government securities	-	26,957,991	-	26,957,991
Equity-indexed institutional funds	30,684,089	-	-	30,684,089
Domestic equities	28,980,512	-	-	28,980,512
Foreign equities	3,364,886	-	-	3,364,886
American depositary receipts	16,272,335	-	-	16,272,335
Real estate trusts	716,616	-	-	716,616
	$ 80,613,159	$ 58,529,903	$ -	$ 139,143,062

The Retiree Health Funding Vehicle fund's recurring fair value measurements as of June 30, 2018 were related to its investments in mutual funds. These investments are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

6. RECEIVABLES

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

	Governmental Activities	Business-type Activities
Interest	$ 135,269	$ 41,252
Accounts	3,836,880	4,828,909
Allowance for uncollectible accounts	(1,326,851)	(538,469)
Due from other governments	4,303,749	-
Special assessments, due within one year	334,701	151,532
Grants	473,044	1,131,941
Loans, due within a year	553,408	3,133,352
Subtotal	8,310,200	8,748,517
Loans, long-term portion	6,180,369	1,538,705
	$ 14,490,569	$ 10,287,222

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	$ 2,050,333	$ -	$ -	$ -	$ 2,050,333
Construction in progress	1,671,539	10,341,774	-	(138,649)	11,874,664
	3,721,872	10,341,774	-	(138,649)	13,924,997
Capital assets being depreciated:					
Land improvements	25,563,642	71,531	-	130,100	25,765,273
Buildings	60,255,974	2,935,037	(758,990)	8,549	62,440,570
Vehicles	14,177,739	1,773,452	(1,060,558)	-	14,890,633
Equipment	27,149,254	586,766	(383,723)	-	27,352,297
Infrastructure	300,929,630	3,355,060	-	-	304,284,690
	428,076,239	8,721,846	(2,203,271)	138,649	434,733,463
Less accumulated depreciation for:					
Land improvements	(10,267,836)	(1,820,548)	-	-	(12,088,384)
Buildings	(30,530,006)	(1,940,075)	493,345	-	(31,976,736)
Vehicles	(10,110,550)	(1,068,261)	1,028,348	-	(10,150,463)
Equipment	(23,931,362)	(556,274)	383,723	-	(24,103,913)
Infrastructure	(126,005,586)	(6,052,144)	-	-	(132,057,730)
	(200,845,340)	(11,437,302)	1,905,416	-	(210,377,226)
Total capital assets being depreciated, net	227,230,899	(2,715,456)	(297,855)	138,649	224,356,237
Governmental activities capital assets, net	$ 230,952,771	$ 7,626,318	$ (297,855)	$ -	$ 238,281,234

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

Governmental activities:	
General government	$ 249,626
Public safety	520,713
Public works, including depreciation of general infrastructure assets	7,889,467
Recreation	1,502,521
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,274,975
Total depreciation expense - governmental activities	$ 11,437,302

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	$ 3,452,863	$ -	$ -	$ -	$ 3,452,863
Construction in progress	8,102,213	10,003,683	(1,453,593)	(5,716,580)	10,935,723
	11,555,076	10,003,683	(1,453,593)	(5,716,580)	14,388,586
Capital assets being depreciated:					
Land improvements	6,749,178	19,095	-	52,256	6,820,529
Buildings	65,298,253	206,053	(41,745)	5,247,892	70,710,453
Vehicles	4,858,062	200,460	(527,135)	-	4,531,387
Equipment	15,166,561	294,399	(646,044)	-	14,814,916
Systems	196,803,503	2,411,039	(3,592,370)	416,432	196,038,604
	288,875,557	3,131,046	(4,807,294)	5,716,580	292,915,889
Less accumulated depreciation for:					
Land improvements	(4,783,900)	(139,578)	-	-	(4,923,478)
Buildings	(50,048,301)	(1,334,630)	41,745	-	(51,341,186)
Vehicles	(4,209,690)	(155,758)	525,952	-	(3,839,496)
Equipment	(14,431,567)	(178,004)	566,895	-	(14,042,676)
Systems	(129,234,445)	(5,553,300)	3,282,590	-	(131,505,155)
	(202,707,903)	(7,361,270)	4,417,182	-	(205,651,991)
Total capital assets being depreciated, net	86,167,654	(4,230,224)	(390,112)	5,716,580	87,263,898
Business-type activities capital assets, net	$ 97,722,730	$ 5,773,459	$ (1,843,705)	$ -	$ 101,652,484

Business-type activities:	
Wastewater	$ 4,256,937
Water	1,660,521
Public transit	271,433
Airport	846,887
Parking	325,492
Total depreciation expense - business-type activities	$ 7,361,270

During the fiscal year ended June 30, 2018, the City identified an impaired asset in the amount of $1,453,593. This amount is included in the decreases in construction in progress.

At June 30, 2018, the City had outstanding commitments through construction contracts of approximately $11.05 million in relation to the construction of a new police department facility, secondary energy project, and other building, street and equipment improvements.

Activity for the TIFA for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component unit - TIFA					
Capital assets not being depreciated:					
Land	$ 12,817,571	$ 1,448,482	$ -	$ -	$ 14,266,053
Construction in progress	2,068,490	4,138,295	-	-	6,206,785
	14,886,061	5,586,777	-	-	20,472,838
Capital assets being depreciated:					
Land improvements	1,336,741	571,676	-	-	1,908,417
Buildings	315,845	-	-	-	315,845
Equipment	446,951	-	-	-	446,951
	2,099,537	571,676	-	-	2,671,213
Less accumulated depreciation for:					
Land improvements	(337,902)	(34,054)	-	-	(371,956)
Buildings	(269,122)	(14,894)	-	-	(284,016)
Equipment	(435,961)	(2,442)	-	-	(438,403)
	(1,042,985)	(51,390)	-	-	(1,094,375)
Total capital assets being depreciated, net	1,056,552	520,286	-	-	1,576,838
TIFA capital assets, net	$ 15,942,613	$ 6,107,063	$ -	$ -	$ 22,049,676

8. PAYABLES

Accounts payable and accrued liabilities in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable and accrued liabilities	$ 5,061,994	$ 2,817,028
Accrued payroll	2,636,719	10,002
Retentions, deposits and other liabilities	221,751	302,688
Claims payable, current portion	1,222,526	-
Claims payable, long-term portion	881,339	-
	$ 10,024,329	$ 3,129,718

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2018, the following interfund balances were outstanding:

	Payable Funds		
Receivable Fund	Nonmajor Governmental Funds	Battle Creek Transit System Fund	Total
General fund	$ 376,003	$ 908,282	$ 1,284,285

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

For the year ended June 30, 2018, interfund transfers consisted of the following:

	Transfers In			
Transfers Out	General Fund	Nonmajor Governmental Funds	Battle Creek Transit System	Nonmajor Enterprise Funds
General fund	$ -	$ 2,247,988	$ 938,230	$ -
Major street and trunkline maintenance fund	-	1,760,000	-	9,000
Nonmajor governmental funds	201,565	151,858	-	-
Water and wastewater fund	-	120,365	-	
Nonmajor enterprise funds	-	-	-	-
Internal service funds	-	759,125	-	-
	$ 201,565	$ 5,039,336	$ 938,230	$ 9,000

	Transfers In	
Transfers Out	Internal Service Funds	Total
General fund	$ 97,157	$ 3,283,375
Major street and trunkline maintenance fund	-	1,769,000
Nonmajor governmental funds	-	353,423
Water and wastewater fund	181,634	301,999
Nonmajor enterprise funds	14,000	14,000
Internal service funds	-	759,125
	$ 292,791	$ 6,480,922

Notes to Financial Statements

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

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

10. LONG-TERM DEBT

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 5 to 25 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
2008 building authority refunding	2023	3.000% - 4.125%	$ 8,605,000	$ 2,680,000
2009 building authority - golf course refunding	2025	3.000% - 4.200%	2,240,000	1,420,000
2011 building authority limited tax refunding	2026	3.000% - 4.125%	6,725,000	4,250,000
2016 capital improvement - refunding	2033	2.500% - 4.000%	12,605,000	12,605,000
2016 general obligation limited tax bonds	2042	4.000% - 5.000%	15,265,000	14,895,000
Total governmental activities				$ 35,850,000
Discretely presented component units				
2009 tax increment - airport	2029	3.000% - 4.300%	$ 3,935,000	$ 2,495,000
2010 tax increment - airport hangar	2030	2.000% - 4.750%	3,585,000	2,060,000
Total component units				$ 4,555,000

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

Year Ended June 30,	Governmental Activities Principal	Governmental Activities Interest	Component Units Principal	Component Units Interest
2019	$ 2,375,000	$ 1,438,995	$ 410,000	$ 183,787
2020	2,490,000	1,347,083	325,000	169,316
2021	2,595,000	1,248,248	340,000	156,986
2022	2,710,000	1,143,591	350,000	143,839
2023	2,485,000	1,040,991	365,000	129,849
2024-2028	8,235,000	3,992,750	2,080,000	406,008
2029-2033	7,885,000	2,476,607	685,000	35,113
2034-2038	3,560,000	1,281,625	-	-
2039-2042	3,515,000	362,375	-	-
	$ 35,850,000	$ 14,332,265	$ 4,555,000	$ 1,224,898

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	$ 2,705,000
2016A water and wastewater system	2036	4.000% - 5.000%	7,725,000	7,030,000
2016B water and wastewater system	2036	1.660% - 4.460%	8,890,000	7,995,000
Total business-type activities				$ 17,730,000
Discretely presented component units				
2017 downtown development refunding	2034	2.836% - 3.984%	$ 22,260,000	$ 22,260,000
2018 downtown development refunding	2025	2.000% - 5.000%	9,260,000	9,140,000
Total component units				$ 31,400,000

Revenue bond debt service requirements to maturity are as follows:

	Business-type Activities		Component Units	
Year Ended June 30,	Principal	Interest	Principal	Interest
2019	$ 1,330,000	$ 718,609	$ 1,270,000	$ 1,272,297
2020	1,365,000	674,538	1,435,000	1,208,797
2021	1,405,000	626,089	1,515,000	1,137,047
2022	1,445,000	574,664	1,610,000	1,061,297
2023	740,000	535,779	1,620,000	980,797
2024-2028	3,920,000	2,257,615	9,570,000	3,838,239
2029-2033	4,475,000	1,361,928	11,750,000	1,917,569
2034-2036	3,050,000	292,725	2,630,000	104,779
	$ 17,730,000	$ 7,041,947	$ 31,400,000	$ 11,520,822

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay $6,045,000 and $16,615,000 in water and wastewater system revenue bonds issued in June 2011 and December 2016, respectively. Proceeds from the bonds provided financing for various water main and sewer projects. The bonds are payable solely from water and wastewater customer net revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require approximately 83% of net revenues. The total principal and interest remaining to be paid on the bonds is $24,771,947. Principal and interest paid for the current year and total customer net revenues were $2,055,335 and $6,644,761, respectively.

Refunded Debt

During fiscal year 2018, the City issued $9,260,000 of refunding bonds to advance refund $6,125,000 of the 2008 downtown development refunding bonds and $3,675,000 of the 2013 downtown development refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities. The refunding resulted in a net savings of $851,329 and an economic gain of $760,830.

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

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
2007 energy savings equipment contract #1	2023	4.66%	$ 3,708,005	$ 1,402,000
2008 energy savings equipment contract #2	2023	4.56%	280,000	104,673
2008 energy savings equipment contract #3	2022	4.21%	90,420	34,062
2016 city hall copiers	2021	5.28%	56,579	32,952
2017 telephone equipment	2021	n/a	494,724	296,835
Total governmental activities				$ 1,870,522

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

Year Ended June 30,	Governmental Activities Principal	Governmental Activities Interest
2019	$ 425,778	$ 69,387
2020	441,211	53,954
2021	454,134	37,805
2022	366,097	21,415
2023	183,302	2,843
	$ 1,870,522	$ 185,404

Capital leases. The government has a lease agreement for airport snow removal equipment. The City did not enter into any new capital leases during the year. The cost of the assets acquired was $340,410 and was fully amortized as of June 30, 2018.

	Year of Maturity	Interest Rates	Original Amount	Amount
Business-type activities				
2009 runway snowplow	2019	5.39%	$ 340,410	$ 42,626

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

Year Ended June 30,	Business-type Activities Principal	Business-type Activities Interest
2019	$ 42,626	$ 2,298

Notes to Financial Statements

Loans payable. During the year ended June 30, 2008, the Brownfield Redevelopment Authority entered into a loan with the Battle Creek Tax Increment Finance Authority (both component units of the City of Battle Creek) to borrow up to $3,530,000 for use with a particular brownfield project. As of June 30, 2018, the Brownfield Redevelopment Authority had drawn a total of $2,560,708 on the authorized amount, and there is a current outstanding balance due of $694,377. 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, 2018, a total of $2,473,538 had been drawn on the authorized amount and is currently outstanding.

Since repayment between the two component units is based on the future collection of incremental tax revenues, the loans are reported as a long-term liability by the Brownfield and a noncurrent receivable by the TIFA. The repayment obligations include interest at 5% per annum.

Loans outstanding at year-end are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount
Discretely presented component units				
Brownfield redevelopment loans	n/a	5.000%	$ 9,030,000	$ 3,167,915

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for fiscal year 2018 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	$ 38,250,000	$ -	$ (2,400,000)	$ 35,850,000	$ 2,375,000
Installment contracts	2,281,561	-	(411,039)	1,870,522	425,778
Compensated absences	2,878,334	1,696,171	(1,524,835)	3,049,670	1,605,366
Deferred amounts:					
For issuance premiums	2,476,504	-	(130,573)	2,345,931	130,573
For issuance discounts	(113,638)	-	8,657	(104,981)	(8,657)
Total governmental activities debt	$ 45,772,761	$ 1,696,171	$ (4,457,790)	$ 43,011,142	$ 4,528,060
Business-type activities					
Revenue bonds	$ 19,025,000	$ -	$ (1,295,000)	$ 17,730,000	$ 1,330,000
Capital leases	83,072	-	(40,446)	42,626	42,626
Compensated absences	579,821	588,159	(569,016)	598,964	539,449
Deferred amounts -					
For issuance premiums	918,058	-	(68,469)	849,589	68,469
Total business-type activities debt	$ 20,605,951	$ 588,159	$ (1,972,931)	$ 19,221,179	$ 1,980,544
Component units					
DDA					
Revenue bonds	$ 33,245,000	$ 9,260,000	$ (11,105,000)	$ 31,400,000	$ 1,270,000
Deferred amounts -					
For issuance premiums	710,320	955,872	(829,804)	836,388	119,484
Total DDA debt	$ 33,955,320	$ 10,215,872	$ (11,934,804)	$ 32,236,388	$ 1,389,484
TIFA					
General obligation bonds	$ 4,950,000	$ -	$ (395,000)	$ 4,555,000	$ 410,000
Deferred amounts -					
For issuance discounts	(10,161)	-	796	(9,365)	(796)
Total TIFA debt	$ 4,939,839	$ -	$ (394,204)	$ 4,545,635	$ 409,204
Brownfield					
Loans payable	$ 3,429,670	$ 13,245	$ (275,000)	$ 3,167,915	$ -

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

Notes to Financial Statements

11. SEGMENT INFORMATION - ENTERPRISE FUNDS

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

12. ENDOWMENTS

Youth Center Endowment Permanent Trust Fund. For the year ended June 30, 2018, the net loss on investments of donor-restricted endowments was $1,082. 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 $13,097 is reported in restricted fund balance/net position; the nonspendable endowment balance is $256,376.

Kellogg Arena Endowment Permanent Trust Fund. For the year ended June 30, 2018, the net loss on investments of donor-restricted endowments was $2,916. 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 $36,762 is reported in restricted fund balance/net position; the nonspendable endowment balance is $623,533.

13. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries, as well as medical, dental and death benefits provided to employees. The City has purchased commercial insurance for employee dental and life coverages, certain property and inland marine exposures, airport liability, and liquor liability. The City's workers' compensation exposure is handled on a self-funded basis using a third-party administrator, with excess insurance for claims greater than a self-insured retention (SIR) of $650,000 per occurrence. As of July 1, 1986, the City's general and related liability insurance was allowed to expire; any occurrences prior to that date may be covered by liability policies previously in effect. At that time the City began self-administering general liability and related exposures, utilizing excess liability insurance for losses greater than a SIR of $1 million per occurrence. On July 1, 2016 the City became a member of the public-entity self-insurance pool, Michigan Municipal Risk Management Authority for excess coverage related to both property and liability losses. The limits of the excess liability insurance have been as follows: $15 million per occurrence effective September 1, 1999; $5 million per occurrence effective October 1, 2002; $9 million per occurrence effective November 14, 2003; then $10 million per occurrence effective July 1, 2016.

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

Effective October 1, 2003, the City converted from a premium-based policy for employee medical coverage to a self-funded plan, with specific stop-loss insurance that limits claim exposure to $120,000 per contract (i.e., employee and dependents), annually.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the governmental activities using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self insured retention limits along with certain other member specific costs. Accordingly, the City records an asset for its portion of the unexpended member retention fund. At June 30, 2018, the balance of the City's member retention fund was $246,009.

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:

	2018	2017
Estimated liability, beginning of year	$ 3,943,171	$ 4,517,500
Estimated claims incurred, including changes in estimates	6,533,680	9,485,725
Claim payments	(8,372,986)	(10,060,054)
Estimated liability, end of year	$ 2,103,865	$ 3,943,171

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 2017 levy, including industrial facilities and neighborhood enterprise zone properties, but net of renaissance zones, was $1,255,207,903. The government's general operating tax rate for fiscal 2017-18 was 10.240 mills with an additional 5.009 mills for police and fire pension and 0.5 mills for debt service.

Property taxes for the DDA, LDDA, LDFA, TIFA and BRA are derived from tax increment financing agreements with the various applicable taxing authorities. Under these arrangements, the tax increment finance entities receive the property taxes levied on the increment of current taxable values over the base year values on those properties located within the established tax increment financing district.

Property taxes are recognized in the fiscal year in which they are levied.

15. TAX ABATEMENTS

The City received reduced property tax revenues during 2018 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by the City.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to $304,734 in reduced City tax revenues for 2018.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this Act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to $172,347 in reduced City tax revenues for 2018.

16. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

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

The City is currently involved in various tax appeals pending before the Michigan Tax Tribunal. The appeals cover various commercial and industrial properties for 2018. Due to the large number of appeals currently before the Tribunal, the time frame for resolution of these matters is unknown at this time. The City has an estimated maximum exposure of approximately $1.9 million in taxable value. The City is vigorously defending all litigation.

17. DEFINED BENEFIT PENSION PLANS

Police and Fire Retirement System

The Police and Fire Retirement System (the "System") is a single-employer defined benefit pension plan that provides retirement, health, disability and death benefits to all full-time police and fire personnel of the City, subject to the limitations on health care benefits described in Note 18. The System is administered by the Retirement Board of the Police and Fire Retirement System. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the System at 10 North Division Street, Battle Creek, MI 49014 or is available on the City's website: *www.battlecreekmi.gov.*

The financial statements of the System are prepared using the accrual basis of accounting. System member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

System investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Retirement Board, with the assistance of a valuation service. Administrative costs are financed through investment earnings.

Plan Membership. At June 30, 2017, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	249
Terminated employees entitled to but not yet receiving benefits	9
Vested and non-vested active participants	188
Total membership	446

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 8.25% and 11.72% 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, 2018 represented 36.82% of the annual covered payroll.

Rate of Return. For the year ended June 30, 2018, the annual money-weighted rate of return on plan investments, net of investment expenses, was 6.89 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP). In lieu of retiring and receiving a monthly benefit, an eligible participant may elect to participate in the DROP by making an irrevocable election to terminate employment with the City and retire upon ceasing participation in the DROP. The DROP election must specify the future retirement date which must be within the maximum time period permitted (typically 3 to 5 years, based on bargaining unit and hire date). Upon entry in the DROP, the participant ceases to accrue years of service in the defined benefit pension plan. The participant remains an employee of the City for all other purposes, but the retirement benefit payment is calculated and payments commence into a separate, restricted account. These monthly payments, along with interest earnings thereon, are not distributed to the participant until employment has terminated. DROP activity is summarized as follows as of June 30:

Year Ended June 30,	Beginning Balance	Credits	Interest	Distributions	Ending Balance
2018	$ 21,903	$ 298,190	$ 3,894	$ 37,462	$ 286,525

Net Pension Liability of the City. The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (rolled forward to June 30, 2018). The components of the net pension liability of the City were as follows:

Total pension liability	$ 192,038,450
Plan fiduciary net position	(144,588,461)
City's net pension liability	$ 47,449,989
Plan fiduciary net position as percentage of total pension liability	75.29%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	4.00%
Salary increases	4.50 to 16.00%, including inflation
Investment rate of return	6.50%
Retirement age	Age and service-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation.

RP-2014 Standard Mortality Tables projected to 2019 using the MP-2014 mortality improvement scale.

The actuarial assumptions used in the June 30, 2017 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, 2018 (see the discussion of the System's investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. treasuries	0.00%	0.75%	0.00%
U.S. agencies	42.00%	0.75%	0.32%
Domestic corporate securities	32.00%	4.50%	1.44%
Domestic equities	9.00%	4.75%	0.44%
American depository receipts	3.00%	0.00%	0.01%
International equities	14.00%	4.75%	0.68%
Real estate investment trusts	0.00%	0.75%	0.00%
	100.00%		
Inflation			2.25%
Administrative expenses netted above			1.36%
Investment rate of return			6.50%

Discount Rate. A single discount rate of 6.50% was used to measure the total pension liability. This was a decrease from the single discount rate of 6.75% used in the prior valuation. This single discount rate was based on an expected rate of return on the plan investments of 6.50% and a municipal bond rate of 3.62%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.50% percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
City's net pension liability	$ 71,274,883	$ 47,449,989	$ 27,623,304

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, 2017	$ 176,579,083	$ 138,509,334	$ 38,069,749
Changes for the year:			
Service cost	4,070,388	-	4,070,388
Interest on total pension liability	11,718,436	-	11,718,436
Benefit changes	1,505,727	-	1,505,727
Differences between expected and actual experience	1,955,535	-	1,955,535
Assumption changes	6,224,926	-	6,224,926
Employer contributions	-	5,180,487	(5,180,487)
Employee contributions	-	1,478,257	(1,478,257)
Net investment income	-	10,201,971	(10,201,971)
Benefit payments	(10,015,645)	(10,066,683)	51,038
Administrative expense	-	(214,905)	214,905
Medical insurance premiums	-	(500,000)	500,000
Net changes	15,459,367	6,079,127	9,380,240
Balances at June 30, 2018	$ 192,038,450	$ 144,588,461	$ 47,449,989

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2018, the City recognized pension expense of $6,533,333. At June 30, 2018, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	$ 1,916,067	$ 2,753,313	$ (837,246)
Changes in assumptions	7,361,534	-	7,361,534
Net difference between projected and actual earnings on pension plan investments	1,280,810	-	1,280,810
Total	$ 10,558,411	$ 2,753,313	$ 7,805,098

Amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date, if any, will be recognized as a reduction in the net pension liability for the year ending June 30, 2019. 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
2019	$ 4,310,533
2020	1,636,849
2021	582,505
2022	1,275,211
Total	$ 7,805,098

Municipal Employees Retirement System of Michigan

Plan Description. The City participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at *www.mersofmich.com.*

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated based on final average compensation (based on a 3 or 5 year period) and multipliers ranging from 1.25% to 2.50%. Participants are considered to be fully vested in the plan after 6 to 10 years, depending on division/bargaining unit. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 15 years of service, or age 55 with 25 years of service, depending on division/bargaining unit.

Contributions. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions range from 0.00% to 375.83% of annual payroll, or monthly amounts ranging from $0 to $65,035 depending on division/bargaining unit.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2017, 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	$ 144,360,278
Plan fiduciary net position	(87,450,657)
City's net pension liability	$ 56,909,621
Plan fiduciary net position as percentage of total pension liability	60.58%

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table is used to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted in 2015 covering the period from January 1, 2009, through December 31, 2013.

Employees Covered by Benefit Terms. At December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	412
Inactive employees entitled to but not yet receiving benefits	48
Active employees	340
Total membership	800

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	10.0%	6.56%	0.65%
	100.0%		
Inflation			3.25%
Administrative expenses netted above			0.25%
Investment rate of return			8.00%

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2017 was 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	$ 141,255,649	$ 81,255,431	$ 60,000,218
Changes for the year:			
Service cost	1,998,171	-	1,998,171
Interest	10,978,431	-	10,978,431
Changes in benefits	(17,297)	-	(17,297)
Differences between expected and actual experience	194,046	-	194,046
Employer contributions	-	5,382,451	(5,382,451)
Employee contributions	-	546,534	(546,534)
Net investment income	-	10,481,265	(10,481,265)
Benefit payments, including refunds of employee contributions	(10,048,722)	(10,048,722)	-
Administrative expense	-	(166,302)	166,302
Net changes	3,104,629	6,195,226	(3,090,597)
Balances at December 31, 2017	$ 144,360,278	$ 87,450,657	$ 56,909,621

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 8.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
$ 71,320,374	$ 56,909,621	$ 44,559,539

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of $8,171,156. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	$ 145,534	$ 573,456	$ (427,922)
Changes in assumptions	1,705,961	-	1,705,961
Net difference between projected and actual earnings on pension plan investments	-	1,414,293	(1,414,293)
	1,851,495	1,987,749	(136,254)
Contributions subsequent to the measurement date	2,858,839	-	2,858,839
Total	$ 4,710,334	$ 1,987,749	$ 2,722,585

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, 2019. Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	$ 1,921,077
2020	71,470
2021	(1,298,348)
2022	(830,453)
Total	$ (136,254)

Summary of Pension Plans

	MERS	Police and Fire Retirement System	Total
Net pension liability (NPL)	$ 56,909,621	$ 47,449,989	$ 104,359,610
Deferred outflows related to the NPL	4,710,334	10,558,411	15,268,745
Deferred inflows related to the NPL	1,987,749	2,753,313	4,741,062

Notes to Financial Statements

18. POSTEMPLOYMENT BENEFITS

General Information about the Plan

The City provides health care benefits under a single-employer plan (the "Plan") to certain full-time employees upon retirement, in accordance with labor agreements and/or the City Administrative Code, or in the case of police and fire personnel according to City Commission resolution. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with contributions required in varying amounts. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Complete details on the City's retiree healthcare benefits are available in the actuarial valuation or the plan document located on the City's website.

For police and fire employees, the obligation for police and fire personnel retiree health care, prior to fiscal 2007, was entirely advance-funded through the Police and Fire Retirement System (the "System"). Beginning in fiscal 2007, following negotiations and arbitration, the System became responsible for only the first $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 Retiree Health Funding Vehicle (RHFV) or Fire Retiree Health Care trust fund, which are employee contributory plans (that are presented as other employee benefit trust funds herein; these two trust funds constitute the financial statements for the City's postemployment benefits plan). The System does not issue a separate financial report.

For other eligible City employees, the City contributes a maximum of $200 per month on a pay-as-you-go basis towards the purchase of retiree health care.

The System's financial statements are prepared using the accrual basis of accounting. System contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have established market values are reported at estimated fair values as determined by the custodian under the direction of the Retirement Board with the assistance of a valuation service. Administrative costs are financed through investment earnings. The RHFV portion of the System's plan utilizes a retirement health funding vehicle trust established with the Municipal Employees Retiree System of Michigan to invest plan assets.

Plan Membership. Membership of the Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	308
Vested and non-vested active participants	512
Total membership	820

Contributions. 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 and internal service self-insurance fund. Certain plan participants are required to contribute to the plan ranging from 2% to 3% of annual pay. For the year ended June 30, 2018, $1,734,099 was contributed towards the cost of benefits and funding the plan.

The components of the net OPEB liability of the City at June 30, 2018, were as follows:

Total OPEB liability	$ 56,471,961
Plan fiduciary net position	6,802,762
Net OPEB liability	$ 49,669,199
Plan fiduciary net position as a percentage of the total OPEB liability	12.05%

Actuarial Assumptions. The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied consistently to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	22 years (fiscal year beginning July 1, 2018)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	3.56% for General and 7.00% for Police and Fire, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50%, including inflation
Inflation rate	N/A
Healthcare inflation rate	Trend starting at 8.0% and gradually decreasing to an ultimate trend rate of 3.50%.

General members. The mortality table used to project the mortality experience of general members is a 50% Male - 50% Female blend of the following tables: 1.The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105% for ages 70 and older, 2. The RP-2014 Employee Mortality Tables for ages 18-49, 3. The RP-2014 Juvenile Mortality Tables for ages 0-17. A blended rate of tables 1 and 2 are used for ages 50-69. Disabled plan members use a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables. 90% of active member deaths are assumed to be non-duty deaths.

Police and Fire members. The mortality table used to project the mortality experience of Police and Fire members is the RP-2014 Healthy Annuitant Mortality Table projected to 2019 using MP-2014 mortality improvement scales for healthy retirees; the RP-2014 Disabled Retirees Mortality Table projected to 2019 using MP-2014 mortality improvement scales for disabled retirees; and the RP-2014 Mortality Table for Employees projected to 2019 using MP-2014 mortality improvement scales for active employees. 100% of active member deaths are assumed to be non-duty deaths.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated June 30, 2014 for the Police and Fire members and June 30, 2015 for general members.

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Board deems appropriate. The OPEB Plan's asset allocation policy is shown on the following pages.

Rate of Return. For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Global equity	55.50%	6.15%	3.41%
Global fixed income	18.50%	1.26%	0.23%
Real assets	13.50%	7.22%	0.97%
Diversifying strategies	12.50%	5.00%	0.64%
	100.00%		5.25%
Inflation			2.50%
Risk adjustment			0.75%
Investment rate of return			7.00%

Discount Rate. A single discount rate of 3.71% was used to measure the total OPEB liability. This was an increase over the single discount rate of 3.59% used in the prior valuation. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.00% and a municipal bond rate of 3.62%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the average amount contributed over the past five fiscal years (2014-2018), or $1,661,126. Based on these assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2023. As a result, the long-term expected rate of return on OPEB plan investments was applied to projected benefit payments through the year 2023, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Net OPEB Liability to Single Discount Rate Assumption. The following presents the net OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.71%) or 1% higher (4.71%) than the current rate:

1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
$ 59,785,544	$ 49,669,199	$ 44,148,857

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

1% Decrease (3.50%)	Current Healthcare Cost Trend Rate (3.50%)	1% Increase (4.50%)
$ 46,398,409	$ 49,669,199	$ 57,006,655

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of $1,119,702. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	$ -	$ (1,489,476)	$ 1,489,476
Changes in assumptions	-	(18,198,329)	18,198,329
Net difference between projected and actual earnings on OPEB plan investments	-	(117,680)	117,680
Total	$ -	$ (19,805,485)	$ 19,805,485

Notes to Financial Statements

Amounts reported as deferred outflows/inflows of resources related to the OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2019	$ (3,434,554)
2020	(3,434,554)
2021	(3,434,554)
2022	(3,434,554)
2023	(3,434,554)
Thereafter	(2,632,715)
Total	$ (19,805,485)

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	$ 13,924,997	$ 14,388,586
Capital assets being depreciated	224,356,237	87,263,898
	238,281,234	101,652,484
Long-term debt related to capital assets:		
General obligation bonds	35,850,000	-
Revenue bonds	-	17,730,000
Installment contracts	1,870,522	-
Capital leases	-	42,626
Deferred amounts:		
For issuance premiums	2,345,931	849,589
For issuance discounts	(104,981)	-
Deferred charge on refunding	(953,459)	-
Unexpended bond proceeds	(3,723,553)	(1,410,348)
Net long-term debt related to capital assets	35,284,460	17,211,867
Net investment in capital assets	$ 202,996,774	$ 84,440,617

20. FUND BALANCES - GOVERNMENTAL FUNDS

	General	Major Street and Trunkline Maintenance	Police Station Capital Project	Nonmajor Governmental	Total Governmental
Nonspendable:					
Inventories	$ 109,207	$ -	$ -	$ 32,976	$ 142,183
Prepaid items	348,203	-	-	19,652	367,855
Endowments	-	-	-	879,909	879,909
	457,410	-	-	932,537	1,389,947
Restricted for:					
Major streets	-	1,886,540	-	-	1,886,540
Michigan justice training	-	-	-	25,950	25,950
Narcotics forfeiture	-	-	-	184,637	184,637
Building inspection	-	-	-	877,139	877,139
Youth center	-	-	-	13,097	13,097
Kellogg arena	-	-	-	36,762	36,762
Special projects	229,368	-	-	530,847	760,215
Capital improvements (unexpended bond proceeds)	-	-	3,723,553	-	3,723,553
	229,368	1,886,540	3,723,553	1,668,432	7,507,893
Committed for:					
Local streets	-	-	-	53,178	53,178
Special grants	-	-	-	81,082	81,082
Kellogg arena	-	-	-	20,268	20,268
Debt service	-	-	-	562,654	562,654
Capital projects	-	-	45,923	42,254	88,177
Special projects	1,347,241	-	-	-	1,347,241
	1,347,241	-	45,923	759,436	2,152,600
Assigned for:					
Departmental appropriations	-	-	-	282,439	282,439
Capital outlay and projects (encumbrances)	130,763	-	-	-	130,763
	130,763	-	-	282,439	413,202
Unassigned	5,958,796	-	-	-	5,958,796
Total fund balances, governmental funds	$ 8,123,578	$ 1,886,540	$ 3,769,476	$ 3,642,844	$ 17,422,438

Notes to Financial Statements

21. RESTATEMENT

The City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* in the current year. As a result of this change, the beginning net position of the following activities/funds were restated:

Governmental activities	$ (32,852,218)
Business-type activities	(23,385,429)
	$ (56,237,647)

Enterprise funds:	
Water and wastewater system	$ (17,097,504)
Battle Creek transit system	(4,945,559)
W.K. Kellogg airport	(1,342,366)
	$ (23,385,429)

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Police and Fire Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 4,070,388	$ 3,637,644	$ 3,649,198	$ 3,460,667	$ 3,152,919
Interest on total pension liability	11,718,436	11,630,004	11,317,045	10,533,430	10,227,546
Benefit changes	1,505,727	1,062,436	704,651	2,043,014	-
Difference between expected and actual experience	1,955,535	(5,040,576)	(119,463)	-	-
Assumption changes	6,224,926	-	4,988,871	4,476,291	-
Benefit payments	(10,015,645)	(10,375,906)	(9,444,578)	(9,381,779)	(8,947,330)
Net change in total pension liability	15,459,367	913,602	11,095,724	11,131,623	4,433,135
Total pension liability, beginning of year	176,579,083	175,665,481	164,569,757	153,438,134	149,004,999
Total pension liability, end of year	192,038,450	176,579,083	175,665,481	164,569,757	153,438,134
Plan fiduciary net position					
Employer contributions	5,180,487	4,746,323	4,664,957	4,612,446	4,316,203
Employee contributions	1,478,257	1,215,059	1,077,632	1,076,523	984,463
Net investment income	10,201,971	11,593,876	2,617,277	4,868,622	17,087,045
Benefit payments and refunds	(10,066,683)	(10,375,906)	(9,444,578)	(9,381,779)	(8,947,330)
Administrative expense	(214,905)	(219,010)	(216,729)	(181,572)	(213,462)
Medical insurance premiums	(500,000)	(500,000)	(500,000)	(1,040,952)	(356,758)
Net change in plan fiduciary net position	6,079,127	6,460,342	(1,801,441)	(46,712)	12,870,161
Plan fiduciary net position, beginning of year	138,509,334	132,048,992	133,850,433	133,897,145	121,026,984
Plan fiduciary net position, end of year	144,588,461	138,509,334	132,048,992	133,850,433	133,897,145
Net pension liability	$ 47,449,989	$ 38,069,749	$ 43,616,489	$ 30,719,324	$ 19,540,989
Plan fiduciary net position as a percentage of total pension liability	75.29%	78.44%	75.17%	81.33%	87.26%
Covered payroll	$ 14,718,606	$ 14,043,138	$ 14,069,533	$ 13,495,955	$ 11,700,630
Net pension liability as a percentage of covered payroll	322.38%	271.09%	310.01%	227.62%	167.01%

Notes:

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

Assumption Changes 2015: Changes include a decrease in wage inflation, decrease in projected salary increases, and the mortality tables were updated to RP-2014.

Assumption Changes 2016: Changes include an increase in wage inflation, increase in projected salary increases, and decrease in the investment rate of return.

Assumption Changes 2018: Changes include a decrease in wage inflation, decrease in projected salary increases, and decrease in the investment rate of return.

Required Supplementary Information

Police and Fire Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2014	$ 4,316,203	$ 4,316,203	$ -	$ 11,700,630	36.89%
2015	4,612,446	4,612,446	-	13,495,955	34.18%
2016	4,664,957	4,664,957	-	14,069,533	33.16%
2017	4,746,323	4,746,323	-	14,043,138	33.80%
2018	5,180,487	5,180,487	-	14,718,606	35.20%

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

Notes to Schedule of Contributions

Valuation date	June 30, 2017
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 27 years for all other liabilities
Asset valuation method	5-year smoothed market, with 20% corridor
Inflation	4.00%
Salary increases	4.50%-16.00%, including inflation
Investment rate of return	6.50%
Retirement age	Age and service-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation.
Mortality rates	RP-2014 Standard Mortality Tables projected to 2019 using the MP-2014 mortality improvement scale.
Other information	None

Required Supplementary Information

Police and Fire Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return (1)
2014	14.01%
2015	3.44%
2016	15.82%
2017	9.02%
2018	6.89%

(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.

Required Supplementary Information
Municipal Employees Retirement System of Michigan

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended December 31,			
	2018	2017	2016	2015
Total pension liability				
Service cost	$ 1,998,171	$ 1,934,782	$ 1,843,040	$ 1,869,998
Interest on total pension liability	10,978,431	10,808,541	10,393,511	10,141,309
Benefit changes	(17,297)	(2,988)	(11,965)	-
Difference between expected and actual experience	194,046	(833,627)	(626,575)	-
Assumption changes	-	-	6,823,847	-
Benefit payments	(9,983,597)	(9,572,000)	(9,105,154)	(8,776,472)
Refunds	(65,125)	(8,787)	-	-
Net change in total pension liability	3,104,629	2,325,921	9,316,704	3,234,835
Total pension liability, beginning of year	141,255,649	138,929,728	129,613,024	126,378,189
Total pension liability, end of year	144,360,278	141,255,649	138,929,728	129,613,024
Plan fiduciary net position				
Employer contributions	5,382,451	4,375,156	4,104,291	3,776,983
Employee contributions	546,534	521,222	495,986	618,872
Net investment income (loss)	10,481,265	8,589,468	(1,203,250)	5,143,720
Benefit payments and refunds	(10,048,722)	(9,580,787)	(9,105,154)	(8,776,472)
Administrative expense	(166,302)	(169,762)	(178,504)	(188,145)
Net change in plan fiduciary net position	6,195,226	3,735,297	(5,886,631)	574,958
Plan fiduciary net position, beginning of year	81,255,431	77,520,134	83,406,765	82,831,807
Plan fiduciary net position, end of year	87,450,657	81,255,431	77,520,134	83,406,765
Net pension liability	$ 56,909,621	$ 60,000,218	$ 61,409,594	$ 46,206,259
Plan fiduciary net position as a percentage of total pension liability	60.58%	57.52%	55.80%	64.35%
Covered payroll	$ 18,317,097	$ 17,452,775	$ 17,263,618	$ 17,200,636
Net pension liability as a percentage of covered payroll	310.69%	343.79%	355.72%	268.63%

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

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

Required Supplementary Information

Municipal Employees Retirement System of Michigan

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2015	$ 3,948,830	$ 3,948,830	$ -	$ 17,543,028	22.51%
2016	4,134,354	4,134,354	-	17,777,859	23.26%
2017	4,865,316	4,865,316	-	18,269,545	26.63%
2018	5,729,486	5,729,486	-	19,014,825	30.13%

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

Notes to Schedule of Contributions

Valuation Date	Actuarially determined contribution rates are calculated as of the December 31 that is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2018, based on the 12/31/2015 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	23 years
Asset valuation method	Open; 10-year smooth market
Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The mortality tables were first used for the December 31, 2015 actuarial valuations.

Required Supplementary Information

Single-Employer Other Postemployment Benefit Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ended June 30,	
	2018	2017
Total OPEB liability		
Service cost	$ 2,444,926	$ 2,866,687
Interest on total OPEB liability	2,752,781	2,366,860
Difference between expected and actual experience	(1,747,090)	-
Assumption changes	(21,345,849)	(8,351,874)
Benefit payments	(2,178,985)	(1,600,811)
Net change in total OPEB liability	(20,074,217)	(4,719,138)
Total OPEB liability, beginning of year	76,546,178	81,265,316
Total OPEB liability, end of year	56,471,961	76,546,178
Plan fiduciary net position		
Employer contributions	2,149,254	1,204,642
Employee contributions	439,777	228,042
Net investment income	744,040	807,558
Benefit payments and refunds	(2,398,541)	(1,600,811)
Administrative expense	(27,103)	(10,920)
Net change in plan fiduciary net position	907,427	628,511
Plan fiduciary net position, beginning of year	5,895,335	5,266,824
Plan fiduciary net position, end of year	6,802,762	5,895,335
Net OPEB liability	$ 49,669,199	$ 70,650,843
Plan fiduciary net position as a percentage of total OPEB liability	12.05%	7.70%
Covered payroll	$ 28,970,711	$ 30,761,954
Net OPEB liability as a percentage of covered payroll	171.45%	229.67%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Assumption Changes 2018: Changes include a decrease in the single discount rate, decrease in the wage inflation assumption, decrease to the healthcare cost trend rate, increase in the number of remaining years of decreasing healthcare cost trend rate, the General group is using updated Merit and Seniority wage increase assumptions, mortality rates, early retirement rates, withdrawal rates, and disability rates, and an elimination of the excise tax adjustment.

Required Supplementary Information
Single-Employer Other Postemployment Benefit Plan

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as of % of Covered Payroll
2017	$ 3,823,865	$ 1,204,642	$ 2,619,223	$ 30,761,954	3.92%
2018	2,723,435	2,149,254	574,181	28,970,711	7.42%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, Closed
Remaining amortization period	22 years (fiscal year beginning July 1, 2018)
Asset valuation method	Market Value
Inflation	N/A
Salary increases	3.50%, including inflation
Investment rate of return	3.56% for General and 7.00% for Police and Fire, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	*General members:* a 50% Male - 50% Female blend of the following tables: 1.The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105% for ages 70 and older, 2. The RP-2014 Employee Mortality Tables for ages 18-49, 3. The RP-2014 Juvenile Mortality Tables for ages 0-17. A blended rate of tables 1 and 2 are used for ages 50-69. Disabled plan members use a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables. 90% of active member deaths are assumed to be non-duty deaths. *Police and Fire members*: the RP-2014 Healthy Annuitant Mortality Table projected to 2019 using MP-2014 mortality improvement scales for healthy retirees; the RP-2014 Disabled Retirees Mortality Table projected to 2019 using MP-2014 mortality improvement scales for disabled retirees; and the RP-2014 Mortality Table for Employees projected to 2019 using MP-2014 mortality improvement scales for active employees. 100% of active member deaths are assumed to be non-duty deaths.
Health care trend rates	Trend starting at 8.0% and gradually decreasing to an ultimate trend rate of 3.50%.
Aging factors	The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health costs.
Expenses	Investment and administrative expenses are net of the investment returns.

Required Supplementary Information

Single-Employer Other Postemployment Benefit Plan

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return [1]
2017	12.99%
2018	6.59%

[1] Annual money-weighted rate of return, net of investment expenses

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	$ 2,346,648	$ 562,823	$ 1,547,669	$ 927,836	$ 5,384,976
Receivables:					
Interest	12,615	27,099	28	6,932	46,674
Accounts	106,012	71,360	50	-	177,422
Due from other governments	260,130	-	-	-	260,130
Special assessments	-	365	-	-	365
Grants	429,172	-	-	-	429,172
Loans	-	553,408	-	-	553,408
Loans, long-term portion	3,731,261	2,449,108	-	-	6,180,369
Inventories	32,976	-	-	-	32,976
Prepaid items	19,652	-	-	-	19,652
Total assets	$ 6,938,466	$ 3,664,163	$ 1,547,747	$ 934,768	$ 13,085,144
Liabilities					
Accounts payable	$ 671,100	$ 478	$ 692,179	$ 5,000	$ 1,368,757
Retentions, deposits and other liabilities	221,751	-	-	-	221,751
Interfund payable	304,924	71,051	28	-	376,003
Unearned revenue	710,681	-	-	-	710,681
Total liabilities	1,908,456	71,529	692,207	5,000	2,677,192
Deferred inflows of resources					
Unavailable revenue:					
Special assessments	-	365	-	-	365
Loans, grants and related interest	3,735,128	3,029,615	-	-	6,764,743
Total deferred inflows of resources	3,735,128	3,029,980	-	-	6,765,108
Fund balances					
Nonspendable	52,628	-	-	879,909	932,537
Restricted	1,087,726	-	530,847	49,859	1,668,432
Committed	154,528	562,654	42,254	-	759,436
Assigned	-	-	282,439	-	282,439
Total fund balances	1,294,882	562,654	855,540	929,768	3,642,844
Total liabilities, deferred inflows of resources and fund balances	$ 6,938,466	$ 3,664,163	$ 1,547,747	$ 934,768	$ 13,085,144

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property tax	$ -	$ -	$ 1,452,443	$ -	$ 1,452,443
Intergovernmental	4,117,619	251,360	1,902	-	4,370,881
Charges for services	1,137,983	-	-	-	1,137,983
Investment earnings (loss)	(12,800)	(230)	(2,910)	(3,998)	(19,938)
Contributions	1,846,211	-	-	-	1,846,211
Rents and leases	-	-	6,650	-	6,650
Other	50,294	601,628	109,877	-	761,799
Total revenues	7,139,307	852,758	1,567,962	(3,998)	9,556,029
Expenditures					
Current expenditures:					
General government	2,371,706	-	576,945	-	2,948,651
Public safety	445,631	-	85,094	-	530,725
Highway and streets	3,388,487	-	2,510,327	-	5,898,814
Recreation	898,347	-	-	-	898,347
Community development	1,380,568	-	-	-	1,380,568
Inspections	673,614	-	-	-	673,614
Debt service:					
Principal	-	2,356,249	-	-	2,356,249
Interest	-	1,551,456	-	-	1,551,456
Total expenditures	9,158,353	3,907,705	3,172,366	-	16,238,424
Revenues under expenditures	(2,019,046)	(3,054,947)	(1,604,404)	(3,998)	(6,682,395)
Other financing sources (uses)					
Transfers in	1,886,326	2,502,948	650,062	-	5,039,336
Transfers out	(201,565)	-	(146,858)	(5,000)	(353,423)
Total other financing sources (uses)	1,684,761	2,502,948	503,204	(5,000)	4,685,913
Net change in fund balances	(334,285)	(551,999)	(1,101,200)	(8,998)	(1,996,482)
Fund balances, beginning of year	1,629,167	1,114,653	1,956,740	938,766	5,639,326
Fund balances, end of year	$ 1,294,882	$ 562,654	$ 855,540	$ 929,768	$ 3,642,844

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Community Development	Local Street	Special Grants	HOME Program
Assets				
Pooled cash and investments	$ -	$ -	$ 954,791	$ 3,317
Receivables:				
Interest	-	11,874	-	-
Accounts	3,285	-	2,330	-
Due from other governments	-	260,130	-	-
Grants	190,064	-	236,031	3,077
Loans, due in more than one year	2,596,236	-	1,135,025	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 2,789,585	$ 272,004	$ 2,328,177	$ 6,394
Liabilities				
Accounts payable	$ 93,979	$ 9,405	$ 408,914	$ 1,769
Retentions, deposits and other liabilities	-	-	-	-
Interfund payable	95,503	209,421	-	-
Unearned revenue	-	-	703,156	4,625
Total liabilities	189,482	218,826	1,112,070	6,394
Deferred inflows of resources				
Unavailable revenue -				
Loans, grants and related interest	2,600,103	-	1,135,025	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	53,178	81,082	-
Total fund balances	-	53,178	81,082	-
Total liabilities, deferred inflows of resources and fund balances	$ 2,789,585	$ 272,004	$ 2,328,177	$ 6,394

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Michigan Justice Training	Narcotics Forfeiture	Kellogg Arena	Binder Park Golf Course
Assets				
Pooled cash and investments	$ 25,950	$ 408,785	$ 88,466	$ -
Receivables:				
Interest	-	741	-	-
Accounts	-	-	84,884	-
Due from other governments	-	-	-	-
Grants	-	-	-	-
Loans, due in more than one year	-	-	-	-
Inventories	-	-	32,976	-
Prepaid items	-	1,850	17,802	-
Total assets	$ 25,950	$ 411,376	$ 224,128	$ -
Liabilities				
Accounts payable	$ -	$ 3,138	$ 150,182	$ -
Retentions, deposits and other liabilities	-	221,751	-	-
Interfund payable	-	-	-	-
Unearned revenue	-	-	2,900	-
Total liabilities	-	224,889	153,082	-
Deferred inflows of resources				
Unavailable revenue -				
Loans, grants and related interest	-	-	-	-
Fund balances				
Nonspendable	-	1,850	50,778	-
Restricted	25,950	184,637	-	-
Committed	-	-	20,268	-
Total fund balances	25,950	186,487	71,046	-
Total liabilities, deferred inflows of resources and fund balances	$ 25,950	$ 411,376	$ 224,128	$ -

continued...

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2018

	Building Inspection Fund	Total
Assets		
Pooled cash and investments	$ 865,339	$ 2,346,648
Receivables:		
Interest	-	12,615
Accounts	15,513	106,012
Due from other governments	-	260,130
Grants	-	429,172
Loans, due in more than one year	-	3,731,261
Inventories	-	32,976
Prepaid items	-	19,652
Total assets	$ 880,852	$ 6,938,466
Liabilities		
Accounts payable	$ 3,713	$ 671,100
Retentions, deposits and other liabilities	-	221,751
Interfund payable	-	304,924
Unearned revenue	-	710,681
Total liabilities	3,713	1,908,456
Deferred inflows of resources		
Unavailable revenue -		
Loans, grants and related interest	-	3,735,128
Fund balances		
Nonspendable	-	52,628
Restricted	877,139	1,087,726
Committed	-	154,528
Total fund balances	877,139	1,294,882
Total liabilities, deferred inflows of resources and fund balances	$ 880,852	$ 6,938,466

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Community Development	Local Street	Special Grants	HOME Program
Revenues				
Intergovernmental	$ 1,172,215	$ 1,521,128	$ 681,738	$ 166,123
Charges for services	-	-	-	-
Investment earnings (loss)	400	(7,219)	-	-
Contributions	-	-	1,821,211	-
Rents and leases	-	-	-	-
Other	36,737	2,424	-	5,037
Total revenues	1,209,352	1,516,333	2,502,949	171,160
Expenditures				
Current expenditures:				
General government	-	-	2,220,332	-
Public safety	-	-	445,631	-
Highways and streets	-	3,388,487	-	-
Recreation	-	-	-	-
Community development	1,209,408	-	-	171,160
Inspections	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,209,408	3,388,487	2,665,963	171,160
Revenues over (under) expenditures	(56)	(1,872,154)	(163,014)	-
Other financing sources (uses)				
Transfers in	-	1,760,000	121,326	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	1,760,000	121,326	-
Net change in fund balances	(56)	(112,154)	(41,688)	-
Fund balances, beginning of year	56	165,332	122,770	-
Fund balances, end of year	$ -	$ 53,178	$ 81,082	$ -

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, 2018

	Michigan Justice Training	Narcotics Forfeiture	Kellogg Arena	Binder Park Golf Course
Revenues				
Intergovernmental	$ 18,970	$ 187,445	$ 370,000	$ -
Charges for services	-	-	484,288	-
Investment earnings (loss)	-	(1,838)	-	-
Contributions	-	-	25,000	-
Rents and leases	-	-	-	-
Other	-	5,672	-	-
Total revenues	18,970	191,279	879,288	-
Expenditures				
Current expenditures:				
General government	28,692	122,682	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Recreation	-	-	898,347	-
Community development	-	-	-	-
Inspections	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	28,692	122,682	898,347	-
Revenues over (under) expenditures	(9,722)	68,597	(19,059)	-
Other financing sources (uses)				
Transfers in	-	-	5,000	-
Transfers out	-	-	-	(201,565)
Total other financing sources (uses)	-	-	5,000	(201,565)
Net change in fund balances	(9,722)	68,597	(14,059)	(201,565)
Fund balances, beginning of year	35,672	117,890	85,105	201,565
Fund balances, end of year	$ 25,950	$ 186,487	$ 71,046	$ -

continued...

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Building Inspection Fund	Total
Revenues		
Intergovernmental	$ -	$ 4,117,619
Charges for services	653,695	1,137,983
Investment earnings (loss)	(4,143)	(12,800)
Contributions	-	1,846,211
Rents and leases	-	-
Other	424	50,294
Total revenues	649,976	7,139,307
Expenditures		
Current expenditures:		
General government	-	2,371,706
Public safety	-	445,631
Highways and streets	-	3,388,487
Recreation	-	898,347
Community development	-	1,380,568
Inspections	673,614	673,614
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	673,614	9,158,353
Revenues over (under) expenditures	(23,638)	(2,019,046)
Other financing sources (uses)		
Transfers in	-	1,886,326
Transfers out	-	(201,565)
Total other financing sources (uses)	-	1,684,761
Net change in fund balances	(23,638)	(334,285)
Fund balances, beginning of year	900,777	1,629,167
Fund balances, end of year	$ 877,139	$ 1,294,882

concluded.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Community Development		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ 2,025,108	$ 1,172,215	$ (852,893)
Charges for services	-	-	-
Investment earnings (loss)	400	400	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	40,604	36,737	(3,867)
Total revenues	2,066,112	1,209,352	(856,760)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Recreation	-	-	-
Community development	2,066,168	1,209,408	(856,760)
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	2,066,168	1,209,408	(856,760)
Revenues over (under) expenditures	(56)	(56)	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(56)	(56)	-
Fund balances, beginning of year	56	56	-
Fund balances, end of year	$ -	$ -	$ -

continued…

Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ 1,504,400	$ 1,521,128	$ 16,728
Charges for services	-	-	-
Investment earnings (loss)	-	(7,219)	(7,219)
Contributions	-	-	-
Rents and leases	-	-	-
Other	500	2,424	1,924
Total revenues	1,504,900	1,516,333	11,433
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	3,220,036	3,388,487	168,451
Recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	3,220,036	3,388,487	168,451
Revenues over (under) expenditures	(1,715,136)	(1,872,154)	(157,018)
Other financing sources (uses)			
Transfers in	1,760,000	1,760,000	-
Transfers out	-	-	-
Total other financing sources (uses)	1,760,000	1,760,000	-
Net change in fund balances	44,864	(112,154)	(157,018)
Fund balances, beginning of year	165,332	165,332	-
Fund balances, end of year	$ 210,196	$ 53,178	$ (157,018)

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, 2018

	Special Grants Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ 4,170,821	$ 681,738	$ (3,489,083)
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	3,031,715	1,821,211	(1,210,504)
Rents and leases	-	-	-
Other	912	-	(912)
Total revenues	7,203,448	2,502,949	(4,700,499)
Expenditures			
Current expenditures:			
General government	6,148,101	2,220,332	(3,927,769)
Public safety	1,423,806	445,631	(978,175)
Highways and streets	-	-	-
Recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	7,571,907	2,665,963	(4,905,944)
Revenues over (under) expenditures	(368,459)	(163,014)	205,445
Other financing sources (uses)			
Transfers in	264,935	121,326	(143,609)
Transfers out	-	-	-
Total other financing sources (uses)	264,935	121,326	(143,609)
Net change in fund balances	(103,524)	(41,688)	61,836
Fund balances, beginning of year	122,770	122,770	-
Fund balances, end of year	$ 19,246	$ 81,082	$ 61,836

continued...

Schedule of Revenues, Expenditures and Changes in Fund Balances
Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	HOME Program Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ 450,702	$ 166,123	$ (284,579)
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	12,662	5,037	(7,625)
Total revenues	463,364	171,160	(292,204)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Recreation	-	-	-
Community development	463,364	171,160	(292,204)
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	463,364	171,160	(292,204)
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	$ -	$ -	$ -

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Michigan Justice Training Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ 19,400	$ 18,970	$ (430)
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
Total revenues	19,400	18,970	(430)
Expenditures			
Current expenditures:			
General government	35,000	28,692	(6,308)
Public safety	-	-	-
Highways and streets	-	-	-
Recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	35,000	28,692	(6,308)
Revenues over (under) expenditures	(15,600)	(9,722)	5,878
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(15,600)	(9,722)	5,878
Fund balances, beginning of year	35,672	35,672	-
Fund balances, end of year	$ 20,072	$ 25,950	$ 5,878

continued...

Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Narcotics Forfeiture Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ 138,100	$ 187,445	$ 49,345
Charges for services	-	-	-
Investment earnings (loss)	-	(1,838)	(1,838)
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	5,672	5,672
Total revenues	138,100	191,279	53,179
Expenditures			
Current expenditures:			
General government	123,509	122,682	(827)
Public safety	-	-	-
Highways and streets	-	-	-
Recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	123,509	122,682	(827)
Revenues over (under) expenditures	14,591	68,597	54,006
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	14,591	68,597	54,006
Fund balances, beginning of year	117,890	117,890	-
Fund balances, end of year	$ 132,481	$ 186,487	$ 54,006

continued...

Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Kellogg Arena Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ 370,000	$ 370,000	$ -
Charges for services	727,300	484,288	(243,012)
Investment earnings (loss)	-	-	-
Contributions	-	25,000	25,000
Rents and leases	-	-	-
Other	-	-	-
Total revenues	1,097,300	879,288	(218,012)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Recreation	1,146,000	898,347	(247,653)
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	1,146,000	898,347	(247,653)
Revenues over (under) expenditures	(48,700)	(19,059)	29,641
Other financing sources (uses)			
Transfers in	15,000	5,000	(10,000)
Transfers out	-	-	-
Total other financing sources (uses)	15,000	5,000	(10,000)
Net change in fund balances	(33,700)	(14,059)	19,641
Fund balances, beginning of year	85,105	85,105	-
Fund balances, end of year	$ 51,405	$ 71,046	$ 19,641

continued...

Schedule of Revenues, Expenditures and Changes in Fund Balances
Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Binder Park Golf Course		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ -	$ -	$ -
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	-	-
Total revenues	-	-	-
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Recreation	-	-	-
Community development	-	-	-
Inspections	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	(201,565)	(201,565)
Total other financing sources (uses)	-	(201,565)	(201,565)
Net change in fund balances	-	(201,565)	(201,565)
Fund balances, beginning of year	201,565	201,565	-
Fund balances, end of year	$ 201,565	$ -	$ (201,565)

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, 2018

	Building Inspection Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Intergovernmental revenue	$ -	$ -	$ -
Charges for services	567,475	653,695	86,220
Investment earnings (loss)	-	(4,143)	(4,143)
Contributions	-	-	-
Rents and leases	-	-	-
Other	-	424	424
Total revenues	567,475	649,976	82,501
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Recreation	-	-	-
Community development	-	-	-
Inspections	747,621	673,614	(74,007)
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	747,621	673,614	(74,007)
Revenues over (under) expenditures	(180,146)	(23,638)	156,508
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(180,146)	(23,638)	156,508
Fund balances, beginning of year	900,777	900,777	-
Fund balances, end of year	$ 720,631	$ 877,139	$ 156,508

concluded.

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Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2018

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
Assets				
Pooled cash and investments	$ 2,534	$ 52,914	$ -	$ -
Receivables:				
Interest	-	-	-	1,058
Accounts	-	-	-	71,360
Special assessments	-	365	-	-
Loans	-	-	-	58,408
Loans, long-term portion	-	-	-	264,108
Total assets	$ 2,534	$ 53,279	$ -	$ 394,934
Liabilities				
Accounts payable	$ -	$ 478	$ -	$ -
Interfund payable	-	-	-	71,051
Total liabilities	-	478	-	71,051
Deferred inflows of resources				
Unavailable revenue:				
Special assessments	-	365	-	-
Loans and related interest	-	-	-	323,574
	-	365	-	323,574
Fund balances				
Committed	2,534	52,436	-	309
Total liabilities, deferred inflows of resources and fund balances	$ 2,534	$ 53,279	$ -	$ 394,934

continued...

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2018

	Building Authority Bonds	Police Station Bonds	Total
Assets			
Pooled cash and investments	$ 5,311	$ 502,064	$ 562,823
Receivables:			
Interest	26,041	-	27,099
Accounts	-	-	71,360
Special assessments	-	-	365
Loans	495,000	-	553,408
Loans, long-term portion	2,185,000	-	2,449,108
Total assets	$ 2,711,352	$ 502,064	$ 3,664,163
Liabilities			
Accounts payable	$ -	$ -	$ 478
Interfund payable	-	-	71,051
Total liabilities	-	-	71,529
Deferred inflows of resources			
Unavailable revenue:			
Special assessments	-	-	365
Loans and related interest	2,706,041	-	3,029,615
	2,706,041	-	3,029,980
Fund balances			
Committed	5,311	502,064	562,654
Total liabilities, deferred inflows of resources and fund balances	$ 2,711,352	$ 502,064	$ 3,664,163

concluded.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds
For the Year Ended June 30, 2018

	DPW Building	Special Assessment Debt Service	Energy Savings	Capital Improvement Bonds
Revenues				
Intergovernmental	$ -	$ -	$ -	$ 251,360
Investment earnings (loss)	-	(230)	-	-
Other	-	365	-	-
Total revenues	-	135	-	251,360
Expenditures				
Debt service:				
Principal	580,000	-	301,249	625,000
Interest	179,390	-	82,071	485,832
Total expenditures	759,390	-	383,320	1,110,832
Revenues over (under) expenditures	(759,390)	135	(383,320)	(859,472)
Other financing sources				
Transfers in	759,125	-	383,320	858,939
Net change in fund balances	(265)	135	-	(533)
Fund balances, beginning of year	2,799	52,301	-	842
Fund balances, end of year	$ 2,534	$ 52,436	$ -	$ 309

continued...

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds
For the Year Ended June 30, 2018

	Building Authority Bonds	Police Station Bonds	Total
Revenues			
Intergovernmental	$ -	$ -	$ 251,360
Investment earnings (loss)	-	-	(230)
Other	601,263	-	601,628
Total revenues	601,263	-	852,758
Expenditures			
Debt service:			
Principal	480,000	370,000	2,356,249
Interest	121,263	682,900	1,551,456
Total expenditures	601,263	1,052,900	3,907,705
Revenues over (under) expenditures	-	(1,052,900)	(3,054,947)
Other financing sources			
Transfers in	-	501,564	2,502,948
Net change in fund balances	-	(551,336)	(551,999)
Fund balances, beginning of year	5,311	1,053,400	1,114,653
Fund balances, end of year	$ 5,311	$ 502,064	$ 562,654

concluded.

Combining Balance Sheet

Nonmajor Capital Projects Funds
June 30, 2018

	Street Projects	Justice Center Construction	General Capital Improvement
Assets			
Pooled cash and investments	$ 691,840	$ -	$ 282,732
Receivables:			
Interest	-	28	-
Accounts	-	-	50
Total assets	$ 691,840	$ 28	$ 282,782
Liabilities			
Accounts payable	$ 649,586	$ -	$ 343
Interfund payable	-	28	-
Total liabilities	649,586	28	343
Fund balances			
Restricted	-	-	-
Committed	42,254	-	-
Assigned	-	-	282,439
Total fund balances	42,254	-	282,439
Total liabilities and fund balances	$ 691,840	$ 28	$ 282,782

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018

	Dispatch Capital Improvement	Capital Improvements Bonds	Total
Assets			
Pooled cash and investments	$ 6	$ 573,091	$ 1,547,669
Interest receivable	-	-	28
Accounts	-	-	50
Total assets	$ 6	$ 573,091	$ 1,547,747
Liabilities			
Accounts payable	$ 6	$ 42,244	$ 692,179
Interfund payable	-	-	28
Total liabilities	6	42,244	692,207
Fund balances			
Restricted	-	530,847	530,847
Committed	-	-	42,254
Assigned	-	-	282,439
Total fund balances	-	530,847	855,540
Total liabilities and fund balances	$ 6	$ 573,091	$ 1,547,747

concluded.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds
For the Year Ended June 30, 2018

	Street Projects	Justice Center Construction	General Capital Improvement
Revenue			
Property tax	$ 1,452,443	$ -	$ -
Intergovernmental	1,902	-	-
Investment earnings (loss)	-	-	-
Rents and leases	-	-	6,650
Other	70	-	109,807
Total revenue	1,454,415	-	116,457
Expenditures			
Current expenditures:			
General government	-	-	82,665
Public safety	-	-	-
Highways and streets	2,463,997	-	-
Total expenditures	2,463,997	-	82,665
Revenue over (under) expenditures	(1,009,582)	-	33,792
Other financing sources (uses)			
Transfers in	650,000	-	-
Transfers out	(146,858)	-	-
Total other financing sources	503,142	-	-
Net change in fund balances	(506,440)	-	33,792
Fund balances, beginning of year	548,694	-	248,647
Fund balances, end of year	$ 42,254	$ -	$ 282,439

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, 2018

	Dispatch Capital Improvement	Capital Improvements Bonds	Total
Revenue			
Property tax	$ -	$ -	$ 1,452,443
Intergovernmental	-	-	1,902
Investment earnings (loss)	(62)	(2,848)	(2,910)
Rents and leases	-	-	6,650
Other	-	-	109,877
Total revenue	(62)	(2,848)	1,567,962
Expenditures			
Current expenditures:			
General government	-	494,280	576,945
Public safety	-	85,094	85,094
Highways and streets	-	46,330	2,510,327
Total expenditures	-	625,704	3,172,366
Revenue over (under) expenditures	(62)	(628,552)	(1,604,404)
Other financing sources (uses)			
Transfers in	62	-	650,062
Transfers out	-	-	(146,858)
Total other financing sources	62	-	503,204
Net change in fund balances	-	(628,552)	(1,101,200)
Fund balances, beginning of year	-	1,159,399	1,956,740
Fund balances, end of year	$ -	$ 530,847	$ 855,540

concluded.

CITY OF BATTLE CREEK, MICHIGAN

Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2018

	Youth Center Endowment	Kellogg Arena Endowment	Total
Assets			
Pooled cash and investments	$ 264,947	$ 662,889	$ 927,836
Interest receivable	4,526	2,406	6,932
Total assets	$ 269,473	$ 665,295	$ 934,768
Liabilities			
Accounts payable	$ -	$ 5,000	$ 5,000
Fund balances			
Nonspendable	256,376	623,533	879,909
Restricted	13,097	36,762	49,859
Total fund balances	269,473	660,295	929,768
Total liabilities and fund balances	$ 269,473	$ 665,295	$ 934,768

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds
For the Year Ended June 30, 2018

	Youth Center Endowment	Kellogg Arena Endowment	Total
Revenues			
Investment earnings (loss)	$ (1,082)	$ (2,916)	$ (3,998)
Other financing uses			
Transfers out	-	(5,000)	(5,000)
Net change in fund balances	(1,082)	(7,916)	(8,998)
Fund balances, beginning of year	270,555	668,211	938,766
Fund balances, end of year	$ 269,473	$ 660,295	$ 929,768

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development	W.K. Kellogg Airport / FAA	Total
Assets						
Current assets:						
Pooled cash and investments	$ 411,835	$ 603,711	$ 4,605,655	$ 134,316	$ 1,582,636	$ 7,338,153
Receivables:						
Interest	-	-	27,561	-	13,691	41,252
Accounts	8,517	606,625	2,894	24	50,990	669,050
Loans, current portion	-	-	3,133,352	-	-	3,133,352
Total current assets	420,352	1,210,336	7,769,462	134,340	1,647,317	11,181,807
Noncurrent assets:						
Loans receivable, net	-	-	1,538,705	-	-	1,538,705
Capital assets not being depreciated	1,505,125	-	-	-	1,797,034	3,302,159
Capital assets being depreciated, net	2,767,383	-	-	-	10,446,117	13,213,500
Total noncurrent assets	4,272,508	-	1,538,705	-	12,243,151	18,054,364
Total assets	4,692,860	1,210,336	9,308,167	134,340	13,890,468	29,236,171
Deferred outflows of resources						
Deferred pension amounts	-	18,841	-	-	146,021	164,862
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	2,211	507,517	-	42,984	72,487	625,199
Retentions, deposits and other liabilities	-	91,581	-	-	-	91,581
Accrued interest payable	-	-	-	-	1,627	1,627
Unearned revenue	-	-	-	-	54,633	54,633
Compensated absences, current portion	935	11,226	-	-	70,655	82,816
Lease payable, current portion	-	-	-	-	42,626	42,626
Total current liabilities	3,146	610,324	-	42,984	242,028	898,482
Noncurrent liabilities:						
Compensated absences	103	824	-	-	7,850	8,777
Net pension liability	-	227,638	-	-	1,764,199	1,991,837
Net other postemployment benefit liability	-	-	-	-	954,388	954,388
Total noncurrent liabilities	103	228,462	-	-	2,726,437	2,955,002
Total liabilities	3,249	838,786	-	42,984	2,968,465	3,853,484
Deferred inflows of resources						
Deferred pension amounts	-	7,951	-	-	61,620	69,571
Deferred other postemployment benefit amounts	-	-	-	-	376,304	376,304
Total deferred inflows of resources	-	7,951	-	-	437,924	445,875
Net position						
Net investment in capital assets	2,767,383	-	-	-	12,200,525	14,967,908
Unrestricted (deficit)	1,922,228	382,440	9,308,167	91,356	(1,570,425)	10,133,766
Total net position	$ 4,689,611	$ 382,440	$ 9,308,167	$ 91,356	$ 10,630,100	$ 25,101,674

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

Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development	W.K. Kellogg Airport / FAA	Total
Operating revenues						
Charges for services	$ 1,131,526	$ 3,389,107	$ -	$ -	$ 1,666,987	$ 6,187,620
Other	-	75,995	47,759	51,851	19,601	195,206
Total operating revenues	1,131,526	3,465,102	47,759	51,851	1,686,588	6,382,826
Operating expenses						
Personal services	-	411,836	-	6,607	1,114,771	1,533,214
Materials and supplies	-	44,064	-	14,823	157,368	216,255
Contractual and other	1,052,601	2,967,634	202,079	370,475	602,959	5,195,748
Depreciation	325,492	-	-	-	846,887	1,172,379
Total operating expenses	1,378,093	3,423,534	202,079	391,905	2,721,985	8,117,596
Operating income (loss)	(246,567)	41,568	(154,320)	(340,054)	(1,035,397)	(1,734,770)
Nonoperating revenues (expenses)						
Property taxes	-	-	-	321,410	-	321,410
Intergovernmental subsidies	-	-	-	110,000	1,017,537	1,127,537
Investment income (loss)	(315)	-	34,972	-	(1,706)	32,951
Interest expense	-	-	-	-	(2,933)	(2,933)
Total nonoperating revenues (expenses)	(315)	-	34,972	431,410	1,012,898	1,478,965
Income (loss) before transfers	(246,882)	41,568	(119,348)	91,356	(22,499)	(255,805)
Transfers in	9,000	-	-	-	-	9,000
Transfers out	-	(14,000)	-	-	-	(14,000)
Change in net position	(237,882)	27,568	(119,348)	91,356	(22,499)	(260,805)
Net position, beginning of year	4,927,493	354,872	9,427,515	-	10,652,599	25,362,479
Net position, end of year	$ 4,689,611	$ 382,440	$ 9,308,167	$ 91,356	$ 10,630,100	$ 25,101,674

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development	W.K. Kellogg Airport / FAA	Total
Cash flows from operating activities						
Receipts from customers and users	$ 1,292,635	$ 3,460,071	$ 44,865	$ 51,827	$ 1,666,240	$ 6,515,638
Payments to suppliers and contractors	(1,099,542)	(2,987,742)	(1,840,388)	(342,314)	(760,021)	(7,030,007)
Payments to employees	(5)	(398,617)	-	(6,607)	(1,038,211)	(1,443,440)
Receipts (payments) for interfund services	-	(5,018)	-	-	(40,191)	(45,209)
Net cash provided by (used in) operating activities	193,088	68,694	(1,795,523)	(297,094)	(172,183)	(2,003,018)
Cash flows from noncapital financing activities						
Transfers in	9,000	-	-	-	-	9,000
Transfers out	-	(14,000)	-	-	-	(14,000)
Property taxes	-	-	-	321,410	-	321,410
Intergovernmental subsidies	-	-	-	110,000	1,017,537	1,127,537
Net cash provided by (used in) noncapital financing activities	9,000	(14,000)	-	431,410	1,017,537	1,443,947
Cash flows from capital and related financing activities						
Principal and interest paid on debt	-	-	-	-	(44,924)	(44,924)
Purchase of capital assets	(51,543)	-	-	-	(423,836)	(475,379)
Net cash used in capital and related financing activities	(51,543)	-	-	-	(468,760)	(520,303)
Cash flows from investing activities						
Interest earnings (loss) on investments	(315)	294	15,646	-	(954)	14,671
Net change in pooled cash and investments	150,230	54,988	(1,779,877)	134,316	375,640	(1,064,703)
Pooled cash and investments, beginning of year	261,605	548,723	6,385,532	-	1,206,996	8,402,856
Pooled cash and investments, end of year	$ 411,835	$ 603,711	$ 4,605,655	$ 134,316	$ 1,582,636	$ 7,338,153

continued...

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Automobile Parking System	Solid Waste Collection	Economic Development Loan	Economic Development	W.K. Kellogg Airport / FAA	Total
Cash flows from operating activities						
Operating income (loss)	$ (246,567)	$ 41,568	$ (154,320)	$ (340,054)	$ (1,035,397)	$ (1,734,770)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	325,492	-	-	-	846,887	1,172,379
Changes in assets and liabilities:						
Accounts receivable	33,824	(5,031)	(2,894)	(24)	13,007	38,882
Loans receivable	127,285	-	(1,604,557)	-	-	(1,477,272)
Accounts payable and accrued liabilities	(46,941)	15,662	(33,752)	42,984	(39,885)	(61,932)
Retentions, deposits and other liabilities	-	3,276	-	-	-	3,276
Compensated absences	(5)	3,807	-	-	15,292	19,094
Unearned revenue	-	-	-	-	(33,355)	(33,355)
Net pension liability	-	(12,363)	-	-	(95,808)	(108,171)
Deferred outflows related to the net pension liability	-	17,578	-	-	136,224	153,802
Deferred inflows related to the net pension liability	-	4,197	-	-	32,526	36,723
Net other postemployment benefit liability	-	-	-	-	(387,978)	(387,978)
Deferred inflows related to the net other postemployment benefit liability	-	-	-	-	376,304	376,304
Net cash provided by (used in) operating activities	$ 193,088	$ 68,694	$ (1,795,523)	$ (297,094)	$ (172,183)	$ (2,003,018)

concluded.

Combining Statement of Net Position

Internal Service Funds
June 30, 2018

	Equipment Center	Self-Insurance	Information Technology	Reproduction	Total
Assets					
Current assets:					
Pooled cash and investments	$ 1,989,545	$ 4,274,540	$ 188,512	$ 47,336	$ 6,499,933
Receivables:					
Interest	-	87,853	-	-	87,853
Accounts	20,881	40,245	1,030	5,536	67,692
Inventories	448,817	-	-	-	448,817
Prepaid items	-	147,988	240,616	-	388,604
Total current assets	2,459,243	4,550,626	430,158	52,872	7,492,899
Noncurrent assets -					
Capital assets, net	3,979,864	22,314	810,133	28,289	4,840,600
Total assets	6,439,107	4,572,940	1,240,291	81,161	12,333,499
Liabilities					
Current liabilities:					
Accounts payable	237,569	121,968	123	1,396	361,056
Unearned revenue	350	64,821	-	-	65,171
Claims payable, current portion	-	1,222,526	-	-	1,222,526
Compensated absences, current portion	74,709	17,024	63,295	6,034	161,062
Lease payable, current portion	-	-	98,945	11,434	110,379
Total current liabilities	312,628	1,426,339	162,363	18,864	1,920,194
Noncurrent liabilities:					
Claims payable	-	881,339	-	-	881,339
Lease payable	-	-	197,890	21,518	219,408
Total noncurrent liabilities	-	881,339	197,890	21,518	1,100,747
Total liabilities	312,628	2,307,678	360,253	40,382	3,020,941
Net position					
Net investment in capital assets	3,979,864	22,314	513,298	(4,663)	4,510,813
Unrestricted	2,146,615	2,242,948	366,740	45,442	4,801,745
Total net position	$ 6,126,479	$ 2,265,262	$ 880,038	$ 40,779	$ 9,312,558

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, 2018

	Equipment Center	Self-Insurance	Information Technology	Reproduction	Total
Operating revenues					
Charges for services	$ 4,614,564	$ 14,206,787	$ 1,757,091	$ 272,804	$ 20,851,246
Rents and leases	1,686,105	-	-	-	1,686,105
Other	548,347	302,756	1,787	-	852,890
Total operating revenues	6,849,016	14,509,543	1,758,878	272,804	23,390,241
Operating expenses					
Personal services	1,283,320	874,987	1,019,274	180,291	3,357,872
Materials and supplies	2,035,852	8,718	117,647	93,386	2,255,603
Contractual and other	1,351,281	12,466,514	552,807	75,871	14,446,473
Depreciation	1,045,842	10,398	207,419	11,316	1,274,975
Total operating expenses	5,716,295	13,360,617	1,897,147	360,864	21,334,923
Operating income (loss)	1,132,721	1,148,926	(138,269)	(88,060)	2,055,318
Nonoperating revenues (expenses)					
Interest revenues	-	510	-	-	510
Loss on disposal of capital assets	(22,771)	-	-	-	(22,771)
Total nonoperating revenues (expenses)	(22,771)	510	-	-	(22,261)
Income (loss) before transfers	1,109,950	1,149,436	(138,269)	(88,060)	2,033,057
Transfers in	-	97,157	141,000	54,634	292,791
Transfers out	(759,125)	-	-	-	(759,125)
Change in net position	350,825	1,246,593	2,731	(33,426)	1,566,723
Net position, beginning of year	5,775,654	1,018,669	877,307	74,205	7,745,835
Net position, end of year	$ 6,126,479	$ 2,265,262	$ 880,038	$ 40,779	$ 9,312,558

Combining Statement of Cash Flows

Internal Service Funds
For the Year Ended June 30, 2018

	Equipment Center	Self-Insurance	Information Technology	Reproduction	Total
Cash flows from operating activities					
Receipts from interfund services	$ 6,849,016	$ 14,509,543	$ 1,758,878	$ 272,804	$ 23,390,241
Payments to suppliers and contractors	(3,293,040)	(13,537,064)	(610,519)	(168,980)	(17,609,603)
Payments to employees	(1,273,792)	(870,175)	(1,005,873)	(180,115)	(3,329,955)
Net cash provided by (used in) operating activities	2,282,184	102,304	142,486	(76,291)	2,450,683
Cash flows from noncapital financing activities					
Transfers in	-	97,157	141,000	54,634	292,791
Transfers out	(759,125)	-	-	-	(759,125)
Net cash provided by (used in) noncapital financing activities	(759,125)	97,157	141,000	54,634	(466,334)
Cash flows from capital and related financing activities					
Principal paid on capital lease	-	-	(98,943)	(10,847)	(109,790)
Purchase of capital assets	(2,201,622)	-	(41,168)	-	(2,242,790)
Net cash used in capital and related financing activities	(2,201,622)	-	(140,111)	(10,847)	(2,352,580)
Cash flows from investing activities					
Interest on investments	-	3,131	-	-	3,131
Net change in pooled cash and investments	(678,563)	202,592	143,375	(32,504)	(365,100)
Pooled cash and investments, beginning of year	2,668,108	4,071,948	45,137	79,840	6,865,033
Pooled cash and investments, end of year	$ 1,989,545	$ 4,274,540	$ 188,512	$ 47,336	$ 6,499,933

continued...

Combining Statement of Cash Flows

Internal Service Funds
For the Year Ended June 30, 2018

	Equipment Center	Self-Insurance	Information Technology	Reproduction	Total
Cash flows from operating activities					
Operating income (loss)	$ 1,132,721	$ 1,148,926	$ (138,269)	$ (88,060)	$ 2,055,318
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,045,842	10,398	207,419	11,316	1,274,975
Changes in assets and liabilities:					
Accounts receivable	1,331	767,899	357	(391)	769,196
Inventories	(7,858)	-	-	-	(7,858)
Prepaid items	1,665	8,804	61,427	-	71,896
Accounts payable and accrued liabilities	98,955	12,635	(1,849)	668	110,409
Compensated absences	9,528	4,812	13,401	176	27,917
Claims payable	-	(1,839,306)	-	-	(1,839,306)
Unearned revenue	-	(11,864)	-	-	(11,864)
Net cash provided by (used in) operating activities	$ 2,282,184	$ 102,304	$ 142,486	$ (76,291)	$ 2,450,683

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Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds
June 30, 2018

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Assets			
Pooled cash and investments	$ -	$ 89,566	$ 89,566
Cash and cash equivalents	5,041,013	-	5,041,013
Investments:			
Fixed income:			
Corporate bonds	28,544,654	-	28,544,654
Foreign bonds	2,855,732	-	2,855,732
Municipal bonds	766,247	-	766,247
U.S. government securities	26,957,991	-	26,957,991
Equity-indexed institutional funds	30,684,089	-	30,684,089
Domestic equities	28,980,512	-	28,980,512
Foreign equities	3,364,886	-	3,364,886
American depositary receipts	16,272,335	-	16,272,335
Mutual funds	-	6,149,051	6,149,051
Real estate trusts	716,616	-	716,616
Interest receivable	392,265	2,383	394,648
Pension contributions receivable	132,424	-	132,424
Total assets	144,708,764	6,241,000	150,949,764
Liabilities			
Obligation for impaired investment of securities lending collateral	120,303	-	120,303
Net position			
Restricted for pension and postemployment healthcare benefits	$ 144,588,461	$ 6,241,000	$ 150,829,461

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds
For the Year Ended June 30, 2018

	Pension Police and Fire Retirement System	Other Postemployment Benefit Plan Trust	Total
Additions			
Investment income:			
From investing activities:			
Net appreciation in fair value of investments	$ 7,806,720	$ -	$ 7,806,720
Investment earnings (loss) and dividends	2,793,846	365,451	3,159,297
Less investment expenses	(502,942)	-	(502,942)
Net income (loss) from investing activities	10,097,624	365,451	10,463,075
From securities lending activities:			
Gross earnings	81,347	-	81,347
Borrower rebates	(1,988)	-	(1,988)
Securities lending fees	24,988	-	24,988
Net income from securities lending activities	104,347	-	104,347
Total net investment income (loss)	10,201,971	365,451	10,567,422
Contributions:			
Employer	5,180,487	1,734,099	6,914,586
Employee	1,478,257	439,777	1,918,034
Total contributions	6,658,744	2,173,876	8,832,620
Total additions	16,860,715	2,539,327	19,400,042
Deductions			
Benefit payments	10,566,683	2,178,985	12,745,668
Administrative expenses	214,905	14,677	229,582
Total deductions	10,781,588	2,193,662	12,975,250
Net change to net position	6,079,127	345,665	6,424,792
Net position, beginning of year	138,509,334	5,895,335	144,404,669
Net position, end of year	$ 144,588,461	$ 6,241,000	$ 150,829,461

CITY OF BATTLE CREEK, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
June 30, 2018

	Fire Insurance Escrow	Delinquent Personal Property Taxes	Summer Property Tax Collection	Winter Property Tax Collection	Total
Assets					
Pooled cash and investments	$ 105,614	$ 18,042	$ -	$ -	$ 123,656
Delinquent taxes receivable	-	511,256	-	-	511,256
Total assets	$ 105,614	$ 529,298	$ -	$ -	$ 634,912
Liabilities					
Undistributed receipts	$ 105,614	$ 529,298	$ -	$ -	$ 634,912

Combining Statement of Changes in Assets and Liabilities

Agency Funds
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Fire Insurance Escrow				
Assets				
Pooled cash and investments	$ 139,766	$ 84,589	$ 118,741	$ 105,614
Liabilities				
Undistributed receipts	$ 139,766	$ 84,589	$ 118,741	$ 105,614
Delinquent Personal Property Taxes				
Assets				
Pooled cash and investments	$ 14,370	$ 1,500,852	$ 1,497,180	$ 18,042
Delinquent taxes receivable	452,417	508,140	449,301	511,256
Total assets	$ 466,787	$ 2,008,992	$ 1,946,481	$ 529,298
Liabilities				
Undistributed receipts	$ 466,787	$ 2,008,992	$ 1,946,481	$ 529,298
Summer Property Tax Collection				
Assets				
Pooled cash and investments	$ 18,830	$ 51,763,246	$ 51,782,076	$ -
Liabilities				
Undistributed receipts	$ 18,830	$ 51,763,246	$ 51,782,076	$ -
Winter Property Tax Collection				
Assets				
Pooled cash and investments	$ 5,959	$ 16,959,543	$ 16,965,502	$ -
Liabilities				
Undistributed receipts	$ 5,959	$ 16,959,543	$ 16,965,502	$ -

continued...

Combining Statement of Changes in Assets and Liabilities

Agency Funds
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Total All Agency Funds				
Assets				
Pooled cash and investments	$ 178,925	$ 70,308,230	$ 70,363,499	$ 123,656
Delinquent taxes receivable	452,417	508,140	449,301	511,256
Total assets	$ 631,342	$ 70,816,370	$ 70,812,800	$ 634,912
Liabilities				
Undistributed receipts	$ 631,342	$ 70,816,370	$ 70,812,800	$ 634,912

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STATISTICAL SECTION

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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.

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)

	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	$ 213,060,080	$ 207,342,367	$ 209,845,426	$ 216,252,011	$ 216,155,508
Restricted	3,287,591	2,150,046	2,434,818	2,328,940	3,326,396
Unrestricted (deficit)	28,294,180	29,256,852	21,529,980	21,344,934	16,137,588
Total governmental activities	$ 244,641,851	$ 238,749,265	$ 233,810,224	$ 239,925,885	$ 235,619,492
Business-type activities					
Net investment in capital assets	$ 96,106,663	$ 96,648,044	$ 94,517,336	$ 93,175,690	$ 92,885,198
Unrestricted (deficit)	18,335,770	19,217,106	19,336,256	19,223,068	19,988,459
Total business-type activities	$ 114,442,433	$ 115,865,150	$ 113,853,592	$ 112,398,758	$ 112,873,657
Primary government					
Net investment in capital assets	$ 309,166,743	$ 303,990,411	$ 304,362,762	$ 309,427,701	$ 309,040,706
Restricted	3,287,591	2,150,046	2,434,818	2,328,940	3,326,396
Unrestricted (deficit)	46,629,950	48,473,958	40,866,236	40,568,002	36,126,047
Total primary government	$ 359,084,284	$ 354,614,415	$ 347,663,816	$ 352,324,643	$ 348,493,149

continued…

CITY OF BATTLE CREEK, MICHIGAN

Schedule 1
Unaudited

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	$ 213,803,703	$ 212,763,742	$ 209,385,180	$ 204,289,221	$ 202,996,774
Restricted	2,671,582	6,422,246	10,573,097	9,498,489	11,428,992
Unrestricted (deficit)	13,828,647	(39,592,709)	(56,384,540)	(66,228,790)	(108,310,558)
Total governmental activities	$ 230,303,932	$ 179,593,279	$ 163,573,737	$ 147,558,920	$ 106,115,208
Business-type activities					
Net investment in capital assets	$ 92,099,833	$ 91,757,657	$ 94,256,830	$ 77,696,600	$ 84,440,617
Unrestricted (deficit)	20,628,055	6,044,949	6,738,128	18,432,807	(13,736,110)
Total business-type activities	$ 112,727,888	$ 97,802,606	$ 100,994,958	$ 96,129,407	$ 70,704,507
Primary government					
Net investment in capital assets	$ 305,903,536	$ 304,521,399	$ 303,642,010	$ 281,985,821	$ 287,437,391
Restricted	2,671,582	6,422,246	10,573,097	9,498,489	11,428,992
Unrestricted (deficit)	34,456,702	(33,547,760)	(49,646,412)	(47,795,983)	(122,046,668)
Total primary government	$ 343,031,820	$ 277,395,885	$ 264,568,695	$ 243,688,327	$ 176,819,715

concluded.

Source: City of Battle Creek Finance Department

Note: GASB Statements No. 63 and 65 were implemented for fiscal year ended June 30, 2013. This resulted in a change renaming net assets to net position and invested in capital assets, net of related debt to net investment in capital assets. As a result of implementation, bond issuance costs have been eliminated. Prior years were not restated.

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015. This resulted in presentation of the City's net pension liability on the statement of net position. Prior years were not restated.

Note: GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018. This resulted in presentation of the City's net pension liability on the statement of net position. Prior years were not restated.

CITY OF BATTLE CREEK, MICHIGAN

Schedule 2
Unaudited

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	$ 11,518,181	$ 8,669,931	$ 10,303,586	$ 12,250,359	$ 10,372,803
Public safety	27,392,970	31,461,275	29,053,426	27,025,682	26,952,192
Public works	2,267,154	1,839,732	2,803,968	2,396,590	1,891,765
Highways and streets	11,445,076	9,761,195	9,426,798	7,149,971	11,585,808
Recreation	7,309,779	7,104,029	6,665,571	6,280,210	6,323,529
Community development	2,446,793	3,258,213	5,321,021	6,589,947	4,907,271
Interest on long-term debt	1,063,227	746,334	830,920	826,922	745,018
Total governmental activities	63,443,180	62,840,709	64,405,290	62,519,681	62,778,386
Business-type activities:					
Wastewater	15,196,805	14,132,718	15,444,292	15,215,733	15,247,288
Water	7,189,064	7,276,720	8,358,607	7,814,304	7,520,760
Public transit	4,179,374	3,968,197	4,498,411	4,705,296	4,924,554
Solid waste collection	2,698,282	2,753,730	2,741,558	2,865,831	2,940,000
Airport	2,395,483	2,552,763	2,634,483	2,662,373	2,511,613
Parking	1,179,759	1,155,113	1,252,970	1,406,230	1,509,283
Economic development	193,000	187,295	355,375	124,973	148,922
Total business-type activities	33,031,767	32,026,536	35,285,696	34,794,740	34,802,420
Total primary government expenses	96,474,947	94,867,245	99,690,986	97,314,421	97,580,806
Program revenues					
Governmental activities:					
Charges for services:					
General government	2,952,331	2,447,656	2,739,519	3,270,597	3,363,317
Public safety	2,005,200	1,820,299	1,161,679	1,148,538	960,535
Public works	583,610	142,714	323,374	98,263	84,207
Highways and streets	23,998	6,354	25,511	7,498	4,251
Recreation	3,464,587	3,194,147	3,516,153	3,735,452	3,635,347
Community development	24,320	-	54,440	607,631	830,898
Interest on long-term debt	249	-	-	-	-
Operating grants and contributions	10,945,297	11,450,771	15,277,402	21,767,295	12,618,453
Capital grants and contributions	2,224,654	-	-	-	-
Total governmental activities	22,224,246	19,061,941	23,098,078	30,635,274	21,497,008

continued…

CITY OF BATTLE CREEK, MICHIGAN

Schedule 2
Unaudited

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	$ 12,208,561	$ 8,841,596	$ 13,522,067	$ 13,804,561	$ 3,027,365
Public safety	27,215,335	29,790,342	38,643,958	38,272,687	48,160,125
Public works	2,199,624	2,239,223	2,016,152	1,925,529	2,848,257
Highways and streets	9,731,567	14,960,926	11,759,289	12,962,951	14,614,111
Recreation	5,759,128	6,491,021	7,662,739	7,549,260	6,786,153
Community development	3,019,449	2,709,435	2,960,152	2,575,566	1,447,782
Interest on long-term debt	1,206,989	1,307,722	1,193,277	1,383,774	1,576,922
Total governmental activities	61,340,653	66,340,265	77,757,634	78,474,328	78,460,715
Business-type activities:					
Wastewater	15,642,028	15,833,103	16,616,652	21,226,749	18,892,313
Water	7,930,788	7,881,178	8,407,774	8,638,715	8,316,456
Public transit	4,814,924	4,551,257	4,519,401	4,787,343	4,763,055
Solid waste collection	3,004,407	2,977,648	3,021,188	3,327,216	3,418,516
Airport	2,485,677	2,512,780	2,566,234	2,620,027	2,684,727
Parking	1,549,455	1,369,956	1,475,329	1,418,990	1,378,093
Economic development	130,400	124,121	183,616	296,334	593,984
Total business-type activities	35,557,679	35,250,043	36,790,194	42,315,374	40,047,144
Total primary government expenses	96,898,332	101,590,308	114,547,828	120,789,702	118,507,859
Program revenues					
Governmental activities:					
Charges for services:					
General government	2,824,535	3,442,117	3,598,573	3,188,666	4,404,461
Public safety	907,128	900,686	907,947	1,119,088	1,463,042
Public works	201,493	120,379	144,941	118,886	116,923
Highways and streets	27,929	13,953	6,932	4,559	2,494
Recreation	3,250,950	3,400,581	3,822,885	3,511,655	3,670,917
Community development	277,924	135,693	57,780	78,892	41,774
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	10,289,625	12,533,025	14,753,846	15,546,274	17,633,267
Capital grants and contributions	-	762,199	34,404	320,769	3,391,624
Total governmental activities	17,779,584	21,308,633	23,327,308	23,888,789	30,724,502

continued…

CITY OF BATTLE CREEK, MICHIGAN

Schedule 2
Unaudited

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013
Business-type activities:					
Charges for services:					
Wastewater	$ 12,056,109	$ 13,600,518	$ 13,204,301	$ 14,268,729	$ 15,013,143
Water	7,760,563	8,014,650	7,955,198	8,824,757	9,208,283
Public transit	401,200	390,010	405,754	423,116	415,699
Solid waste collection	2,592,942	2,702,376	2,841,261	2,865,400	2,863,898
Airport	1,287,463	1,228,917	1,189,936	1,358,819	1,364,368
Parking	611,725	600,608	872,937	1,117,414	1,229,770
Economic development	359,384	479,652	139,425	163,229	37,639
Operating grants and contributions	3,571,310	3,459,262	6,021,711	4,197,347	5,060,638
Capital grants and contributions	1,940,273	2,319,601	-	-	-
Total business-type activities	30,580,969	32,795,594	32,630,523	33,218,811	35,193,438
Total primary government					
Program revenues	52,805,215	51,857,535	55,728,601	63,854,085	56,690,446
Net (expense)/revenue					
Government activities	(41,218,934)	(43,778,768)	(41,307,212)	(31,884,407)	(41,281,378)
Business-type activities	(2,450,798)	769,058	(2,655,173)	(1,575,929)	391,018
Total primary government net expense	(43,669,732)	(43,009,710)	(43,962,385)	(33,460,336)	(40,890,360)
General revenues					
Governmental activities:					
General revenues:					
Property taxes	17,033,749	17,414,875	16,711,960	16,542,171	15,809,783
Income taxes	14,240,808	14,328,097	13,548,759	15,009,421	16,234,540
Grants and contributions not restricted to specific programs	5,882,127	5,235,168	5,599,849	5,296,135	5,271,399
Unrestricted investment earnings	1,921,942	1,816,033	1,070,544	1,176,170	371,196
Transfers - internal activities	(585,336)	(533,894)	(562,941)	(23,829)	(349,082)
Total governmental activities	38,493,290	38,260,279	36,368,171	38,000,068	37,337,836
Business-type activities:					
General revenues:					
Property taxes	-	-	-	-	-
Unrestricted investment earnings	161,107	119,765	80,674	97,266	(63,487)
Rents and leases	-	-	-	-	-
Transfers - internal activities	585,336	533,894	562,941	23,829	349,082
Total business-type activities	746,443	653,659	643,615	121,095	285,595
Total primary government	39,239,733	38,913,938	37,011,786	38,121,163	37,623,431
Change in net position					
Government activities	(2,725,644)	(5,518,489)	(4,939,041)	6,115,661	(3,943,542)
Business-type activities	(1,704,355)	1,422,717	(2,011,558)	(1,454,834)	676,613
Total primary government	$ (4,429,999)	$ (4,095,772)	$ (6,950,599)	$ 4,660,827	$ (3,266,929)

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 2
Unaudited

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Business-type activities:					
Charges for services:					
Wastewater	$ 15,586,240	$ 17,061,207	$ 18,278,650	$ 16,905,486	$ 16,751,879
Water	9,465,371	9,495,161	9,883,241	9,574,123	8,861,850
Public transit	425,705	430,572	407,480	378,300	366,930
Solid waste collection	3,082,169	3,094,738	3,212,994	3,407,372	3,389,107
Airport	1,365,747	1,389,514	1,354,099	1,459,032	1,666,987
Parking	1,330,971	1,398,498	1,384,948	1,333,331	1,131,526
Economic development	91,571	55,703	7,636	6,270	-
Operating grants and contributions	3,571,072	3,987,451	4,336,403	3,698,755	4,664,524
Capital grants and contributions	-	-	-	-	-
Total business-type activities	34,918,846	36,912,844	38,865,451	36,762,669	36,832,803
Total primary government Program revenues	52,698,430	58,221,477	62,192,759	60,651,458	67,557,305
Net (expense)/revenue					
Government activities	(43,561,069)	(45,031,632)	(54,430,326)	(54,585,539)	(47,736,213)
Business-type activities	(638,833)	1,662,801	2,075,257	(5,552,705)	(3,214,341)
Total primary government net expense	(44,199,902)	(43,368,831)	(52,355,069)	(60,138,244)	(50,950,554)
General revenues					
Governmental activities:					
General revenues:					
Property taxes	16,258,935	16,028,806	16,189,320	16,457,014	17,109,789
Income taxes	16,093,707	16,475,837	16,414,572	16,581,118	16,718,592
Grants and contributions not restricted to specific programs	5,336,347	5,441,022	5,637,815	5,678,681	5,822,141
Unrestricted investment earnings	953,036	856,338	770,022	293,860	125,428
Transfers - internal activities	(396,516)	(453,061)	(600,945)	(439,951)	(631,231)
Total governmental activities	38,245,509	38,348,942	38,410,784	38,570,722	39,144,719
Business-type activities:					
General revenues:					
Property taxes	-	-	-	-	321,410
Unrestricted investment earnings	96,548	74,665	269,643	49,396	8,976
Rents and leases	-	-	246,507	197,807	213,253
Transfers - internal activities	396,516	453,061	600,945	439,951	631,231
Total business-type activities	493,064	527,726	1,117,095	687,154	1,174,870
Total primary government	38,738,573	38,876,668	39,527,879	39,257,876	40,319,589
Change in net position					
Government activities	(5,315,560)	(6,682,690)	(16,019,542)	(16,014,817)	(8,591,494)
Business-type activities	(145,769)	2,190,527	3,192,352	(4,865,551)	(2,039,471)
Total primary government	$ (5,461,329)	$ (4,492,163)	$ (12,827,190)	$ (20,880,368)	$ (10,630,965)

concluded.

Source: City of Battle Creek Finance Department

Schedule 3
Unaudited

Fund Balances - Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
General fund					
Nonspendable	$ -	$ -	$ 499,983	$ 865,127	$ 448,287
Restricted	-	-	336,529	163,327	146,469
Committed	-	-	783,357	892,532	835,064
Assigned	-	-	1,489,087	1,064,255	68,152
Unassigned	-	-	4,682,496	4,895,117	6,171,173
Reserved	531,030	518,774	-	-	-
Unreserved	6,886,896	6,740,926	-	-	-
Total general fund	$ 7,417,926	$ 7,259,700	$ 7,791,452	$ 7,880,358	$ 7,669,145
All other governmental funds					
Nonspendable	$ -	$ -	$ 1,120,738	$ 964,756	$ 1,012,623
Restricted	-	-	689,873	556,164	755,079
Committed	-	-	958,394	2,209,308	2,389,690
Assigned	-	-	649,881	599,288	1,329,963
Unassigned (deficit)	-	-	(512,389)	-	(179,235)
Reserved	2,270,931	1,121,697	-	-	-
Unreserved, reported in:					
Special revenue funds	(284,187)	664,720	-	-	-
Debt service funds	7,380	7,564	-	-	-
Capital projects funds	712,055	1,250,256	-	-	-
Permanent funds	1,156,678	1,157,171	-	-	-
Total all other governmental funds	$ 3,862,857	$ 4,201,408	$ 2,906,497	$ 4,329,516	$ 5,308,120

continued…

CITY OF BATTLE CREEK, MICHIGAN

Schedule 3
Unaudited

Fund Balances - Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018
General fund					
Nonspendable	$ 484,653	$ 455,414	$ 508,342	$ 376,049	$ 457,410
Restricted	147,134	103,499	384,726	241,186	229,368
Committed	844,624	891,241	936,502	1,313,835	1,347,241
Assigned	91,720	101,236	61,973	96,131	130,763
Unassigned	6,580,891	6,417,328	6,181,573	5,958,796	5,958,796
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	$ 8,149,022	$ 7,968,718	$ 8,073,116	$ 7,985,997	$ 8,123,578
All other governmental funds					
Nonspendable	$ 1,016,652	$ 1,011,593	$ 1,019,048	$ 1,024,394	$ 932,537
Restricted	11,477,425	6,468,777	4,791,668	16,317,974	7,278,525
Committed	2,436,895	2,418,119	1,727,350	2,504,157	805,359
Assigned	739,577	454,581	354,092	248,647	282,439
Unassigned (deficit)	(131,387)	(9,922)	-	-	-
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
Total all other governmental funds	$ 15,539,162	$ 10,343,148	$ 7,892,158	$ 20,095,172	$ 9,298,860

concluded.

Source: City of Battle Creek Finance Department

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

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
Revenues					
Income taxes	$ 14,240,808	$ 14,328,097	$ 13,548,759	$ 15,009,421	$ 16,234,540
Property taxes	17,033,749	17,414,875	16,711,960	16,542,171	15,809,783
Licenses and permits	1,012,079	1,038,089	1,198,154	813,942	832,745
Intergovernmental	16,323,084	15,867,905	19,635,529	25,974,924	17,729,297
Charges for services	5,329,100	4,833,110	4,479,740	5,235,921	5,058,388
Fines and forfeitures	207,251	217,119	138,191	151,470	143,710
Investment income	1,626,797	985,996	756,002	648,835	110,735
Other	3,566,605	2,903,858	3,511,690	5,225,127	3,441,665
Total revenues	59,339,473	57,589,049	59,980,025	69,601,811	59,360,863
Expenditures					
General government	10,426,091	7,970,982	9,025,067	10,840,690	8,324,868
Public safety	27,333,095	27,096,596	26,296,938	25,721,232	25,856,822
Public works	2,005,097	1,906,614	2,739,101	2,422,655	1,801,123
Highway and streets	13,495,120	8,270,729	9,674,093	13,336,410	10,504,607
Recreation	6,411,034	5,791,915	5,613,072	5,396,641	5,404,433
Community development	2,273,906	3,040,116	4,371,354	5,871,937	3,729,026
Inspections	551,947	537,689	1,080,883	400,956	432,009
Unallocated	327,213	267,009	-	1,230,028	1,789,974
Debt service:					
Principal retirement	2,119,432	2,103,669	2,363,469	1,843,730	1,439,473
Interest	1,035,366	927,124	895,686	723,652	748,414
Bond issuance costs	-	83,095	153,331	-	-
Total expenditures	65,978,301	57,995,538	62,212,994	67,787,931	60,030,749
Revenues over (under) expenditures	(6,638,828)	(406,489)	(2,232,969)	1,813,880	(669,886)
Other financing sources (uses)					
Issuance of bonds	-	2,240,000	6,725,000	-	-
Premium (discount) on bonds	-	5,220	250,294	-	-
Payment to refunding bond escrow agent	-	(2,162,125)	(6,818,624)	-	-
Proceeds from sales of capital assets	1,094,075	974,036	1,029,881	-	-
Transfers in	8,829,217	10,851,446	7,706,637	5,629,173	6,035,359
Transfers out	(8,353,518)	(11,331,409)	(7,423,378)	(5,931,128)	(4,598,082)
Total other financing sources (uses)	1,569,774	577,168	1,469,810	(301,955)	1,437,277
Net changes in fund balances	$ (5,069,054)	$ 170,679	$ (763,159)	$ 1,511,925	$ 767,391
Debt services as a percentage of noncapital expenditures	5.4%	5.7%	6.0%	4.7%	4.2%

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 4
Unaudited

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018
Revenues					
Income taxes	$ 16,093,707	$ 16,475,837	$ 16,414,572	$ 16,581,118	$ 16,718,592
Property taxes	16,258,935	16,028,806	16,189,320	16,457,014	17,109,789
Licenses and permits	922,738	965,987	1,029,815	1,019,433	1,057,206
Intergovernmental	15,443,105	17,614,000	20,026,447	21,084,486	21,598,338
Charges for services	4,520,247	4,778,052	5,082,714	4,879,599	5,448,749
Fines and forfeitures	134,497	127,535	129,805	125,194	116,581
Investment income	559,839	555,685	501,922	157,485	3,800
Other	2,968,516	2,026,275	1,914,836	1,972,148	4,479,724
Total revenues	56,901,584	58,572,177	61,289,431	62,276,477	66,532,779
Expenditures					
General government	13,218,040	8,934,304	9,999,068	13,203,880	9,706,024
Public safety	25,587,422	26,469,518	27,427,085	29,417,044	41,320,776
Public works	2,152,726	2,103,888	2,571,981	2,463,778	2,873,537
Highway and streets	9,261,973	14,242,456	10,667,566	9,568,383	9,569,149
Recreation	4,784,815	5,438,183	5,495,002	5,012,445	5,220,992
Community development	1,725,369	1,452,582	1,853,905	1,126,055	1,987,820
Inspections	438,325	580,355	616,610	625,830	673,614
Unallocated	1,272,866	1,350,777	1,286,389	1,330,575	1,323,813
Debt service:					
Principal retirement	1,960,721	2,342,497	2,539,826	2,072,734	2,701,249
Interest	1,183,898	1,346,762	1,207,672	1,367,461	1,649,639
Bond issuance costs	312,339	-	-	-	-
Total expenditures	61,898,494	64,261,322	63,665,104	66,188,185	77,026,613
Revenues over (under) expenditures	(4,996,910)	(5,689,145)	(2,375,673)	(3,911,708)	(10,493,834)
Other financing sources (uses)					
Issuance of bonds	15,370,000	-	12,605,000	15,265,000	-
Premium (discount) on bonds	383,666	-	860,638	1,489,463	-
Payment to refunding bond escrow agent	-	-	(13,548,312)	-	-
Proceeds from sales of capital assets	-	-	-	-	-
Transfers in	5,400,117	6,559,688	5,406,192	6,588,752	5,240,901
Transfers out	(5,445,954)	(6,246,861)	(5,294,437)	(7,315,611)	(5,405,798)
Total other financing sources (uses)	15,707,829	312,827	29,081	16,027,604	(164,897)
Net changes in fund balances	$ 10,710,919	$ (5,376,318)	$ (2,346,592)	$ 12,115,896	$ (10,658,731)
Debt services as a percentage of noncapital expenditures	6.0%	6.8%	6.5%	5.9%	7.1%

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)

	2009	2010	2011	2012	2013
Revenues					
Income taxes	$ 14,240,808	$ 14,328,097	$ 13,548,759	$ 15,009,421	$ 16,234,540
Property taxes	17,033,749	17,414,875	16,711,960	14,909,932	14,227,428
Licenses and permits	1,012,079	1,038,089	1,160,839	698,145	696,355
Intergovernmental	7,688,340	7,121,712	6,731,957	6,353,111	6,595,260
Charges for services	2,297,536	2,305,552	2,142,591	2,228,868	2,026,494
Fines and forfeitures	207,251	217,119	138,191	151,470	143,710
Investment earnings (loss)	1,330,682	793,498	687,076	577,687	146,653
Contributions	-	-	-	-	-
Rents and leases	-	-	-	-	-
Other	2,042,606	1,545,510	2,142,638	3,167,419	1,833,188
Total revenues	45,853,051	44,764,452	43,264,011	43,096,053	41,903,628
Expenditures					
General government	8,526,593	7,707,358	7,521,606	7,082,687	7,268,561
Public safety	26,631,841	26,452,872	25,607,110	24,741,135	25,021,620
Public works	2,005,097	1,906,614	2,739,101	2,422,655	1,801,123
Recreation	3,756,736	3,390,286	3,284,606	3,017,352	2,887,026
Community development	-	-	-	-	-
Unallocated/non-departmental	402,265	364,755	1,053,986	1,230,028	1,789,974
Debt service:					
Principal	-	-	-	-	
Interest	-	-	-	-	
Total expenditures	41,322,532	39,821,885	40,206,409	38,493,857	38,768,304
Revenues over (under) expenditures	4,530,519	4,942,567	3,057,602	4,602,196	3,135,324
Other financing sources (uses)					
Transfers in	155,742	1,820,222	888,345	167,792	1,056
Sale of land and other assets	818,715	917,847	973,692	-	-
Transfers out	(6,260,384)	(7,838,862)	(5,767,462)	(4,681,082)	(3,347,593)
Total other financing sources (uses)	(5,285,927)	(5,100,793)	(3,905,425)	(4,513,290)	(3,346,537)
Net changes in fund balances	$ (755,408)	$ (158,226)	$ (847,823)	$ 88,906	$ (211,213)

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 5
Unaudited

Changes in Fund Balances - General Fund

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018
Revenues					
Income taxes	$ 16,093,707	$ 16,475,837	$ 16,414,572	$ 16,581,118	$ 16,718,592
Property taxes	14,683,943	14,504,834	14,668,381	14,950,795	15,657,346
Licenses and permits	744,302	868,181	1,021,229	1,019,433	1,057,206
Intergovernmental	6,659,514	6,809,508	8,698,540	11,717,251	10,361,118
Charges for services	1,981,271	2,040,194	2,378,225	2,482,779	4,310,766
Fines and forfeitures	134,497	127,535	129,805	125,194	116,581
Investment earnings (loss)	511,395	516,880	426,096	145,145	(4,463)
Contributions	-	-	-	-	3,407
Rents and leases	-	-	-	-	213,991
Other	1,965,686	872,559	1,034,513	928,761	1,601,274
Total revenues	42,774,315	42,215,528	44,771,361	47,950,476	50,035,818
Expenditures					
General government	7,225,082	6,371,999	6,772,153	6,648,823	6,757,373
Public safety	25,303,386	25,835,041	27,204,080	29,009,596	30,488,624
Public works	2,152,726	2,103,888	2,571,981	2,463,778	2,873,537
Recreation	2,708,291	3,001,790	3,301,833	3,036,624	4,322,645
Community development	-	-	-	-	607,252
Unallocated/non-departmental	1,272,866	1,350,777	1,286,389	1,330,575	1,323,813
Debt service:					
Principal		-	-	-	345,000
Interest		-	-	-	98,183
Total expenditures	38,662,351	38,663,495	41,136,436	42,489,396	46,816,427
Revenues over (under) expenditures	4,111,964	3,552,033	3,634,925	5,461,080	3,219,391
Other financing sources (uses)					
Transfers in	16,600	-	106,731	21,113	201,565
Sale of land and other assets	-	-	-	-	-
Transfers out	(3,648,687)	(3,732,337)	(3,637,258)	(5,569,312)	(3,283,375)
Total other financing sources (uses)	(3,632,087)	(3,732,337)	(3,530,527)	(5,548,199)	(3,081,810)
Net changes in fund balances	$ 479,877	$ (180,304)	$ 104,398	$ (87,119)	$ 137,581

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)

				Taxable Value	
Fiscal Year Ended June 30,	Tax Year	Valued as of December 31,	(1) Total Assessed Value (S.E.V.)	Real Property	Personal Property
2018	2017	2016	$ 1,394,675,388	$ 1,063,247,903	$ 150,132,197
2017	2016	2015	1,374,803,682	1,056,829,386	162,533,256
2016	2015	2014	1,597,755,968	1,058,229,131	331,368,399
2015	2014	2013	1,580,734,432	1,071,816,975	323,079,746
2014	2013	2012	1,601,470,703	1,090,543,166	321,394,012
2013	2012	2011	1,672,651,855	1,125,760,929	324,590,974
2012	2011	2010	1,727,239,263	1,147,982,019	323,603,422
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

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 6
Unaudited

Assessed and Taxable Value of Property

Last Ten Fiscal Years
(in thousands of dollars)

	Taxable Value				
Fiscal Year Ended June 30,	(2) Industrial Facilities	(2) Neighborhood Enterprise Zone	Total	Total Estimated Actual Value of Taxable Property	Total Direct Tax Rate
2018	$ 58,777,497	$ 52,084	$ 1,272,209,681	$ 2,789,350,776	15.7490
2017	67,913,737	52,084	1,287,328,463	2,749,607,364	15.4190
2016	149,463,733	52,084	1,539,113,347	3,195,511,936	14.7360
2015	146,581,873	62,440	1,541,541,034	3,161,468,864	14.7360
2014	143,777,085	96,372	1,555,810,635	3,202,941,406	14.7360
2013	163,610,573	149,072	1,614,111,548	3,345,303,710	14.7360
2012	171,383,082	315,736	1,643,284,259	3,454,478,526	14.7360
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

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 Operating	(1) City of Battle Creek Debt	(1) City of Battle Creek Pension	Total Direct Rate	Battle Creek Public Schools	State Education Tax
2018	2017	10.2400	0.5000	5.0090	15.7490	24.0000	6.0000
2017	2016	10.2400	0.5000	4.6790	15.4190	24.0000	6.0000
2016	2015	10.2400	-	4.4960	14.7360	24.3200	6.0000
2015	2014	10.3070	-	4.4290	14.7360	24.6000	6.0000
2014	2013	10.6480	-	4.0880	14.7360	24.8500	6.0000
2013	2012	10.9270	-	3.8090	14.7360	24.3400	6.0000
2012	2011	10.9880	-	3.7480	14.7360	24.3400	6.0000
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

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)
2018	6.2057	3.6136	2.0000	6.4713	64.0396	46.0396
2017	6.2057	3.6136	2.0000	6.4713	63.7096	45.7096
2016	6.2057	3.6136	2.0000	6.4713	63.3466	45.3466
2015	6.2057	3.6136	2.0000	6.4713	63.6266	45.6266
2014	6.2057	3.6136	2.0000	6.4713	63.8766	45.8766
2013	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636
2012	6.2057	3.7106	2.0000	6.3713	63.3636	45.3636
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

(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	2009 Taxable Value	2009 Rank	2009 Percentage of Total City Taxable Value
Kellogg Company	$ 122,038,778	1	7.06%
Consumer Energy	20,556,609	4	1.19%
Denso Manufacturing MI Inc.	59,628,989	2	3.45%
Post Foods LLC	38,694,033	3	2.24%
Semco Energy Inc.	14,265,171	6	0.83%
Musashi Auto Parts-Michigan Inc.	-	-	0.00%
TRMI Inc.	11,536,910	8	0.67%
II Stanley Co. Inc.	-	-	0.00%
Lakeview Square LLC	13,217,722	7	0.77%
Edward Rose Development Co.	-	-	0.00%
Conagra Foods Inc.	15,694,692	5	0.91%
New AMI	8,825,153	9	0.51%
Michigan Carton & Paperboard	8,683,210	10	0.50%
	$ 313,141,267		18.12%

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 8
Unaudited

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2018 Taxable Value	2018 Rank	2018 Percentage of Total City Taxable Value
Kellogg Company	$ 79,548,590	1	6.25%
Consumers Energy	34,166,748	2	2.69%
Denso Manufacturing MI Inc.	32,625,944	3	2.56%
Post Foods LLC	16,270,750	4	1.28%
Semco Energy Inc.	14,392,747	5	1.13%
Musashi Auto Parts-Michigan Inc.	13,653,620	6	1.07%
TRMI Inc.	10,658,331	7	0.84%
II Stanley Co. Inc.	9,186,542	8	0.72%
Lakeview Square LLC	7,894,764	9	0.62%
Edward Rose Development Co.	6,087,616	10	0.48%
Conagra Foods Inc.	-	-	0.00%
New AMI	-	-	0.00%
Michigan Carton & Paperboard	-	-	0.00%
	$ 224,485,652		17.65%

concluded.

Source: City of Battle Creek Assessor's Office.

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CITY OF BATTLE CREEK, MICHIGAN

Schedule 9
Unaudited

Property Tax Levies and Collections

Last Ten Fiscal Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2018	$ 19,173,957	$ 19,127,382	99.76%	$ 580	$ 19,127,962	99.76%
2017	18,905,774	18,872,333	99.82%	3,248	18,875,581	99.84%
2016	20,813,769	20,779,353	99.83%	8,403	20,787,756	99.88%
2015	20,686,120	20,672,222	99.93%	1,967	20,674,189	99.94%
2014	21,005,303	20,940,399	99.69%	4,911	20,945,310	99.71%
2013	21,447,205	21,408,738	99.82%	3,195	21,411,933	99.84%
2012	22,158,202	22,104,514	99.76%	12,611	22,117,125	99.81%
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%

Source: City of Battle Creek Treasurer's Office

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

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	14,639	14,467	14,318	14,430	14,814
Commercial (1)	1,718	1,575	1,557	1,557	1,622
Industrial	211	126	124	128	129
	16,568	16,168	15,999	16,115	16,565
Outside City					
Emmett Township	754	668	648	649	669
Bedford Township	437	421	418	430	438
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	1,191	1,089	1,066	1,079	1,107
Totals	17,759	17,257	17,065	17,194	17,672

continued...

Number of Water System Customers by User Class

Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	14,791	14,765	14,757	14,771	14,754
Commercial (1)	1,628	1,617	1,619	1,634	1,646
Industrial	132	131	130	126	126
	16,551	16,513	16,506	16,531	16,526
Outside City					
Emmett Township	669	668	675	699	708
Bedford Township	430	426	420	428	428
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	1,099	1,094	1,095	1,127	1,136
Totals	17,650	17,607	17,601	17,658	17,662

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

Schedule 11
Unaudited

Number of Water System Customers by User Class as a Percent of Total

Last Ten Fiscal Years

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	82.43%	83.83%	83.90%	83.92%	83.83%
Commercial	9.67%	9.13%	9.12%	9.06%	9.18%
Industrial	1.19%	0.73%	0.73%	0.74%	0.72%
	93.29%	93.69%	93.75%	93.72%	93.73%
Outside City					
Emmett Township	4.25%	3.87%	3.80%	3.78%	3.79%
Bedford Township	2.46%	2.44%	2.45%	2.50%	2.48%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	6.71%	6.31%	6.25%	6.28%	6.27%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

continued...

Number of Water System Customers by User Class as a Percent of Total

Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	83.80%	83.86%	83.84%	83.65%	83.54%
Commercial	9.22%	9.18%	9.20%	9.25%	9.32%
Industrial	0.75%	0.74%	0.74%	0.71%	0.71%
	93.77%	93.79%	93.78%	93.62%	93.57%
Outside City					
Emmett Township	3.79%	3.79%	3.84%	3.96%	4.01%
Bedford Township	2.44%	2.42%	2.39%	2.42%	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
	6.23%	6.21%	6.22%	6.38%	6.43%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

concluded.

Source: City of Battle Creek Treasurer's Office

Water System Revenues by User Class

Last Ten Fiscal Years

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	$ 3,116,515	$ 3,013,516	$ 2,973,697	$ 3,197,288	$ 3,410,041
Commercial (1)	2,018,350	2,036,886	1,683,483	1,886,236	2,099,206
Industrial	1,709,693	1,865,248	1,750,581	2,047,362	2,005,796
	6,844,558	6,915,650	6,407,761	7,130,886	7,515,043
Outside City					
Emmett Township (2)	-	157,258	518,833	568,638	495,823
Bedford Township (2)	-	45,160	97,724	90,044	101,866
East Leroy Township (2)	-	6,162	14,230	23,539	34,188
Springfield City	267,048	278,047	208,408	252,402	275,733
Pennfield Township	23,466	26,304	66,760	28,274	55,498
	290,514	512,931	905,956	962,897	963,108
Totals	$ 7,135,072	$ 7,428,581	$ 7,313,717	$ 8,093,783	$ 8,478,151

continued...

Schedule 12
Unaudited

Water System Revenues by User Class
Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	$ 3,403,962	$ 3,478,565	$ 3,575,598	$ 3,724,145	$ 3,826,075
Commercial (1)	2,092,311	2,028,652	2,243,876	2,124,857	2,102,968
Industrial	2,133,970	2,179,161	2,367,369	1,939,402	1,579,649
	7,630,243	7,686,378	8,186,843	7,788,404	7,508,692
Outside City					
Emmett Township (2)	610,684	626,495	689,318	695,064	709,973
Bedford Township (2)	92,695	98,325	100,731	99,809	105,058
East Leroy Township (2)	19,460	12,481	13,024	11,817	11,156
Springfield City	333,441	272,671	266,165	290,922	224,405
Pennfield Township	29,619	27,805	29,562	35,524	44,202
	1,085,899	1,037,776	1,098,800	1,133,136	1,094,794
Totals	$ 8,716,142	$ 8,724,154	$ 9,285,643	$ 8,921,540	$ 8,603,486

concluded.

(1) This class includes commercial and governmental users.

(2) Through 6/30/09, Emmett, Bedford and East Leroy Townships residential revenues were included above in In-City Residential.

Source: City of Battle Creek Treasurer's Office

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

Last Ten Fiscal Years

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	43.68%	40.57%	40.66%	39.50%	40.22%
Commercial (1)	28.29%	27.42%	23.02%	23.30%	24.76%
Industrial	23.96%	25.11%	23.94%	25.30%	23.66%
	95.93%	93.10%	87.61%	88.10%	88.64%
Outside City					
Emmett Township (2)	0.00%	2.12%	7.09%	7.03%	5.85%
Bedford Township (2)	0.00%	0.61%	1.34%	1.11%	1.20%
East Leroy Township (2)	0.00%	0.08%	0.19%	0.29%	0.40%
Springfield City	3.74%	3.74%	2.85%	3.12%	3.25%
Pennfield Township	0.33%	0.35%	0.91%	0.35%	0.66%
	4.07%	6.90%	12.39%	11.90%	11.36%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

continued...

Schedule 13
Unaudited

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

Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	39.05%	39.87%	38.51%	41.74%	44.47%
Commercial (1)	24.01%	23.25%	24.17%	23.82%	24.44%
Industrial	24.48%	24.98%	25.49%	21.74%	18.36%
	87.54%	88.10%	88.17%	87.30%	87.27%
Outside City					
Emmett Township (2)	7.01%	7.18%	7.42%	7.79%	8.25%
Bedford Township (2)	1.06%	1.13%	1.08%	1.12%	1.22%
East Leroy Township (2)	0.22%	0.14%	0.14%	0.13%	0.13%
Springfield City	3.83%	3.13%	2.87%	3.26%	2.61%
Pennfield Township	0.34%	0.32%	0.32%	0.40%	0.51%
	12.46%	11.90%	11.83%	12.70%	12.73%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

concluded.

(1) This class includes commercial and governmental users.

(2) Through 6/30/09, Emmett, Bedford & East Leroy Townships residential revenues were 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	2009	2010	2011	2012	2013
In-City					
Residential	125,570,888	126,426,959	125,730,875	110,428,535	128,321,154
Commercial (1)	111,337,291	104,709,987	103,704,045	94,180,609	108,996,437
Industrial	112,527,550	113,482,354	108,505,973	135,043,271	130,981,050
	349,435,729	344,619,300	337,940,893	339,652,415	368,298,641
Outside City					
Emmett Township	17,390,165	19,058,356	22,469,497	20,989,946	22,861,381
Bedford Township	3,199,666	3,513,561	3,357,542	3,387,117	3,989,779
Springfield City	19,962,071	18,041,171	20,371,021	20,084,605	20,452,628
Pennfield Township	2,467,500	2,368,300	2,532,700	2,506,600	2,238,500
	43,019,402	42,981,388	48,730,760	46,968,268	49,542,288
Totals	392,455,131	387,600,688	386,671,653	386,620,683	417,840,929

continued...

Water System Sales Volume by User Class (Cubic Feet)

Last Ten Fiscal Years

Type of User	2014	2015 (2)	2016 (2)	2017	2018
In-City					
Residential	113,821,573	105,232,458	96,499,847	109,281,509	106,630,876
Commercial (1)	101,258,848	91,052,374	95,356,781	90,252,021	89,941,367
Industrial	131,575,143	127,625,133	127,002,299	113,625,946	102,822,926
	346,655,564	323,909,965	318,858,927	313,159,476	299,395,169
Outside City					
Emmett Township	25,097,179	23,111,371	23,441,862	25,738,764	27,512,531
Bedford Township	3,281,149	3,127,698	2,888,704	2,820,489	3,110,360
Springfield City	18,474,474	16,888,944	16,888,943	17,389,269	17,243,502
Pennfield Township	2,223,900	2,123,500	2,164,000	2,199,500	2,255,800
	49,076,702	45,251,513	45,383,509	48,148,022	50,122,193
Totals	395,732,266	369,161,478	364,242,436	361,307,498	349,517,362

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	2009	2010	2011	2012	2013
In-City					
Residential	32.00%	32.62%	32.52%	28.56%	30.71%
Commercial (1)	28.37%	27.01%	26.82%	24.36%	26.09%
Industrial	28.67%	29.28%	28.06%	34.93%	31.35%
	89.04%	88.91%	87.40%	87.85%	88.15%
Outside City					
Emmett Township	4.43%	4.92%	5.81%	5.43%	5.47%
Bedford Township	0.82%	0.91%	0.87%	0.88%	0.95%
Springfield City	5.09%	4.65%	5.27%	5.19%	4.89%
Pennfield Township	0.63%	0.61%	0.66%	0.65%	0.54%
	10.96%	11.09%	12.60%	12.15%	11.85%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

continued…

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	2014	2015	2016	2017	2018
In-City					
Residential	28.76%	28.51%	26.49%	30.25%	30.51%
Commercial (1)	25.59%	24.66%	26.18%	24.98%	25.73%
Industrial	33.25%	34.57%	34.87%	31.45%	29.42%
	87.60%	87.74%	87.54%	86.67%	85.66%
Outside City					
Emmett Township	6.34%	6.26%	6.44%	7.12%	7.87%
Bedford Township	0.83%	0.85%	0.79%	0.78%	0.89%
Springfield City	4.67%	4.57%	4.64%	4.81%	4.93%
Pennfield Township	0.56%	0.58%	0.59%	0.61%	0.65%
	12.40%	12.26%	12.46%	13.33%	14.34%
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
2018	453,945,187	-0.51%	349,517,362	-3.26%	77.00%
2017	456,264,706	-2.34%	361,307,498	-0.81%	79.19%
2016	467,175,134	1.93%	364,242,436	-1.33%	77.97%
2015	458,343,805	-3.76%	369,161,478	-6.71%	80.54%
2014	476,232,936	-0.45%	395,732,266	-5.29%	83.10%
2013	478,366,477	-6.11%	417,840,929	8.08%	87.35%
2012	509,471,267	5.72%	386,620,683	-0.01%	75.89%
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%

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, 2018

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Kellogg Company - Plant	Breakfast foods	34,726,049	9.94%	$ 429,707	4.99%
Post Foods	Breakfast foods	26,654,900	7.63%	346,111	4.02%
Fire Keepers Casino	Gambling/Entertainment	8,579,000	2.45%	426,507	4.96%
Graphic Packaging/MI Paperboard	Paper Mill	8,187,500	2.34%	112,739	1.31%
Denso Mfg - Michigan	Automotive Parts	5,598,752	1.60%	286,938	3.34%
Rock-Tenn/Waldorf Corp	Paperboard	4,041,125	1.16%	63,736	0.74%
Bronson Battle Creek	Medical services	3,786,000	1.08%	70,546	0.82%
VA Medical Center - Hospital	Medical services	3,758,659	1.08%	73,626	0.86%
Adient (fka Johnson Controls)	Heating & Venting	3,724,502	1.07%	53,024	0.62%
City of Battle Creek - WWTP	Government	2,995,500	0.86%	41,774	0.49%
Calhoun County Justice Center	Government-Jails/Courts	2,772,602	0.79%	39,689	0.46%
Rolling Hills MHC	Mobile Home Community	2,471,842	0.71%	32,194	0.37%
Transcontinental Michigan Inc	Cellophane Product Mfg.	1,924,100	0.55%	21,586	0.25%
Prairie Farms Dairy	Dairy processing	1,884,889	0.54%	32,785	0.38%
Gallagher Laundry	Laundry	1,861,982	0.53%	27,179	0.32%
Treehouse Private Brands	Breakfast foods	1,787,000	0.51%	46,413	0.54%
Kellogg Company - Research	Food Research	1,732,679	0.50%	36,282	0.42%
Pedcor Investments (Teal Run Apts)	Apartment Complex	1,654,100	0.47%	21,733	0.25%
Kellogg Company (headquarters)	Breakfast foods	1,491,020	0.43%	27,041	0.31%
Musashi Auto Parts Inc	Automotive Parts	1,447,600	0.41%	34,166	0.40%
Totals		121,079,801	34.64%	$ 2,223,776	25.85%

Source: City of Battle Creek Treasurer's Office

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CITY OF BATTLE CREEK, MICHIGAN

Current Water Rates
Last Ten Fiscal Years

	Monthly Water Commodity Charge (1) (Fiscal Year Ending June 30)				
	2009	2010	2011	2012	2013
Inside City					
0 to 4,410,000	$ 1.26	$ 1.29	$ 1.32	$ 1.39	$ 1.46
4,410,001 to 11,000,000	0.61	0.63	0.64	0.07	0.71
Over 11,000,000	0.93	0.95	0.97	1.02	1.07
Outside City (bulk rate)					
Pennfield Township	0.88	0.93	0.95	1.01	1.06
Springfield City	1.26	1.29	1.32	1.39	1.46

	Monthly Readiness-to-Serve Charge (2) (Fiscal Year Ending June 30)				
	2009	2010	2011	2012	2013
Inside City					
5/8"	$ 7.23	$ 7.41	$ 7.59	$ 7.97	$ 8.37
3/4" or less	9.08	9.30	9.52	10.00	10.50
1"	12.78	13.07	13.37	14.04	14.74
1.5"	22.03	22.49	22.99	24.14	25.35
2"	33.13	33.80	34.54	36.27	38.08
3"	59.03	60.19	61.49	64.56	67.79
4"	96.03	97.89	99.99	104.99	110.24
6"	188.53	192.14	196.24	206.05	216.35
8"	299.53	305.24	311.74	327.33	343.69
10"	429.03	437.19	446.49	468.81	492.26

	Monthly Fire Sprinkler Charges (3) (Fiscal Year Ending June 30)				
	2009	2010	2011	2012	2013
Inside City					
2"	$ 5.40	$ 5.53	$ 5.67	$ 5.95	$ 6.25
3"	10.11	10.36	10.62	11.15	11.71
4"	16.86	17.28	17.72	18.61	19.54
6"	33.70	34.55	35.41	37.18	39.04
8"	53.95	55.30	56.68	59.51	62.49
10"	77.56	79.50	81.48	85.55	89.83

(1) Rate per 100 cubic feet.
(2) Rate based on meter size; Outside City rates are set by contract.
(3) Rate based on connection size; Outside City rates are set by contract.
(4) Rate effective 1/1/2017
Source: City of Battle Creek Treasurer's Office

Schedule 18
Unaudited

Monthly Water Commodity Charge (1) (Fiscal Year Ending June 30)				
2014	2015	2016	2017 (4)	2018
$ 1.53	$ 1.60	$ 1.68	$ 1.16	$ 1.20
0.74	0.78	0.82	1.16	1.20
1.12	1.18	1.24	1.16	1.20
1.11	1.17	1.23	1.78	1.78
1.53	1.60	1.68	1.16	1.20

Monthly Readiness-to-Serve Charge (2) (Fiscal Year Ending June 30)				
2014	2015	2016	2017 (4)	2018
$ 8.79	$ 9.23	$ 9.69	$ 12.19	$ 12.51
11.02	11.57	12.15	16.94	17.35
15.48	16.25	17.06	26.43	27.02
26.61	27.94	29.34	50.15	51.22
39.98	41.98	44.08	78.63	80.25
71.18	74.74	78.48	145.06	147.99
115.75	121.54	127.62	239.97	244.77
227.17	238.53	250.46	477.25	486.71
360.88	378.92	397.87	761.98	777.03
516.87	542.71	569.85	1,094.16	1,115.74

Monthly Fire Sprinkler Charges (3) (Fiscal Year Ending June 30)				
2014	2015	2016	2017 (4)	2018
$ 6.56	$ 6.89	$ 7.24	$ 7.60	$ 7.98
12.29	12.91	13.55	14.23	14.94
20.51	21.54	22.62	23.75	24.94
40.99	43.04	45.19	47.45	49.82
65.61	68.89	72.34	75.96	79.75
94.32	99.04	103.99	109.19	114.65

Schedule 19
Unaudited

Number of Wastewater System Customers by User Class

Last Ten Fiscal Years

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	16,893	15,490	15,287	15,304	15,812
Commercial (1)	1,736	1,563	1,518	1,500	1,570
Industrial	155	116	116	119	119
	18,784	17,169	16,921	16,923	17,501
Outside City					
Emmett Township	1,885	1,665	1,631	1,690	1,660
Bedford Township	612	545	540	553	563
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	2,497	2,210	2,171	2,243	2,223
Totals	21,281	19,379	19,092	19,166	19,724

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 19
Unaudited

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

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	15,785	15,745	15,734	15,740	15,707
Commercial (1)	1,576	1,570	1,580	1,583	1,613
Industrial	122	121	120	117	118
	17,483	17,436	17,434	17,440	17,438
Outside City					
Emmett Township	1,683	1,681	1,685	1,688	1,686
Bedford Township	553	549	543	551	551
Springfield City	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield Township	Bulk	Bulk	Bulk	Bulk	Bulk
	2,236	2,230	2,228	2,239	2,237
Totals	19,719	19,666	19,662	19,679	19,675

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, 2018

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	79.38%	79.93%	80.07%	79.76%	80.17%
Commercial (1)	8.16%	8.07%	7.95%	7.92%	7.96%
Industrial	0.73%	0.60%	0.61%	0.61%	0.60%
	88.27%	88.60%	88.63%	88.29%	88.73%
Outside City					
Emmett Township	8.86%	8.59%	8.54%	8.51%	8.42%
Bedford Township	2.88%	2.81%	2.83%	2.82%	2.85%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	11.73%	11.40%	11.37%	11.33%	11.27%
Totals	100.00%	100.00%	100.00%	99.61%	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, 2018

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	80.05%	80.06%	80.02%	79.98%	79.83%
Commercial (1)	7.99%	7.98%	8.04%	8.04%	8.20%
Industrial	0.62%	0.62%	0.61%	0.59%	0.60%
	88.66%	88.66%	88.67%	88.62%	88.63%
Outside City					
Emmett Township	8.53%	8.55%	8.57%	8.58%	8.57%
Bedford Township	2.80%	2.79%	2.76%	2.80%	2.80%
Springfield City	n/a	n/a	n/a	n/a	n/a
Pennfield Township	n/a	n/a	n/a	n/a	n/a
	11.34%	11.34%	11.33%	11.38%	11.37%
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

Schedule 21
Unaudited

Wastewater System Revenues by User Class

Last Ten Fiscal Years

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	$ 3,763,342	$ 4,012,982	$ 4,145,313	$ 4,323,322	$ 4,450,077
Commercial (1)	2,108,616	2,219,711	2,169,252	2,340,662	2,385,212
Industrial	4,290,110	5,235,533	4,732,896	5,220,780	5,815,387
	10,162,068	11,468,226	11,047,461	11,884,764	12,650,676
Outside City					
Emmett Township	673,156	855,357	858,298	852,108	905,189
Bedford Township	202,640	177,108	193,916	236,027	130,388
East Leroy Township	-	426	12,961	24,345	35,571
Springfield City	477,221	536,289	482,238	536,885	557,175
Pennfield Township	485,602	496,588	447,255	519,595	545,549
	1,838,619	2,065,768	1,994,668	2,168,960	2,173,872
Totals	$ 12,000,687	$ 13,533,994	$ 13,042,129	$ 14,053,724	$ 14,824,548

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 21
Unaudited

Wastewater System Revenues by User Class

Last Ten Fiscal Years

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	$ 4,764,798	$ 4,941,109	$ 5,139,653	$ 5,148,865	$ 5,432,302
Commercial (1)	2,592,433	2,576,867	2,771,042	2,841,250	3,132,960
Industrial	5,564,090	6,810,953	7,429,068	6,115,683	5,908,955
	12,921,321	14,328,929	15,339,763	14,105,798	14,474,217
Outside City					
Emmett Township	1,087,836	1,137,984	1,221,559	1,090,616	1,026,430
Bedford Township	228,892	241,437	248,684	211,904	190,646
East Leroy Township	16,971	11,468	11,988	11,036	11,085
Springfield City	586,192	595,998	582,021	696,193	487,718
Pennfield Township	551,887	570,497	621,812	550,298	489,705
	2,471,778	2,557,384	2,686,064	2,560,047	2,205,584
Totals	$ 15,393,099	$ 16,886,313	$ 18,025,827	$ 16,665,845	$ 16,679,801

concluded.

(1) This class includes commercial and governmental users.

Source: City of Battle Creek Treasurer's Office

Schedule 22
Unaudited

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

Last Ten Fiscal Years

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	31.36%	29.65%	31.78%	30.76%	30.02%
Commercial (1)	17.57%	16.40%	16.63%	16.66%	16.09%
Industrial	35.75%	38.68%	36.29%	37.15%	39.23%
	84.68%	84.74%	84.71%	84.57%	85.34%
Outside City					
Emmett Township (2)	5.61%	6.32%	6.58%	6.06%	6.11%
Bedford Township (2)	1.69%	1.31%	1.49%	1.68%	0.88%
East Leroy Township (2)	0.00%	0.00%	0.10%	0.17%	0.24%
Springfield City	3.98%	3.96%	3.70%	3.82%	3.76%
Pennfield Township	4.05%	3.67%	3.43%	3.70%	3.68%
	15.32%	15.26%	15.29%	15.43%	14.66%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

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	2014	2015	2016	2017	2018
In-City					
Residential	30.95%	29.26%	28.51%	30.89%	32.57%
Commercial (1)	16.84%	15.26%	15.37%	17.05%	18.78%
Industrial	36.15%	40.33%	41.21%	36.70%	35.43%
	83.94%	84.86%	85.10%	84.64%	86.78%
Outside City					
Emmett Township (2)	7.07%	6.74%	6.78%	6.54%	6.15%
Bedford Township (2)	1.49%	1.43%	1.38%	1.27%	1.14%
East Leroy Township (2)	0.11%	0.07%	0.07%	0.07%	0.07%
Springfield City	3.81%	3.53%	3.23%	4.18%	2.92%
Pennfield Township	3.59%	3.38%	3.45%	3.30%	2.94%
	16.06%	15.14%	14.90%	15.36%	13.22%
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

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)
2018	19,675	2,182	3,237
2017	19,679	2,159	3,165
2016	19,662	2,237	3,158
2015	19,666	2,216	3,127
2014	19,719	2,287	3,233
2013	19,724	2,356	3,043
2012	19,166	2,278	3,380
2011	19,092	2,330	3,188
2010	19,379	2,322	3,221
2009	21,281	2,286	3,520

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	2009	2010	2011	2012	2013
In-City					
Residential	119,898,268	118,720,421	119,253,007	115,628,965	121,420,791
Commercial (1)	84,822,970	83,527,632	79,250,599	76,113,173	79,329,661
Industrial	42,910,122	42,917,747	44,410,403	45,466,669	43,565,656
	247,631,360	245,165,800	242,914,009	237,208,807	244,316,108
Outside City					
Emmett Township	16,913,606	28,623,502	30,339,592	28,112,337	32,937,121
Bedford Township	5,620,143	6,339,386	5,409,186	5,798,143	5,866,583
Springfield City	17,902,584	16,043,919	16,990,491	17,028,636	16,822,846
Pennfield Township	17,519,550	14,309,350	15,813,350	16,344,800	14,984,100
	57,955,883	65,316,157	68,552,619	67,283,916	70,610,650
Totals	305,587,243	310,481,957	311,466,628	304,492,723	314,926,758

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CITY OF BATTLE CREEK. MICHIGAN

Schedule 24
Unaudited

Wastewater System Sales Volume by User Class (Cubic Feet)

Last Ten Fiscal Years

Type of User	2014	2015 (2)	2016 (2)	2017	2018
In-City					
Residential	118,523,455	111,516,777	109,037,746	114,331,877	112,157,156
Commercial (1)	80,966,406	74,033,282	80,135,131	76,958,752	75,611,297
Industrial	37,475,733	43,364,117	41,786,764	33,223,800	33,052,416
	236,965,594	228,914,176	230,959,641	224,514,429	220,820,869
Outside City					
Emmett Township	32,620,458	30,937,747	31,523,803	32,901,531	33,767,468
Bedford Township	5,462,014	5,251,629	5,014,441	6,382,474	6,543,986
Springfield City	16,791,021	16,858,507	16,326,066	15,711,208	15,892,464
Pennfield Township	14,855,300	15,111,650	15,230,642	14,531,008	14,724,732
	69,728,793	68,159,533	68,094,952	69,526,221	70,928,650
Totals	306,694,387	297,073,709	299,054,593	294,040,650	291,749,519

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

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, 2018

Type of User	2009	2010	2011	2012	2013
In-City					
Residential	39.24%	38.24%	38.29%	37.97%	38.56%
Commercial (1)	27.76%	26.90%	25.44%	25.00%	25.19%
Industrial	14.04%	13.82%	14.26%	14.93%	13.83%
	81.03%	78.96%	77.99%	77.90%	77.58%
Outside City					
Emmett Township	5.53%	9.22%	9.74%	9.23%	10.46%
Bedford Township	1.84%	2.04%	1.74%	1.90%	1.86%
Springfield City	5.86%	5.17%	5.45%	5.60%	5.34%
Pennfield Township	5.73%	4.61%	5.08%	5.37%	4.76%
	18.97%	21.04%	22.01%	22.10%	22.42%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

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, 2018

Type of User	2014	2015	2016	2017	2018
In-City					
Residential	38.65%	37.54%	36.46%	38.88%	38.44%
Commercial (1)	26.40%	24.92%	26.80%	26.17%	25.92%
Industrial	12.22%	14.60%	13.97%	11.30%	11.33%
	77.26%	77.06%	77.23%	76.35%	75.69%
Outside City					
Emmett Township	10.64%	10.41%	10.54%	11.19%	11.57%
Bedford Township	1.78%	1.77%	1.68%	2.17%	2.24%
Springfield City	5.47%	5.67%	5.46%	5.34%	5.45%
Pennfield Township	4.84%	5.09%	5.09%	4.94%	5.05%
	22.74%	22.94%	22.77%	23.65%	24.31%
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

Schedule 26
Unaudited

Wastewater Revenue and Usage - Major Customers

Fiscal Year Ended June 30, 2018

Company	Product or Service	Consumption (Cu. Ft.)	% of Total	Revenue	% of Total
Kellogg Company - Plant	Breakfast foods	26,335,561	9.03%	$ 1,298,942	7.79%
Graphic Packaging/MI Paperboard	Paper mill	15,354,074	5.26%	1,198,843	7.19%
Post Foods	Breakfast foods	15,226,777	5.22%	940,847	5.64%
Rock-Tenn/Waldorf Corp	Paperboard	12,837,465	4.40%	1,010,017	6.06%
Fire Keepers Casino	Gambling/Entertainment	8,579,000	2.94%	276,401	1.66%
Denso Manufacturing	Automotive Parts	5,598,752	1.92%	180,170	1.08%
Treehouse Private Brands	Breakfast foods	3,959,900	1.36%	134,950	0.81%
VA Medical Center - Hospital	Medical services	3,780,309	1.30%	114,485	0.69%
Adient (fka Johnson Controls)	Heating & Venting	3,724,502	1.28%	118,842	0.71%
Bronson Battle Creek Health Sys.	Medical services	3,360,600	1.15%	112,644	0.68%
Federal Center	Government	2,678,616	0.92%	96,504	0.58%
Calhoun County Justice Center	Government-Jails/Courts	2,772,602	0.95%	89,996	0.54%
Rolling Hills Mobile Home Comm	Mobile Home Community	2,408,600	0.83%	73,848	0.44%
Prairie Farms Dairy	Dairy Processing	1,884,889	0.65%	65,517	0.39%
Gallagher Laundry	Laundry services	1,781,782	0.61%	56,997	0.34%
Pedcor Investments (Teal Run)	Apartment Complex	1,654,100	0.57%	51,106	0.31%
Kellogg Company - Research	Food research	1,317,529	0.45%	46,493	0.28%
NP Bedford Hills LLC	Mobile Home Community	1,077,700	0.37%	34,384	0.21%
Ft Custer Training Center	Govt-Military Training	1,310,846	0.45%	40,599	0.24%
Musashi Auto Parts Inc	Automotive Parts	1,259,000	0.43%	40,430	0.24%
Totals		116,902,604	40.07%	$ 5,982,015	35.86%

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

Source: City of Battle Creek Treasurer's Office

Schedule 27
Unaudited

Largest Wastewater Customers

Last Ten Fiscal Years Ended June 30, 2018

Fiscal Year Ended June 30,	Kellogg Company - Plant		Graphic Packaging/ MI Paperboard		Post Foods	
	Consumption	Revenue	Consumption	Revenue	Consumption	Revenue
2018	26,335,561	$ 1,298,942	15,354,074	$ 1,198,843	15,226,777	$ 940,847
2017	33,097,513	1,836,219	19,500,504	1,318,531	18,678,676	1,012,752
2016	37,451,373	2,054,596	20,810,403	1,353,332	18,665,795	1,064,837
2015	36,730,863	2,145,752	20,691,327	1,204,360	17,275,989	957,122
2014	40,663,447	1,881,377	19,534,989	1,026,706	20,099,514	1,239,005
2013	36,616,531	1,700,951	21,209,655	1,075,708	16,555,655	1,187,606
2012	39,537,470	1,664,917	18,827,932	842,539	18,013,957	1,115,070
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

Consumption measured in Cubic Feet (M3).

Source: City of Battle Creek Treasurer's Office

Current Wastewater Rates

From July 1, 2009 to June 30, 2018

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 – December 31, 2016	$2.570
January 1, 2017 – June 30, 2017	$2.890
July 1, 2017 – June 30, 2018	$3.040

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 – December 31, 2016	$114.61
January 1, 2017 – June 30, 2017	$176.04
July 1, 2017 – June 30, 2018	$184.78

continued…

Source: City of Battle Creek Finance Department

Readiness to Serve Charges
Inside City and Outside City Customers Billed by City

Meter Size	Current	July 1, 2009 to June 30, 2010	July 1, 2010 to June 30, 2011	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013
5/8"	$11.75	$10.15	$10.15	$10.66	$11.19
3/4"	$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 Dec 31, 2016	January 1, 2017 to June 30, 2017	July 1, 2017 to June 30, 2018
5/8"	$11.75	$11.75	$12.34	$12.95	$11.32	$11.89
3/4"	$15.50	$15.50	$16.28	$17.08	$16.01	$16.83
1”	$23.00	$23.00	$24.15	$25.36	$25.38	$26.70
1.5”	$41.76	$41.76	$43.84	$46.04	$48.80	$51.37
2”	$64.26	$64.26	$67.47	$70.85	$76.91	$80.98
3”	$116.77	$116.77	$122.61	$128.74	$142.50	$150.07
4”	$191.78	$191.78	$201.37	$211.44	$236.20	$248.77
6”	$379.32	$379.32	$398.28	$418.20	$470.45	$495.52
8”	$604.36	$604.36	$634.58	$666.31	$751.55	$791.62
10”	$866.91	$866.91	$910.26	$955.77	$1,079.50	$1,137.07

continued…

Source: City of Battle Creek Finance Department

Current Wastewater Rates
From July 1, 2009 to June 30, 2018

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 – December 31, 2016	$0.2009	0.2703
January 1, 2017 – June 30, 2017	$0.1842	0.2213
July 1, 2017 – June 30, 2018	$0.1919	0.2313

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
July 1, 2016 – June 30, 2017	$0.00
July 1, 2017 – June 30, 2018	$0.00

continued…

Source: City of Battle Creek Finance Department

Outside City Performing Their Own Billing

Meter Size	Current	July 1, 2009 to June 30, 2010	July 1, 2010 to June 30, 2011	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013
5/8"	$7.50	$6.48	$6.48	$6.80	$7.14
3/4"	$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 Dec. 31, 2016	January 1, 2016 to June 30, 2017	July 1, 2017 to June 30, 2018
5/8"	$7.50	$7.50	$7.88	$8.27	n/a	n/a
3/4"	$11.25	$11.25	$11.81	$12.41	n/a	n/a
1”	$18.75	$18.75	$19.69	$20.68	n/a	n/a
1.5”	$37.51	$37.51	$39.38	$41.35	n/a	n/a
2”	$60.01	$60.01	$63.01	$66.16	n/a	n/a
3”	$112.52	$112.52	$118.15	$124.05	n/a	n/a
4”	$187.54	$187.54	$196.91	$206.76	n/a	n/a
6”	$375.07	$375.07	$393.82	$413.52	n/a	n/a
8”	$600.11	$600.11	$630.12	$661.62	n/a	n/a
10”	$862.66	$862.66	$905.80	$951.09	n/a	n/a

concluded.

Source: City of Battle Creek Finance Department

Ratios of Total Outstanding Debt

Last Ten Fiscal Years

	Governmental Activities			Business-type Activities					
Year	General Obligation Bonds	Installment Obligations	Capital Leases	General Obligation Bonds	Revenue Bonds (1)	Capital Leases	Total Primary Government	% of Personal Income	Per Capita
2018	$ 38,090,950	$ 1,870,522	$ -	$ -	$ 18,579,589	$ 42,626	$ 58,583,687	1.14%	$ 1,142.29
2017	40,612,866	2,281,561	-	-	19,943,058	83,072	62,920,557	1.27%	1,220.95
2016	25,687,717	2,183,807	-	-	5,545,073	185,573	33,602,170	0.71%	651.34
2015	27,208,801	2,404,545	-	-	7,650,827	323,650	37,587,823	0.76%	725.17
2014	29,329,373	2,667,042	-	-	9,718,581	494,130	42,209,126	0.88%	814.09
2013	15,326,278	3,084,762	-	-	11,533,335	656,732	30,601,107	0.64%	590.21
2012	16,545,805	3,479,235	-	-	12,865,000	855,100	33,745,140	0.70%	650.20
2011	17,945,000	3,857,965	-	250,000	14,520,000	1,082,294	37,655,259	0.81%	723.19
2010	19,880,000	4,221,434	8,491	485,000	16,240,000	1,299,151	42,134,076	0.93%	804.90
2009	21,810,000	4,565,103	17,370	710,000	17,760,000	1,165,735	46,028,208	1.06%	887.84

(1) Amounts are presented net of applicable premiums and discounts which is consistent with the presentation in the footnotes. For purposes of the continuing disclosure filing, bonds are required to be presented at face value. Accordingly, differences may exist.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 29b
Unaudited

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

	General Bonded Debt Outstanding						
	Governmental Activities		Business-type Activities				
Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds	Net General Bonded Debt	% of Personal Income	% of Actual Taxable Value of Property	Per Capita
2018	$38,090,950	$ (510,217)	$ -	$37,580,733	0.74%	2.95%	$ 742.72
2017	40,612,866	(8,950)	-	40,603,916	0.82%	3.15%	788.08
2016	25,687,717	(9,160)	-	25,678,557	0.54%	1.67%	497.93
2015	27,208,801	(104,025)	-	27,104,776	0.55%	1.76%	524.93
2014	29,329,373	(17,300)	-	29,312,073	0.61%	1.88%	565.68
2013	15,326,278	(9,300)	-	15,316,978	0.32%	0.95%	295.60
2012	16,545,805	(9,300)	-	16,536,505	0.34%	1.01%	318.80
2011	17,945,000	(5,972)	250,000	18,189,028	0.39%	1.07%	349.45
2010	19,880,000	(6,209)	485,000	20,358,791	0.45%	1.15%	389.04
2009	21,810,000	(6,445)	710,000	22,513,555	0.52%	1.30%	434.39

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, 2018

	(1) Net Debt Outstanding	Percentage Applicable to City of Battle Creek	Amount Applicable to City of Battle Creek
Direct:			
City issued bonded debt (2)	$ 38,090,950	100.00%	$ 38,090,950
Installment obligations	1,870,522	100.00%	1,870,522
			39,961,472
Overlapping: (3)			
Lakeview School District	61,860,202	100.00%	61,860,202
Battle Creek Public Schools	47,760,000	70.48%	33,661,248
Calhoun County	53,775,250	33.81%	18,181,412
Kellogg community College	15,120,000	33.70%	5,095,440
Pennfield School District	30,982,878	4.83%	1,496,473
Harper Creek School District	59,751,652	0.26%	155,354
Climax-Scotts School District	1,730,365	3.97%	68,695
Kalamazoo RESA	8,085,000	0.06%	4,851
Kalamazoo Valley Community College	8,200,000	0.06%	4,920
			120,528,596
Total direct and overlapping debt			$ 160,490,068

(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.

Legal Debt Margin
Last Ten Fiscal Years

State Equalized Value - ad valorem property		$ 1,335,422,015
State Equalized Value - tax abated property:		
Industrial Facilities		59,201,289
Neighborhood Enterprise Zone		52,084
Total State Equalized Value (SEV)		$ 1,394,675,388
Legal debt limit (10% of SEV)		$ 139,467,539
Outstanding debt subject to limitation	$ 89,535,000	
Less exempt obligations	(7,995,000)	
		81,540,000
Legal debt margin		$ 57,927,539
Debt subject to limitation as a percent of SEV		5.85%

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
2018	$ 139,467,539	$ 81,540,000	$ 57,927,539	58.47%
2017	137,480,368	87,045,000	50,435,368	63.31%
2016	159,775,597	67,035,000	92,740,597	41.96%
2015	158,073,443	74,512,544	83,560,899	47.14%
2014	160,147,070	81,122,042	79,025,028	50.65%
2013	167,265,186	86,884,761	80,380,425	51.94%
2012	172,723,926	70,681,234	102,042,692	40.92%
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%

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
2018	$ 26,424,364	$ 19,585,368	$ 6,838,996	$ 2,048,609	3.34
2017	26,703,276	19,371,198	7,332,078	2,055,335	3.57
2016	28,647,154	18,478,024	10,169,130	2,214,162	4.59
2015	26,653,760	16,625,760	10,028,000	2,208,762	4.54
2014	25,174,150	16,432,935	8,741,215	2,265,350	3.86
2013	24,197,436	15,601,499	8,595,937	2,265,125	3.79
2012	23,225,329	15,793,089	7,432,240	2,455,437	3.03
2011	23,058,232	15,480,363	7,577,869	2,283,994	3.32
2010	21,800,246	15,078,231	6,722,015	2,287,081	2.94
2009	20,017,923	15,555,502	4,462,421	2,283,550	1.95

(1) Includes operating and nonoperating revenue, as well as loss on disposal of assets.

(2) Excludes depreciation expense.

(3) Includes principal and interest on revenue bonds only.

Source: City of Battle Creek Finance Department

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	(a) Personal Income (thousands of dollars)	(a) Per Capita Personal Income	Unemployment Rate
2018	51,286	$ 5,118,164	$ 38,086	4.50%
2017	51,534	4,963,912	36,958	4.40%
2016	51,589	4,732,090	35,084	4.40%
2015	51,833	4,923,591	36,468	5.40%
2014	51,848	4,812,597	35,623	6.70%
2013	51,848	4,812,597	35,623	8.40%
2012	51,900	4,812,597	35,623	11.20%
2011	52,068	4,644,128	34,267	11.20%
2010	52,347	4,518,817	33,209	13.30%
2009	51,843	4,342,138	32,018	14.10%

(a) Battle Creek MSA data.

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

Source: City of Battle Creek Finance Department

Schedule 34
Unaudited

Principal Employers

Current Year and Nine Years Ago

	2009		
Employer	**Employees**	**Rank**	**% of Total City Employment**
Denso Manufacturing Michigan, Inc.	1,700	3	7.79%
Kellogg Company	1,900	1	8.71%
Veterans Administration Med Center	1,150	7	5.27%
Hart-Doyle-Inouye Federal Center	1,900	2	8.71%
Bronson Battle Creek	1,554	4	7.12%
Battle Creek Public Schools	1,300	6	5.96%
Michigan Air National Guard	-	-	-
Fort Custer Training Center	-	-	-
TRMI	-	-	-
Musashi Auto Parts Inc.	-	-	-
Kraft Foods, Post Division	1,500	5	6.87%
ASMO Manufacturing	700	8	3.21%
Felpausch Food Centers	700	9	3.21%
II Stanley Company, Inc.	690	10	3.16%
	13,094		60.01%

continued…

CITY OF BATTLE CREEK, MICHIGAN

Schedule 34
Unaudited

Principal Employers

Current Year and Nine Years Ago

Employer	2018 Employees	2018 Rank	2018 % of Total City Employment
Denso Manufacturing Michigan, Inc.	3,535	1	15.87%
Kellogg Company	2,300	2	10.33%
Veterans Administration Med Center	1,581	3	7.10%
Hart-Doyle-Inouye Federal Center	1,500	4	6.73%
Bronson Battle Creek	1,298	5	5.83%
Battle Creek Public Schools	1,089	6	4.89%
Michigan Air National Guard	881	7	3.95%
Fort Custer Training Center	825	8	3.70%
TRMI	697	9	3.13%
Musashi Auto Parts Inc.	649	10	2.91%
Kraft Foods, Post Division	-	-	-
ASMO Manufacturing	-	-	-
Felpausch Food Centers	-	-	-
II Stanley Company, Inc.	-	-	-
	14,355		64.44%

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	2009	2010	2011	2012	2013
General Fund and Special Revenue Funds					
Administration	25	24	24	18	20
Community development	28	27	24	25	26
Finance	26	23	22	23	21
Police department	132	131	133	123	119
Fire department	108	98	82	79	77
Public works	63	56	54	54	57
Recreation	6	6	6	6	6
	388	365	345	328	326
Enterprise Funds					
W.K. Kellogg airport	10	10	10	10	10
Battle Creek transit system	38	39	38	40	39
Sewer and wastewater plant	65	60	57	59	55
Water	41	43	40	37	38
	154	152	145	146	142
Internal Service Funds					
Information systems	11	11	11	10	9
Equipment center	16	16	15	15	14
Self insurance	4	4	3	3	3
Reproduction and stores	3	3	3	3	3
	34	34	32	31	29
Total	576	550	522	505	497

continued...

CITY OF BATTLE CREEK, MICHIGAN

Schedule 35
Unaudited

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

Function/Program	2014	2015	2016	2017	2018
General Fund and Special Revenue Funds					
Administration	18	18	21	19	20
Community development	28	29	29	27	32
Finance	22	23	23	23	24
Police department	122	126	123	127	128
Fire department	78	80	83	81	79
Public works	60	59	58	60	59
Recreation	10	10	8	9	9
	338	345	345	346	351
Enterprise Funds					
W.K. Kellogg airport	10	10	8	10	10
Battle Creek transit system	36	37	36	35	43
Sewer and wastewater plant	56	55	55	56	52
Water	38	39	38	39	38
	140	141	137	140	143
Internal Service Funds					
Information systems	13	13	11	11	9
Equipment center	14	14	15	15	15
Self insurance	3	3	2	3	2
Reproduction and stores	3	3	3	3	3
	33	33	31	32	29
Total	511	519	513	518	523

concluded.

Source: City of Battle Creek Finance Department

CITY OF BATTLE CREEK, MICHIGAN

Schedule 36
Unaudited

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013
Public Safety					
Police					
Number of incidents	45,346	50,210	58,529	58,741	56,276
Number of crash reports	1,423	1,781	1,755	1,703	1,802
Fire					
Number of incidents	4,686	5,341	5,701	5,258	6,071
Number of medical calls	1,337	3,453	2,547	3,800	3,958
Number of structural fires	99	95	65	78	60
Public Works					
Major street miles maintained	90.14	90	90	90	90
Local street miles maintained	204.52	205	204	204	204
Culture & Recreation					
Participation:					
Softball	1,943	1,686	1,711	1,789	732
Soccer	697	708	712	745	817
Baseball	1,615	1,214	2,003	2,097	1,242
Basketball	149	237	134	73	34
Floor hockey	375	479	566	795	732
Football	96	96	115	134	136
Tennis	-	-	-	-	-
Volleyball	-	-	-	-	-
Other	880	879	1,132	708	493
Aquatic center participation	19,007	20,357	23,003	28,321	23,217
Rounds of golf	47,000	51,000	48,350	49,583	43,016
Parks maintained	29	29	29	24	24
Number of linear park trail miles	26	26	25	25	25
Building Permits					
Commercial and Industrial					
Number of permits	252	205	138	204	188
Dollar value	$ 74,785,330	$ 77,741,692	$ 17,807,968	$ 25,353,933	$ 23,102,086
Residential					
Number of permits	476	450	680	986	865
Dollar value	$ 3,148,829	$ 3,366,900	$ 6,052,107	$ 7,566,696	$ 7,342,332
Totals					
Number of permits	728	655	818	1,190	1,052
Dollar value	$ 77,934,159	$ 81,108,592	$ 23,860,075	$ 32,920,629	$ 30,444,418

continued…

CITY OF BATTLE CREEK, MICHIGAN

Schedule 36
Unaudited

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
Public Safety					
Police					
Number of incidents	44,599	44,686	54,569	56,688	59,736
Number of crash reports	2,004	1,980	1,903	1,886	1,911
Fire					
Number of incidents	6,441	6,940	7,086	7,222	7,271
Number of medical calls	4,149	4,847	5,197	5,308	4,871
Number of structural fires	48	47	61	68	67
Public Works					
Major street miles maintained	90	90	89	89	89
Local street miles maintained	205	205	205	205	205
Culture & Recreation					
Participation:					
Softball	840	734	624	1,020	1,080
Soccer	735	948	951	873	1,012
Baseball	1,019	1,265	1,132	1,359	709
Basketball	54	198	202	345	172
Floor hockey	608	655	641	852	1,022
Football	149	223	160	164	180
Tennis	106	56	58	55	44
Volleyball	91	78	119	76	97
Other	814	891	1,001	2,072	2,185
Aquatic center participation	24,796	27,919	30,397	26,944	28,059
Rounds of golf	40,935	41,684	36,430	37,512	40,257
Parks maintained	24	24	29	29	29
Number of linear park trail miles	25	25	25	25	25
Building Permits					
Commercial and Industrial					
Number of permits	177	236	233	137	98
Dollar value	$ 12,174,483	$ 15,739,032	$ 4,967,026	$ 4,539,512	$ 3,938,030
Residential					
Number of permits	740	634	797	802	799
Dollar value	$ 9,863,788	$ 4,151,057	$ 7,277,474	$ 6,995,271	$ 6,655,015
Totals					
Number of permits	917	870	1,030	939	897
Dollar value	$ 22,038,271	$ 19,890,089	$ 12,244,500	$ 11,534,783	$ 10,593,045

concluded.

Source: City of Battle Creek Finance Department

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013
Police - vehicle patrol units					
Police patrol	42	48	44	43	43
Detective	10	18	17	17	18
Other	23	14	21	23	24
SIU	6	7	7	7	7
Fire					
Fire vehicle units:					
Trucks	2	2	2	2	2
Engines	8	8	8	8	8
Other	9	11	10	11	11
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	-	-	-	-	-
Recreation					
Parks:					
Parkland acreage	1,036	1,036	1,036	1,036	1,036
Natural area acreage	380	380	380	380	380
Picnic areas	15	15	15	15	15
Buildings:					
Log cabins	1	1	1	1	1
Recreation center	1	1	1	1	1
Fishing structures	3	3	3	3	3
Pavilions	12	12	16	16	25
Concession	4	4	4	4	4
Swimming beach areas	1	1	1	1	1
Golf course - 27 holes	1	1	1	1	1
Trails:					
Nature	1	1	1	1	1
Multi-use	1	1	1	1	1
Playgrounds	22	22	22	22	22
Water areas -					
Water parks	1	1	1	1	1
Public Works					
Major street miles maintained	90.14	90.14	90.11	90.11	90.11
Local street miles maintained	204.52	204.79	204.49	204.49	204.44
Vehicles:					
Dump trucks	48	41	44	45	46
Heavy equipment	17	20	37	31	32
Other	239	224	201	205	207

continued…

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
Police - vehicle patrol units					
Police patrol	40	40	40	39	41
Detective	20	20	20	22	25
Other	21	21	31	33	32
SIU	10	10	8	8	9
Fire					
Fire vehicle units:					
Trucks	2	2	2	1	2
Engines	8	8	7	8	10
Other	11	11	14	15	15
Fire stations	5	5	5	5	5
Administrative facilities	1	1	1	1	1
Storage facilities	-	-	-	-	2
Recreation					
Parks:					
Parkland acreage	1,036	1,036	1,036	1,036	1,036
Natural area acreage	380	380	380	380	380
Picnic areas	15	15	15	15	15
Buildings:					
Log cabins	1	1	1	1	1
Recreation center	1	1	1	1	1
Fishing structures	3	3	3	3	3
Pavilions	25	29	30	30	30
Concession	4	4	4	4	4
Swimming beach areas	1	1	1	1	1
Golf course - 27 holes	1	1	1	1	1
Trails:					
Nature	1	1	1	1	1
Multi-use	1	1	1	1	1
Playgrounds	22	22	22	22	22
Water areas -					
Water parks	1	1	1	1	1
Public Works					
Major street miles maintained	90.11	90.11	89.46	89.28	89.28
Local street miles maintained	204.52	204.52	204.52	204.55	204.55
Vehicles:					
Dump trucks	46	46	44	47	50
Heavy equipment	28	28	33	34	34
Other	211	211	208	203	210

concluded.

Source: City of Battle Creek Finance Department

Schedule of Insurance

As of June 30, 2018

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Airport Liability	6/30/19	$15,209	$60,000,000 CSL each occ.; $1,000 ded. per occ./$10,000 agg., $60,000,000 per aircraft/occ Hangar Keepers liability. Terrorism declined.
Auto Liability	7/1/19	$138,547	First dollar coverage for MI no-fault benefits and uninsured/underinsured claims. $1,000,000 SIR for all other liability coverages.
Vehicle Physical Damage			$25,000 SIR per vehicle / $50,000 per occurrence for property damage. $50,000 deductible for Fire/EMS vehicles. ACV coverage on all vehicles except Fire Protectio Vehicles which are covered at replacement cost.
Data Breach, Privacy Electronic Media	7/1/19	Included in Liability Insurance	$5 million aggregate/$25 million all members - Data Breach and Privacy Liability/$25,000 deductible.
Fiduciary (Designated Benefit Plan)	7/1/19	$7,790.00	Coverage for Self Funded Health Plan. $2,000,000.00 limit. $25,000 SIR
Liquor Liability Binder Park Golf	3/8/19	$1076.00 (including surplus lines tax, fees)	$1,000,000 each common cause/annual aggregate limit. No deductible. Note: License in name of Cereal City Development Corporation/City of Battle Creek. (excludes Terrorism).

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Schedule of Insurance

As of June 30, 2018

Type of Coverage Name of Company	Policy Expiration Date	Premium	Description
Property/Liability Insurance	7/1/19	$416,838	Property - $50,000 deductible Limits of stated value for Buildings and Personal Property, 5 million newly acquired, 2 million fine arts, 50 Million Terrorism, 5 Million Earthquake and Flood Liability - $1 million SIR per occurrence $10 million limit per occurrence $5 million limit for terrorism Volunteer-MMRMA will pay up to $25,000 per occurrence for medical expenses only to a volunteer. No member deductible for SIR applies. Emergency first aid - $2,000 Limit, no member deductible or retention.
Pollution Liability	N/A	N/A	Note: Finance department files for self-insured authority with State, for UST liability. $500,000 aggregate
Public Officials	7/1/19	Included in Liability Insurance	See Excess Liability , for losses above $1 million SIR.
Worker's Comp. (Primary)	6/30/19	N/A	Note: If requested by W.C. Bureau, must update self-insured certification by July 1st. Also, must notify if any changes in excess coverage, or TPA.
Worker's Comp. (Excess)	7/1/19	$46,855	Statutory limit, $1,000,000 Employers Liability, Specific Excess subject to $650,000 per accident or disease. No agg. limit on S.I.R. per year.

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CONTINUING DISCLOSURES (UNAUDITED)

City of Battle Creek
Total Taxable Value
Fiscal Years Ended or Ending June 30, 2014 Through 2018

Assessed Value as of December 31	Year of State Equalization And Tax Levy	City's Fiscal Year Ended or Ending June 30	Ad Valorem Taxable Value	Equivalent Taxable Value of Property Granted Tax Abatement Under Act 198 (1)	Total Taxable Value	Percent Increase Over Prior Year
2012	2013	2014	$ 1,399,827,571	$ 68,753,947	$ 1,468,581,518	(3.32) %
2013	2014	2015	1,381,847,655	73,290,937	1,455,138,592	(0.92)
2014	2015	2016	1,376,780,502	74,642,041	1,451,422,543	(0.26)
2015	2016	2017	1,206,148,717	33,956,869	1,240,105,586	(14.56)
2016	2017	2018	1,201,286,395	29,388,749	1,230,675,144	(0.76)

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2018 (2)... $ 23,509.95

(1) See "Tax Abatement" herein. Does not include the value of property located within the City' Renaissance Zone (the "Zone") which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376"). Act 376 was designed to stimulate private investment with the Zone through the abatement of certain property, income and business taxes. For the fiscal year ending June 30, 2018, the Taxable Value of property located in the Zone totaled $21,515,719. Does not include the value of property located within the City's Neighborhood Enterprise Zone (the "NEZ"), authorized under Act 147, which is an abatement program to promote home ownership and investment in areas of the City where the greatest impact would occur and where such improvements may trigger additional investment in adjacent neighborhoods. For the fiscal year ending June 30, 2018 the Taxable Value of the property located in the NEZ totaled $52,084.
(2) Based on the City's 2010 Census of 52,347.
Source: City of Battle Creek, State of Michigan – Department of Treasury and Calhoun County Equalization

City of Battle Creek
Percent of Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2014 Through 2018

	Fiscal Year Ended or Ending June 30				
Use	2014	2015	2016	2017	2018
Agricultural	0.12 %	0.14 %	0.14 %	0.19 %	0.19 %
Commercial	21.48	21.72	21.12	24.36	24.82
Industrial	27.82	28.66	29.44	17.56	15.70
Residential	47.89	47.04	46.80	54.74	55.81
Utility	2.70	2.44	2.50	3.16	3.48
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Class	2014	2015	2016	2017	2018
Real Property	74.25 %	73.53 %	72.82 %	85.03 %	86.26 %
Personal Property	25.75	26.47	27.18	14.97	13.74
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

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

City of Battle Creek
State Equalized Valuation
Fiscal Years Ended or Ending June 30, 2014 Through 2018

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year Ended or Ending June 30	Ad Valorem SEV	SEV of Property Granted Tax Abatement Under Act 198 (1)	Total SEV	Percent Increase Over Prior Year
2012	2013	2014	$ 1,444,909,016	$ 137,507,894	$ 1,582,416,910	(4.40) %
2013	2014	2015	1,420,507,145	146,581,873	1,567,089,018	(0.97)
2014	2015	2016	1,434,612,189	149,284,082	1,583,896,271	1.07
2015	2016	2017	1,292,577,442	68,065,655	1,360,643,097	(14.10)
2016	2017	2018	1,322,119,981	59,201,289	1,381,321,270	1.52

Per Capita Total SEV for the Fiscal Year Ending June 30, 2018 (2)...$ 26,387.78

(1) See "Tax Abatement" herein. Does not include the value of property located within the City' Renaissance Zone (the "Zone") which was created pursuant to the provisions of Act 376 of the Michigan Public Acts of 1996, as amended ("Act 376"). Act 376 was designed to stimulate private investment with the Zone through the abatement of certain property, income and business taxes. For the fiscal year ending June 30, 2018, the SEV of property located in the Zone totaled $22,875,317. Does not include the value of property located within the City's Neighborhood Enterprise Zone (the "NEZ"), authorized under Act 147, which is an abatement program to promote home ownership and investment in areas of the City where the greatest impact would occur and where such improvements may trigger additional investment in adjacent neighborhoods. For the fiscal year ending June 30, 2018 the Taxable Value of the property located in the NEZ totaled $52,084.

(2) Based on the City's 2010 census of 52,347.

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

City of Battle Creek
Property Tax Rates
Fiscal Years Ended or Ending June 30, 2014 Through 2018

		Operating (1)				
Levy July 1	Fiscal Year Ended or Ending June 30	General Operating	Capital Projects	Streets/ Drainage	Police & Fire Pension (2)	Total
2013	2014	9.1480	-	1.5000	4.0880	14.7360
2014	2015	8.8070	-	1.5000	4.4290	14.7360
2015	2016	8.7400	-	1.5000	4.4960	14.7360
2016	2017	8.7400	0.5000	1.5000	4.6790	15.4190
2017	2018	8.7400	0.5000	1.5000	5.0090	15.7490

(1) See "Property Taxes" and "State Limitations on Property Taxes" herein.

(2) Voter approved in perpetuity. May be levied without limitation as to rate or amount.

Source: City of Battle Creek

City of Battle Creek
Homestead (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2014 Through 2018

Governmental Unit	Fiscal Years Ended or Ending June 30				
	2014	2015	2016	2017	2018
City of Battle Creek	14.7360	14.7360	14.7360	15.4190	15.7490
County of Calhoun	6.4713	6.4713	6.4713	6.4713	6.4713
State of Michigan (2)	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3)	6.8500	6.6000	6.3200	6.0000	6.0000
Calhoun ISD	6.2057	6.2057	6.2057	6.2057	6.2057
Kellogg Community College	3.6136	3.6136	3.6136	3.6136	3.6136
Willard Public Library	2.0000	2.0000	2.0000	2.0000	2.0000
Total	45.8766	45.6266	45.3646	45.7096	46.0396

City of Battle Creek
Non-Homestead (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended or Ending June 30, 2014 Through 2018

Governmental Unit	Fiscal Years Ended or Ending June 30				
	2014	2015	2016	2017 (3)	2018
City of Battle Creek	14.7360	14.7360	14.7360	15.4190	15.7490
County of Calhoun	6.4713	6.4713	6.4713	6.4713	6.4713
State of Michigan (2)	6.0000	6.0000	6.0000	6.0000	6.0000
Battle Creek Public Schools (3)	24.8500	24.6000	24.3200	24.0000	24.0000
Calhoun ISD	6.2057	6.2057	6.2057	6.2057	6.2057
Kellogg Community College	3.6136	3.6136	3.6136	3.6136	3.6136
Willard Public Library	2.0000	2.0000	2.0000	2.0000	2.0000
Total	63.8766	63.6266	63.3466	63.7096	64.0396

(1) *Principal Residence* means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Principal residence includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the principal residence includes only 5 acres adjacent and contiguous to the home of the owner. Principal Residence includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Principal residence also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. *Non-principal residence* is property not included in the above definition.

(2) Industrial personal property is exempt from the State Education Tax and up to 18 mills of the school operating millage. Commercial personal property is exempt from 12 of the 18 mills of school operating millage.

(3) Portions of other school districts overlap the City's boundaries. The lowest and highest non-principal residence millage rates for the other overlapping school districts for the fiscal year ending June 30, 2018 ranged from 28.60 to 25.00.

Source: City of Battle Creek

City of Battle Creek
Property Tax Collections
Fiscal Years Ended or Ending June 30, 2014 Through 2018

Levy July 1	Fiscal Year Ended June 30	Tax Levy	Collections to March Following Levy	Percent Collected
2013	2014	$ 21,005,303	$ 20,940,399	99.69%
2014	2015	20,686,120	20,672,222	99.93
2015	2016	20,813,769	20,779,353	99.83
2016	2017	18,905,774	18,872,333	99.82
2017	2018	19,173,957	19,127,382	99.76

Source: City of Battle Creek

CITY INCOME TAX

The City's income tax was approved by voters in 1966. At the same time, residents voted to reduce the maximum general operating millage for property tax from 12.65 to 11.60 mills.

Residents of the City pay 1% income tax on all federally taxable income, with a few exceptions, such as pensions, social security and unemployment, etc. Corporation net income is taxed at 1%. Non-resident pay a 0.5% income tax on all income earned performing a job or doing business within the City limits.

For tax years beginning with 2004, there is a $750 personal exemption allowed on individual returns, with an additional $750 for taxpayers 65 and over; persons permanently and totally disabled; and dependents of others who are required to file City returns. Subtractions for alimony, Keogh Retirement, and specified unreimbursed employee business expenses are allowed.

Fiscal Year Ended June 30	Gross Collections	Less: Refunds	Net Collections	% Increase Over Prior Year
2014	$17,759,989	$1,666,282	$16,093,707	(0.9)%
2015	18,173,147	1,697,310	16,475,837	2.4
2016	18,808,711	2,394,139	16,414,572	(0.4)
2017	18,462,650	1,881,532	16,581,117	1.0
2018	18,827,058	2,108,467	16,718,591	0.8

Source: City of Battle Creek

City of Battle Creek
State Shared Revenues
Fiscal Years Ended or Ending June 30, 2014 Through 2018

	Fiscal Years Ended or Ending June 30				
	2014	2015	2016	2017	2018
Constitutional	$ 3,905,356	$ 3,966,694	$ 3,962,883	$ 4,191,285	$ 4,301,987
Statutory/CVTRS	1,393,833	1,436,386	1,436,386	1,436,386	1,478,658
Total State Shared Revenues	$ 5,299,189	$ 5,403,080	$ 5,399,269	$ 5,627,671	$ 5,780,645

Source: City of Battle Creek, Michigan Department of Treasury

CITY DEBT

Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of June 30, 2017.

Debt Limit (1)		$ 138,132,127
Debt Outstanding (2)	$91,448,148	
Less: Exempt Debt (3)	15,025,000	76,423,148
Legal Debt Margin		$ 61,708,979

(1) 10% of $1,381,321,270 which is the City's Total SEV for the fiscal year ending June 30, 2018. See "Property Valuations" herein.

(2) Includes the Bonds described herein and the Water and Wastewater System Revenue Bonds, Series 2016A and the Water and Wastewater System Revenue Bonds, Series 2016B (Federally Taxable – Qualified Energy Conservation Bonds).

(3) See "Statutory and Constitutional Debt Provisions" herein.

Source: Municipal Advisory Council of Michigan and the City of Battle Creek

Debt Statement

The following table reflects a breakdown of the City's direct and overlapping debt as of June 30, 2018, including the Bonds described herein. Direct debt that is shown as self-supporting is paid from sources other than the City's General Fund. To the extent necessary, the City may levy taxes on all taxable property within its boundaries without limitation as to rate or amount to pay the principal of and interest due on the bonds that are designated as Unlimited Tax ("UT"). However, the City's ability to levy tax to pay the debt service on the bonds which are designated as Limited Tax ("LT") is subject to applicable charter, statutory and constitutional limitations. See "CITY TAXATION AND LIMITATIONS" herein.

City of Battle Creek
Direct and Overlapping Debt

City Direct Debt	Gross	Self-Supporting	Net
Building Authority Bonds:			
Dated December 29, 2009 (LT)	$ 1,420,000	$ 1,420,000	$ -0-
Dated February 28, 2008 (LT)	2,680,000	2,680,000	-0-
Subtotal	$ 4,100,000	$ 4,100,000	$ -0-
Downtown Development Authority Bonds:			
Dated February 27, 2018 (LT)	$ 9,140,000	$ 9,140,000	$ -0-
Dated March 21, 2017 (LT)	22,260,000	22,260,000	-0-
Subtotal	$ 31,400,000	$ 31,400,000	$ -0-
Tax Increment Finance Authority Bonds:			
Dated March 31, 2010 (LT)	$ 2,060,000	$ 2,060,000	$ -0-
Dated January 20, 2009 (LT)	2,495,000	2,495,000	-0-
Subtotal	$ 4,555,000	$ 4,555,000	$ -0-
Water and Wastewater Revenue Bonds: Dated			
Dated December 28, 2016, Series A (1)	$ 7,030,000	$ 7,030,000	$ -0-
Dated December 28, 2016, Series B (1)	7,995,000	7,995,000	-0-
Subtotal	$ 15,025,000	$ 15,025,000	$ -0-
General Obligation Bonds:			
Dated December 28, 2016 C (LT) (1)	$ 14,895,000	$ -0-	$ 14,895,000
Dated April 14, 2016 (LT)	12,605,000	-0-	12,605,000
Dated June 29, 2011 (LT)	6,955,000	2,705,000	4,250,000
Subtotal	$ 34,455,000	$ 2,705,000	$ 31,750,000
Installment & Capital Purchase Contracts:			
Energy Savings Equipment	$ 1,540,735	$ -0-	$ 1,540,735
City Hall Copiers	32,952	-0-	32,952
Telephone Equipment	296,835	-0-	296,835
Airport Snow Blowers Lease	42,626	-0-	42,626
Subtotal	$ 1,913,148	$ -0-	$ 1,913,148
Total Direct Debt	$ 91,448,148	$ 57,785,000	$ 33,663,148

Per Capita Net City Direct Debt (2) $643.08
Percent of Net Direct Debt to Total SEV (3) 2.44%

Overlapping Debt (4)		Gross	Percent of Gross		City Share
Battle Creek School District	$	47,760,000	70.48	$	33,661,248
Climax-Scotts School District		1,730,365	3.97		68,695
Harper Creek School District		59,751,652	0.26		155,354
Lakeview Calhoun School District		61,860,202	100.00		61,860,202
Pennfield School District		30,982,878	4.83		1,496,473
Calhoun Intermediate School District		0	32.36		0
Kalamazoo Valley Intermediate School District		8,085,000	0.06		4,851
Kalamazoo Valley Community College		8,200,000	0.06		4,920
Kellogg Community College		15,120,000	33.70		5,095,440
Willard Public Library		0	56.31		0
Calhoun County		53,775,250	33.81		18,181,412
Total Overlapping Debt	$	279,265,347		$	120,528,596
Total Net Direct and Overlapping Debt	$	371,048,494		$	153,866,743

Per Capita Net Overlapping Debt (2)	$2,302.49
Percent of Net Overlapping Debt to Total SEV (3)	8.73%
Per Capita Net Direct and Overlapping Debt (2)	$2,939.36
Percent of Net Direct and Overlapping Debt to Total SEV (3)	11.14%

(1) The Bonds described herein. Including the Water and Wastewater System Revenue Bonds, Series 2016A and the Water and Wastewater System Revenue Bonds, Series 2016B (Federally Taxable – Qualified Energy Conservation Bonds).
(2) Based on the City's 2010 Census of 52,347
(3) Based on $1,381,321,270 which is the City's Total SEV for the fiscal year ending June 30, 2018. See "CITY TAX AND LIMITATIONS - Property Valuations" and "CITY TAX AND LIMITATIONS" herein.
(4) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of the City are liable in addition to debt issued by the City.
Source: Municipal Advisory Council of Michigan and the City of Battle Creek.

DEFINED BENEFIT PENSION PLANS

Police and Fire Retirement System

The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (rolled forward to June 30, 2018). The components of the net pension liability of the City were as follows:

Total pension liability	$192,038,450
Plan Fiduciary net position	(144,588,461)
City's net pension liability	$ 47,449,989
Plan fiduciary net position as percentage of total pension liability	75.29%

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at June 30, 2017	$ 176,579,083	$ 138,509,334	$ 38,069,749
Changes for the Year			
Service cost	4,070,388	-	4,070,388
Interest on total pension liability	11,718,436	-	11,718,436
Benefit changes	1,505,727	-	1,505,727
Differences between expected and actual experience	1,955,535	-	1,955,535
Assumption change	6,224,926	-	6,224,926
Employer contributions	-	5,180,487	(5,180,487)
Employee contribution	-	1,478,257	(1,478,257)
Net investment income	-	10,201,971	(10,201,971)
Benefit payments	(10,015,645)	(10,066,683)	51,038
Administrative expense	-	(214,905)	214,905
Other	-	(500,000)	500,000
Net changes	$ 15,459,367	$ 6,079,127	$ 9,380,240
Balance at June 30, 2018	$ 192,038,450	$ 144,588,461	$ 47,449,989

Pension Plans: Municipal Employees Retirement System of Michigan

The City's net pension liability was measured as of December 31, 2017, 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	$144,360,278
Plan fiduciary net position	87,450,657
City's net pension liability	$ 56,909,621
Plan fiduciary net position as percentage of total pension liability	60.58%

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	$ 141,255,649	$ 81,255,431	$ 60,000,218
Changes for the Year			
Service cost	1,998,171	-	1,998,171
Interest	10,978,431	-	10,978,431
Changes in benefits	(17,297)	-	(17,297)
Differences between expected and actual experience	194,046	-	194,046
Changes in assumptions	-	-	-
Contributions: employer	-	5,382,451	(5,382,451)
Contributions: employee	-	546,534	(546,534)
Net investment income	-	10,481,265	(10,481,265)
Benefit payments, including refunds	(10,048,722)	(10,048,722)	-
Administrative expense	-	(166,302)	166,302
Net changes	$ 3,104,629	$ 6,195,226	$ (3,090,597)
Balances at December 31, 2017	$ 144,360,278	$ 87,450,657	$ 56,909,621

For the year ended June 30, 2018, the City recognized pension expense of $8,171,156.

City of Battle Creek Water and Wastewater System
Approximate Number of Water Customers as Billed by User Classification and Location
Fiscal Years Ended June 30, 2014 through 2018

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
City Customers					
Residential	14,791	14,765	14,757	14,771	14,754
Commercial (1)	1,628	1,617	1,619	1,634	1,646
Industrial	132	131	130	126	126
Sub-total	16,551	16,513	16,506	16,531	16,526
Customer Communities					
Emmett	669	668	675	699	708
Bedford	430	426	420	428	428
Leroy (2)	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield (3)	Bulk	Bulk	Bulk	Bulk	Bulk
Springfield (4)	Bulk	Bulk	Bulk	Bulk	Bulk
Sub-total	1,099	1,094	1,095	1,127	1,136
Total Customers	17,650	17,607	17,601	17,658	17,662

(1) Includes governmental and tax-exempt customers.
(2) Leroy has one water customer.
(3) Penfield has approximately 341 metered water customers.
(4) Springfield has approximately 1,438 metered water customers.
Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Approximate Number of Wastewater Customers by User Classification and Location
Fiscal Years Ended June 30, 2014 through 2018

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
City Customers (1)					
Residential	15,785	15,745	15,734	15,740	15,707
Commercial (2)	1,576	1,570	1,580	1,583	1,613
Industrial	122	121	120	117	118
Sub-total	17,483	17,436	17,434	17,440	17,438
Customer Communities					
Emmett (3)	1,683	1,681	1,685	1,688	1,686
Bedford (4)	553	549	543	551	551
Leroy	Bulk	Bulk	Bulk	Bulk	Bulk
Pennfield (5)	Bulk	Bulk	Bulk	Bulk	Bulk
Springfield (6)	Bulk	Bulk	Bulk	Bulk	Bulk
Sub-total	2,236	2,230	2,228	2,239	2,237
Total Customers	19,719	19,666	19,662	19,679	19,675

(1) Includes approximately 1,057 customers located in the City that are not metered and who pay a flat monthly rate.
(2) Includes governmental and tax-exempt customers.
(3) Includes approximately 1,013 customers located in Emmett that are not metered and who pay a flat monthly rate.
(4) Includes approximately 158 customers located in Bedford that are not metered and who pay a flat monthly rate.
(5) Includes approximately 607 customers located in Pennfield that are not metered and who pay a flat monthly rate.
(6) Includes approximately 93 customers located in Springfield that are not metered and who pay a flat monthly rate.
Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Water Volume as Billed by User Classification and Location (1)
Fiscal Years Ended June 30, 2014 through 2018

	Fiscal Year Ended June 30				
City Customers	2014	2015(3)	2016 (3)	2017	2018
Residential	113,821,573	105,232,458	96,499,847	109,281,509	106,630,876
Commercial (2)	101,258,848	91,052,374	95,356,781	90,252,021	89,941,367
Industrial	131,575,143	127,625,133	127,002,299	113,625,946	102,822,926
Sub-total	346,655,564	323,909,965	318,858,927	313,159,476	299,395,169
Customer Communities					
Emmett Township	25,097,179	23,111,371	23,441,862	25,738,764	27,512,531
Bedford Township	3,281,149	3,127,698	2,888,704	2,820,489	3,110,360
Springfield City	18,474,474	16,888,944	16,888,943	17,389,269	17,243,502
Pennfield Township	2,223,900	2,123,500	2,164,000	2,199,500	2,255,800
Sub-total	49,076,702	45,251,513	45,383,509	48,148,022	50,122,193
Total Water Billed	395,732,266	369,161,478	364,242,436	361,307,498	349,517,362

(1) Measured in cubic feet.
(2) Includes government and tax-exempt customers.
(3) During the installation of a new water meter reading system in fiscal year 2015 some transmitters malfunctioned resulting in under reporting of water volume.
Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Wastewater Treatment Volume as Billed by User Classification and Location (1)
Fiscal Years Ended June 30, 2014 Through 2018

	Fiscal Year Ended June 30				
City Customers	2014	2015(3)	2016 (3)	2017	2018
Residential	118,523,455	111,516,777	109,037,746	114,331,877	112,157,156
Commercial (2)	80,966,406	74,033,282	80,135,131	76,958,752	75,611,297
Industrial	37,475,733	43,364,117	41,786,764	33,223,800	33,052,416
Sub-total	236,965,594	228,914,176	230,959,641	224,514,429	220,820,869
Customer Communities					
Emmett Township	32,620,458	30,937,747	31,523,803	32,901,531	33,767,468
Bedford Township	5,462,014	5,251,629	5,014,441	6,382,474	6,543,986
Springfield City	16,822,846	16,858,507	16,326,066	15,711,208	15,892,464
Pennfield Township	14,984,100	15,111,650	15,230,642	14,531,008	14,724,732
Sub-total	70,610,650	68,159,533	68,094,952	69,526,221	70,928,650
Total Wastewater Billed	314,926,758	297,073,709	299,054,593	294,040,650	291,749,519

(1) Measured in cubic feet.
(2) Includes government and tax-exempt customers.
(3) During the installation of a new water meter reading system in fiscal year 2015 some transmitters malfunctioned resulting in under reporting of water volume.
Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Water System Revenues by User Class and Location
Fiscal Years Ended June 30, 2014 Through 2018

	Fiscal Year Ended June 30				
City Customers	2014	2015	2016	2017	2018
Residential	$ 3,403,962	$ 3,478,565	$ 3,575,598	$ 3,724,145	$ 3,826,075
Commercial (1)	2,092,311	2,028,652	2,243,876	2,124,857	2,102,968
Industrial	2,133,970	2,179,161	2,367,369	1,939,402	1,579,649
Sub-total	7,630,243	7,686,378	8,186,843	7,788,404	7,508,692
Customer Communities					
Emmett Township	610,684	626,495	689,318	695,064	709,973
Bedford Township	92,695	98,325	100,731	99,809	105,058
Leroy Township	19,460	12,481	13,024	11,817	11,156
Springfield City	333,441	272,671	266,165	290,922	224,405
Pennfield Township	29,619	27,805	29,562	35,524	44,202
Sub-total	1,085,899	1,037,776	1,098,800	1,133,136	1,094,794
Total Water Revenue	$ 8,716,142	$ 8,724,154	$ 9,285,643	$ 8,921,540	$ 8,603,486

(1) Includes governmental and tax-exempt customers.
Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Wastewater System Revenues by User Class and Location
Fiscal Years Ended June 30, 2014 Through 2018

	Fiscal Year Ended June 30				
City Customers	2014	2015	2016	2017	2018
Residential	$ 4,764,798	$ 4,941,109	$ 5,139,653	$ 5,148,865	$ 5,432,302
Commercial (1)	2,592,433	2,576,867	2,771,042	2,841,250	3,132,960
Industrial	5,564,090	6,810,953	7,429,068	6,115,683	5,908,955
Sub-total	12,921,321	14,328,929	15,339,763	14,105,798	14,474,217
Customer Communities					
Emmett Township	1,087,836	1,137,984	1,221,559	1,090,616	1,026,430
Bedford Township	228,892	241,437	248,684	211,904	190,646
Leroy Township	16,971	11,468	11,988	11,036	11,085
Springfield City	586,192	595,998	582,021	696,193	487,718
Pennfield Township	551,887	570,497	621,812	550,298	489,705
Sub-total	2,471,778	2,557,384	2,686,064	2,560,047	2,205,584
Total Wastewater Revenue	$ 15,393,099	$ 16,886,313	$ 18,025,827	$ 16,665,845	$ 16,679,801

(1) Includes governmental and tax-exempt customers.
Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Ten Largest Water Customers by Volume and Revenue
Fiscal Year Ended June 30, 2018

Customer	Principal Product or Service	Water Volume Cubic Feet	Percent of Total (1)	Water Revenue	Percent of Total (2)
Kellogg Company-Plant	Breakfast Foods.....	34,726,049	9.94%	$429,707	4.99%
Post Foods................................	Breakfast Foods	26,654,900	7.63	346,111	4.02
Fire Keepers Casino.................	Gambling..............	8,579,000	2.45	426,507	4.96
Graphic Packaging....................	Paper Mill.............	8,187,500	2.34	112,739	1.31
Denso Mfg - Michigan.............	Automotive Parts...	5,598,752	1.60	286,938	3.34
Rock-Tenn/Waldorf Corp	Paper Board	4,041,125	1.16	63,736	0.74
Bronson Battle Creek................	Medical Services...	3,786,000	1.08	70,546	0.82
VA Medical Center.............	Medical Services...	3,758,659	1.08	73,626	0.86
Adient (fka Johnson Controls)..	Heating & Venting	3,724,502	1.07	53,024	0.62
City of Battle Creek - WWTP...	Government	2,995,500	0.86	41,774	0.49
	Total	102,051,987	29.21%	$1,904,708	22.15%

(1) Based on water volume of 349,517,362 for the fiscal year ended June 30, 2018.
(2) Based on water revenue of $8,603,486 for the fiscal year ended June 30, 2018.
Source: City of Battle Creek

City of Battle Creek Water and Wastewater System
Ten Largest Wastewater Customers by Volume and Revenue
Fiscal Year Ended June 30, 2018

Customer	Principal Product or Service	Wastewater Volume Cubic Feet	Percent of Total (1)	Wastewater Revenue	Percent of Total (2)
Kellogg Company-Plant	Breakfast Foods......	26,335,561	9.03%	$1,298,942	7.79%
Graphic Packaging................	Paper Mill..............	15,354,074	5.26	1,198,843	7.19
Post Foods.............................	Breakfast Foods	15,226,777	5.22	940,847	5.64
Rock-Tenn/Waldorf Corp......	Paperboard.............	12,837,465	4.40	1,010,017	6.06
Fire Keepers Casino..............	Gambling	8,579,000	2.94	276,401	1.66
Denso Manufacturing	Automotive Parts ...	5,598,752	1.92	180,170	1.08
Treehouse Private Brands	Breakfast Foods......	3,959,900	1.36	134,950	0.81
VA Medical Center	Medical Services ..	3,780,309	1.30	114,485	0.69
Adient (fka Johnson Controls	Heating & Venting	3,724,502	1.28	118,842	0.71
Bronson Battle Creek Health	Medical Services ...	3,360,600	1.15	112,644	0.68
	Total	98,756,940	33.86%	$5,386,141	32.31%

(1) Based on treated wastewater volume of 291,749,519 for the fiscal year ended June 30, 2018
(2) Based on wastewater revenue of $16,679,800 for the fiscal year ended June 30, 2018
Source: City of Battle Creek

City of Battle Creek, Michigan

Historical and Projected Water and Wastewater System Operating Cash Flow and Debt Service Coverage
Fiscal Years Ended or Ending June 30, 2013 Through 2022

	2013 (1)	2014 (1)	2015 (1)	2016 (1)	2017 (2)	2018 (3)	Budgeted 2019 (3)	Projected 2020 (3)	Projected 2021 (3)
Operating Revenues									
Charges for services	$ 23,567,702	$ 24,385,474	$ 25,841,894	$ 27,570,117	$ 25,925,301	$ 25,613,729	$ -	$ -	$ -
Rent and Leases	-	-	195,993	246,507	197,807	213,253	-	-	-
Other	653,724	666,137	518,481	591,774	554,308	586,991	-	-	-
Total Operating Revenues	$ 24,221,426	$ 25,051,611	$ 26,556,368	$ 28,408,398	$ 26,677,416	$ 26,413,973	$ 26,413,973	$ 26,413,973	$ 26,413,973
Operating Expenses (4)									
Operating costs and expenses	$ 15,601,499	$ 16,432,935	$ 17,019,384	$ 18,478,024	$ 19,371,198	$ 19,585,368	$ -	$ -	$ -
Depreciation	6,467,386	6,475,680	6,248,164	6,196,554	6,220,151	5,917,458			
Total Operating Expenses	$ 22,068,885	$ 22,908,615	$ 23,267,548	$ 24,674,578	$ 25,591,349	$ 25,502,826	$ 20,172,929	$ 20,778,117	$ 21,401,460
Operating Income (Loss)	$ 2,152,541	$ 2,142,996	$ 3,288,820	$ 3,733,820	$ 1,086,067	$ 911,147	$ 6,241,044	$ 5,635,856	$ 5,012,513
Non-Operating Revenues (Expenses) (5)									
Interest Income	$ (49,559)	$ 71,912	$ 59,350	$ 215,329	$ (6,297)	$ (23,975)	$ -	$ -	$ -
Intergovernmental Subsidies	$ 25,569	$ 50,627	$ 38,043	23,427	25,860	10,391	-	-	-
Loss on Disposal of Capital Assets	-	(14,318)	-	-	(3,996,528)	-	-	-	-
Depreciation	6,467,386	6,475,680	6,248,164	6,196,554	6,220,151	5,917,458	-	-	-
Total Non-Operating Revenues (Expenses)	$ 6,443,396	$ 6,583,901	$ 6,345,557	$ 6,435,310	$ 2,243,186	$ 5,903,874	$ -	$ -	$ -
Operating Transfers									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	(576,074)	(485,527)	(361,592)	(395,993)	(481,376)	(301,999)	(311,059)	(320,391)	(330,002)
Net Operating Transfers	$ (576,074)	$ (485,527)	$ (361,592)	$ (395,993)	$ (481,376)	$ (301,999)	$ (311,059)	$ (320,391)	$ (330,002)
NET INCOME AVAILABLE FOR DEBT SERVICE	$ 8,019,863	$ 8,241,370	$ 9,272,785	$ 9,773,137	$ 2,847,877	$ 6,513,022	$ 5,929,985	$ 5,315,465	$ 4,682,510
Debt Service Requirements									
2016 QECB (Revenue Bonds)(7)	$ -	$ -	$ -	$ -	$ 474,061	$ 474,850	$ 474,850	$ 474,850	$ 474,849
2016 Tax-Exempt (Revenue Bonds)	-	-	-	-	592,341	595,850	595,650	595,050	594,050
2011 GO Bonds (6)	735,875	732,725	731,325	724,225	731,225	727,225	728,913	729,600	732,600
2013 Revenue Refunding Bonds	1,529,250	1,532,625	1,541,500	1,551,500	1,547,750	-	-	-	-
Total	$ 2,265,125	$ 2,265,350	$ 2,272,825	$ 2,275,725	$ 3,345,377	$ 1,797,925	$ 1,799,413	$ 1,799,500	$ 1,801,499
Coverage Ratio Including the GO Bonds	**3.54x**	**3.64x**	**4.08x**	**4.29x**	**0.85x**	**3.62x**	**3.30x**	**2.95x**	**2.60x**
Coverage Ratio Revenue Only Bonds	**5.24x**	**5.38x**	**6.02x**	**6.30x**	**1.09x**	**6.08x**	**5.54x**	**4.97x**	**4.38x**

(1) Actual.
(2) Adopted Budget.
(3) Operating revenues for the fiscal years ending June 30, 2018 and thereafter are not assumed to change.
(4) Operating expenditures, excluding depreciation, as projected for the fiscal year ending June 30, 2018 and thereafter are assumed to grow 3% annually.
(5) For the fiscal year ending June 30, 2018 and thereafter, non-operating revenues are not assumed to change.
(6) Represents the portion of the 2011 LTGO Refunding Bonds paid from the System.
(7) Net debt service. Includes Refundable Credit.
Source: City of Battle Creek