

BATTLE CREEK TRANSIT SYSTEM

Year Ended
June 30, 2016

Financial
Statements

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BATTLE CREEK TRANSIT SYSTEM

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INDEPENDENT AUDITORS' REPORT

December 2, 2016

To the 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 *Battle Creek Transit System* (the "System"), an enterprise fund of the City of Battle Creek, Michigan, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the System'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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Battle Creek Transit System, an enterprise fund of the City of Battle Creek, Michigan, as of June 30, 2016, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements present only the Battle Creek Transit System and do not purport to, and do not, present fairly the financial position of the City of Battle Creek, Michigan, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion of the financial statements that collectively comprise the Battle Creek Transit System's financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary schedules have not been subjected to the procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

FINANCIAL STATEMENTS

BATTLE CREEK TRANSIT SYSTEM

Statement of Net Position

June 30, 2016

Assets

Current assets:

Grants receivable	\$ 1,250,569
Inventory	78,532
Total current assets	<u>1,329,101</u>

Noncurrent assets -

Capital assets, net	<u>1,864,454</u>
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Total assets	<u>3,193,555</u>
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Deferred outflows of resources

Deferred pension amounts	<u>1,308,145</u>
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Liabilities

Current liabilities:

Accounts payable	52,437
Accrued payroll and compensated absences	77,110
Interfund payable to other funds of the City	238,688
Total current liabilities	<u>368,235</u>

Noncurrent liabilities -

Net pension liability	<u>5,588,274</u>
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Total liabilities	<u>5,956,509</u>
-------------------	------------------

Deferred inflows of resources

Deferred pension amounts	<u>42,764</u>
--------------------------	---------------

Net position

Investment in capital assets	1,864,454
Unrestricted (deficit)	<u>(3,362,027)</u>

Total net position	<u><u>\$ (1,497,573)</u></u>
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The accompanying notes are an integral part of these financial statements.

BATTLE CREEK TRANSIT SYSTEM

Statement of Revenues, Expenses and Change in Fund Net Position

For the Year Ended June 30, 2016

Operating revenues	
Line-haul (farebox)	\$ 374,382
Advertising	31,500
Other operating revenue	1,598
	<hr/>
Total operating revenues	407,480
	<hr/>
Operating expenses	
Operations	2,603,610
Maintenance	655,706
General administration	893,362
Depreciation	336,696
	<hr/>
Total operating expenses	4,489,374
	<hr/>
Operating loss	(4,081,894)
	<hr/>
Nonoperating revenues	
Federal grants	1,193,307
State grants	1,589,407
	<hr/>
Total nonoperating revenues	2,782,714
	<hr/>
Net loss before transfers	(1,299,180)
	<hr/>
Transfers in	938,230
	<hr/>
Transfers out	(4,734)
	<hr/>
Change in net position	(365,684)
	<hr/>
Net position, beginning of year	(1,131,889)
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Net position, end of year	\$ (1,497,573)
	<hr/> <hr/>

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

BATTLE CREEK TRANSIT SYSTEM

Statement of Cash Flows

For the Year Ended June 30, 2016

Cash flows from operating activities	
Receipts from customers and users	\$ 514,801
Payments to suppliers	(1,019,033)
Payments to employees	(3,024,951)
Payments for interfund services	<u>(30,027)</u>
Net cash used in operating activities	<u>(3,559,210)</u>
Cash flows from noncapital financing activities	
Transfers in	938,230
Transfers out	(4,734)
Federal and state grants	<u>2,782,714</u>
Net cash provided by noncapital financing activities	<u>3,716,210</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	<u>(157,000)</u>
Net change in pooled cash and investments	-
Pooled cash and investments, beginning of year	<u>-</u>
Pooled cash and investments, end of year	<u><u>\$ -</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (4,081,894)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	336,696
Changes in assets and liabilities:	
Grants receivable	105,121
Accounts receivable	2,200
Inventory and other assets	4,024
Accounts payable	(51,604)
Accrued payroll and compensated absences	(28,011)
Interfund payable to other funds of the City	(253,318)
Net pension liability and related deferred amounts	<u>407,576</u>
Net cash used in operating activities	<u><u>\$ (3,559,210)</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BATTLE CREEK TRANSIT SYSTEM

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Battle Creek Transit System (the "System") is an enterprise fund of the City of Battle Creek, Michigan. The System provides public transportation services to users in the City of Battle Creek, Michigan and portions of the surrounding area. The accounting policies of the System conform with generally accepted accounting principles as applicable to proprietary funds. A summary of significant accounting policies follows.

Reporting Entity

These financial statements present the financial condition, results of operations and cash flows of an enterprise fund of the City of Battle Creek, Michigan (the "City") and are an integral part of that reporting entity. The System is not a component unit of the City or any other reporting entity.

Basis of Accounting

The System uses a fund (i.e., a separate accounting entity with a self balancing set of accounts) to report its financial position, the results of its operations and its cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities.

The System is operated as an enterprise fund, which is used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of *economic resources measurement focus* and use the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Pooled Cash and Investments

The System's pooled cash and investments, if any, represents amounts deposited entirely in the City's internal cash management pool.

Inventory

Inventory is valued at cost using the first-in/first-out method.

BATTLE CREEK TRANSIT SYSTEM

Notes to Financial Statements

Capital Assets

Capital assets, which include property and equipment, are reported at cost or, if donated, at their acquisition cost as of the date of donation. The System defines capital assets as assets with an initial, individual cost of \$10,000 or more and estimated useful life in excess of two years. 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.

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

	Years
Land improvements	5-50
Buildings	50
Equipment	3-10
Vehicles	7-10

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. Sick pay benefits are not provided pursuant to the City's short-term disability program.

2. POOLED CASH AND INVESTMENTS

The System, along with the various other funds of the City, participates in the City's pooled cash management accounts. At June 30, 2016, the System had a negative cash balance in the City's cash pool of \$238,688, which is reported in the accompanying statement of net position as an interfund payable. Information regarding this internal cash management pool is presented in the City's comprehensive annual financial report.

BATTLE CREEK TRANSIT SYSTEM

Notes to Financial Statements

3. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 66,499	\$ -	\$ -	\$ 66,499
Construction in progress	5,114	-	(5,114)	-
Total capital assets not being depreciated	<u>71,613</u>	<u>-</u>	<u>(5,114)</u>	<u>66,499</u>
Capital assets being depreciated:				
Land improvements	90,570	13,538	-	104,108
Buildings	2,856,551	40,158	-	2,896,709
Equipment	1,176,866	78,272	(2,258)	1,252,880
Vehicles	4,069,120	30,146	-	4,099,266
	<u>8,193,107</u>	<u>162,114</u>	<u>(2,258)</u>	<u>8,352,963</u>
Less accumulated depreciation for:				
Land improvements	(55,128)	(7,798)	-	(62,926)
Buildings	(1,550,601)	(108,663)	-	(1,659,264)
Equipment	(996,985)	(45,742)	2,258	(1,040,469)
Vehicles	(3,617,856)	(174,493)	-	(3,792,349)
	<u>(6,220,570)</u>	<u>(336,696)</u>	<u>2,258</u>	<u>(6,555,008)</u>
Total capital assets being depreciated, net	<u>1,972,537</u>	<u>(174,582)</u>	<u>-</u>	<u>1,797,955</u>
System capital assets, net	<u>\$ 2,044,150</u>	<u>\$ (174,582)</u>	<u>\$ (5,114)</u>	<u>\$ 1,864,454</u>

At June 30, 2016, the System had outstanding commitments through a construction contract of approximately \$43,621 for building and equipment improvements.

4. RISK MANAGEMENT

The System participates in the City's self-insurance program for liability and worker's compensation insurance coverage. Property insurance coverage is provided by commercial carriers through the City's self-insurance fund.

BATTLE CREEK TRANSIT SYSTEM

Notes to Financial Statements

5. MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) ASSURANCES

The System has a cost allocation plan for the Job Access and Reverse Commute (JARC) Program where the methodology has been approved by the Office of Passenger Transportation. This cost allocation plan was adhered to in the preparation of the financial statements.

The methodology used for compiling miles for Regular Service and JARC Service has been reviewed and the recording method has been found to be adequate and reliable.

The depreciation expense reported under MDOT reporting code 51300 equals the ineligible depreciation reported under code 55007. Therefore, the depreciation assurance regarding approval of useful life is not required.

No operating expenses are subtracted out as ineligible because no capital money was used to pay for operating expenses.

Ineligible expenses are classified appropriately according to the definition in the MDOT Local Public Transit Revenue and Expense Manual (referred to as the R&E Manual). With regards thereto, the System did not incur any expenses in order to earn the advertising revenue reported in Schedule 4R (code 40615); accordingly, no expenses are subtracted out as ineligible on Schedule 4E or on Schedule 5. All expenses associated with code 40799 non-transportation are subtracted out as ineligible.

Expenses for retirement benefits (i.e., pension and other postemployment benefit (OPEB) contributions) are based on actual amounts paid. Therefore, such costs are eligible in accordance with the R&E Manual. The System did not incur, nor pay, any code 50202 OPEB.

During the fiscal year October 1, 2015 through September 30, 2016, the System paid \$407,576 in defined benefit pension premiums. This amount is based on the actuarial required contribution (ARC) and does not include any excess contributions or expense based on the GASB 68. The amount charged to code 50220 DB (defined benefit) was calculated pursuant to the methodology in the MERS Implementation Guide. For further information on the pension plan that the System is included in, see footnote 16 of the City of Battle Creek's financial statements.

7. CONTINGENCIES

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



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**MICHIGAN BUREAU OF PASSENGER
TRANSPORTATION SCHEDULES**

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Local Revenues

Schedule 1

For the Year Ended June 30, 2016

	7/01/15 through 9/30/15	10/01/15 through 6/30/16	Total
Line haul - farebox	\$ 94,875	\$ 279,507	\$ 374,382
Advertising	12,590	18,910	31,500
Other operating revenue	38	1,560	1,598
Transfers in	234,558	703,672	938,230
Total local revenues	\$ 342,061	\$ 1,003,649	\$ 1,345,710

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Local Revenues

Schedule 1A

For the Year Ended September 30, 2015

	10/1/14 through 6/30/15	7/01/15 through 9/30/15	Total
Line haul - farebox	\$ 292,504	\$ 94,875	\$ 387,379
Advertising	20,795	12,590	33,385
Other operating revenue	6,137	38	6,175
Transfers in from other funds	666,172	234,558	900,730
Total local revenues	\$ 985,608	\$ 342,061	\$ 1,327,669

BATTLE CREEK TRANSIT SYSTEM

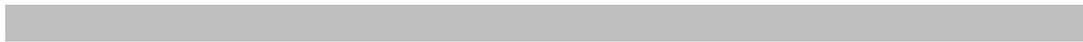
Schedule of Expenditures of Federal and State Awards

Schedule 2

For the Year Ended June 30, 2016

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant No./ Authorization Number	Program Award Amount
U.S. Department of Transportation			
Federal Direct Assistance:			
Federal Transit Operating Grant - Section 5307	20.507	MI-2016-020-01-00	\$ 1,041,016
Capital Assistance Grant - Section 5307 (100)	20.507	MI-96-X018-00	944,000
Job Access & Reverse Commute - Section 5316 (50/50)	20.516	MI-37-X037-02	95,645
FY13 Sect 5307 Local/Surface Transportation	20.507	MI-95-X096-00	99,200
FY13 Sect 5339 Bus & Bus Facilities Formula	20.526	MI-34-0003-00	95,446
FY14 Sect 5339 Bus & Bus Facilities Formula	20.526	MI-34-0003-02	96,525
Michigan Department of Transportation			
Operating Assistance - Act 51 - Urban less than 100,000	N/A	N/A	1,478,724
Job Access & Reverse Commute - Section 5316 (50/50)	N/A	2012-0040/P6	95,645
Specialized Services 14	N/A	2012-0040/P10	92,624
Specialized Services 15	N/A	2012-0040/P12	92,624
Specialized Services 16	N/A	2012-0040/P14	92,624
FY13 Sect 5307 Local/Surface Transportation	N/A	2012-0040/P8	24,800
FY13 Sect 5339 Bus & Bus Facilities Formula	N/A	2012-0040/P7	23,861
FY14 Sect 5339 Bus & Bus Facilities Formula	N/A	2012-0040/P11	24,131

Total



Current Year Expenditures			Prior Year Expenditures	Award Amount Remaining
Total	Federal	State		
\$ 1,041,016	\$ 1,041,016	\$ -	\$ -	\$ -
83,654	83,654	-	835,170	25,176
(2,632)	(2,632)	-	90,817	7,460
5,980	5,980	-	30,691	62,529
19,969	19,969	-	38,658	36,819
45,320	45,320	-	15,078	36,127
1,478,724	-	1,478,724	-	-
(2,632)	-	(2,632)	90,817	7,460
4,591	-	4,591	88,030	3
11,273	-	11,273	81,351	-
84,225	-	84,225	-	8,399
1,495	-	1,495	7,673	15,632
4,992	-	4,992	9,664	9,205
11,330	-	11,330	3,769	9,032
<u>\$ 2,787,305</u>	<u>\$ 1,193,307</u>	<u>\$ 1,593,998</u>	<u>\$ 1,291,718</u>	<u>\$ 217,842</u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Federal and State Awards

Schedule 2A

For the Year Ended June 30, 2016

	7/01/15 through 9/30/15	10/01/15 through 6/30/16	Total
Federal grant			
Operating grant - Section 5307	\$ -	\$ 1,041,016	\$ 1,041,016
JARC grant - Section 5316	(2,632)	-	(2,632)
	<u>(2,632)</u>	<u>1,041,016</u>	<u>1,038,384</u>
State of Michigan grant			
Formula operating assistance	307,427	1,171,297	1,478,724
JARC grant - Section 5316	(2,632)	-	(2,632)
	<u>304,795</u>	<u>1,171,297</u>	<u>1,476,092</u>
Total	<u>\$ 302,163</u>	<u>\$ 2,212,313</u>	<u>\$ 2,514,476</u>

BATTLE CREEK TRANSIT SYSTEM

Schedule of Federal and State Awards

Schedule 2B

Based on a September 30, 2015 Year End

	10/1/14 through 6/30/15	7/01/15 through 9/30/15	Total
Federal grant			
Operating grant - Section 5307	\$ 1,024,784	\$ -	\$ 1,024,784
JARC grant - Section 5316	-	(2,632)	(2,632)
	<u>1,024,784</u>	<u>(2,632)</u>	<u>1,022,152</u>
State of Michigan grant			
Formula operating assistance	1,112,325	307,427	1,419,752
JARC grant - Section 5316	-	(2,632)	(2,632)
	<u>1,112,325</u>	<u>304,795</u>	<u>1,417,120</u>
Total	<u>\$ 2,137,109</u>	<u>\$ 302,163</u>	<u>\$ 2,439,272</u>

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BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Operating and Contract Expenses
 Schedule 3
 For the Year Ended June 30, 2016

	Urban less than 100,000	2012-0040/P10 FY14 Specialized Services	2012-0040/P12 FY15 Specialized Services	2012-0040/P14 FY16 Specialized Services	Total
Expenses					
Labor:					
Operators' salaries and wages	\$ 1,134,808	\$ -	\$ -	\$ -	\$ 1,134,808
Other salaries and wages	547,133	-	-	-	547,133
Fringe benefits	1,469,257	-	-	-	1,469,257
Services:					
Advertising	8,682	-	-	-	8,682
Other services	276,984	4,591	11,273	84,225	377,073
Materials and supplies:					
Fuel and lubricants	202,840	-	-	-	202,840
Other materials and supplies	244,648	-	-	-	244,648
Utilities	32,625	-	-	-	32,625
Insurance expense	125,623	-	-	-	125,623
Leases and rentals	9,989	-	-	-	9,989
Depreciation	336,696	-	-	-	336,696
Total expenses	4,389,285	4,591	11,273	84,225	4,489,374
Transfer out for telephone service	4,734	-	-	-	4,734
Specialized services, planning, and capital expenses	(45,888)	-	-	-	(45,888)
Net operating expenses	\$ 4,348,131	\$ 4,591	\$ 11,273	\$ 84,225	\$ 4,448,220

BATTLE CREEK TRANSIT SYSTEM

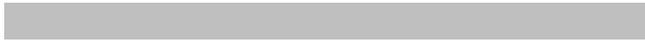
Schedule of Operating Expenses

Schedule 3A

For the Year Ended June 30, 2016

	Urban less than 100,000		
	7/01/15 through 9/30/15	10/01/15 through 6/30/16	Total
Expenses			
Labor	\$ 402,069	\$ 1,279,872	\$ 1,681,941
Fringe benefits	233,110	1,236,147	1,469,257
Services	107,035	178,631	285,666
Materials and supplies	125,012	322,476	447,488
Utilities	5,106	27,519	32,625
Insurance expense	156,290	(30,667)	125,623
Leases and rentals	621	9,368	9,989
Depreciation	84,175	252,521	336,696
Total expenses	1,113,418	3,275,867	4,389,285
Transfer out for telephone service	1,184	3,550	4,734
ARRA capital contract MI-96-X018-00	(83,654)	62,727	(20,927)
Capital contract MI-95-X096-00	(7,476)	7,476	-
Capital contract MI-34-0003/ 2012-0040-P7	(24,961)	-	(24,961)
Capital contract MI-34-0003-02/ 2012-0040-P11	(29,254)	29,254	-
Total operating expenses	\$ 998,511	\$ 3,349,620	\$ 4,348,131

Unaudited



2012-0040/P10
FY14 Specialized Services

7/01/15 through 9/30/15	10/01/15 through 6/30/16	Total
\$ -	\$ -	\$ -
-	-	-
4,591	-	4,591
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<hr/>		
4,591	-	4,591
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
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\$ 4,591	\$ -	\$ 4,591
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BATTLE CREEK TRANSIT SYSTEM

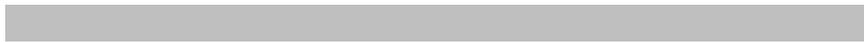
Schedule of Operating Expenses

Schedule 3A

For the Year Ended June 30, 2016

	2012-0040/P12 FY15 Specialized Services		
	7/01/15 through 9/30/15	10/01/15 through 6/30/16	Total
Expenses			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Services	11,273	-	11,273
Materials and supplies	-	-	-
Utilities	-	-	-
Insurance expense	-	-	-
Leases and rentals	-	-	-
Depreciation	-	-	-
Total expenses	11,273	-	11,273
Transfer out for telephone service	-	-	-
ARRA capital contract MI-96-X018-00	-	-	-
Capital contract MI-95-X096-00	-	-	-
Capital contract MI-34-0003/ 2012-0040-P7	-	-	-
Capital contract MI-34-0003-02/ 2012-0040-P11	-	-	-
Total operating expenses	\$ 11,273	\$ -	\$ 11,273

Unaudited



2012-0040/P14 FY16 Specialized Services				
7/01/15 through 9/30/15	10/01/15 through 6/30/16	Total	Total	
\$ -	\$ -	\$ -	\$	1,681,941
-	-	-		1,469,257
-	84,225	84,225		385,755
-	-	-		447,488
-	-	-		32,625
-	-	-		125,623
-	-	-		9,989
-	-	-		336,696
-	84,225	84,225		4,489,374
-	-	-		4,734
-	-	-		(20,927)
-	-	-		-
-	-	-		(24,961)
-	-	-		-
<u>\$ -</u>	<u>\$ 84,225</u>	<u>\$ 84,225</u>	<u>\$</u>	<u>4,448,220</u>

concluded.

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses

Schedule 3B

For the Year Ended September 30, 2015

	Urban less than 100,000		
	10/1/14 through 6/30/15	7/01/15 through 9/30/15	Total
Expenses			
Labor	\$ 1,250,058	\$ 402,069	\$ 1,652,127
Fringe benefits	934,680	233,110	1,167,790
Services	323,830	107,035	430,865
Materials and supplies	445,523	125,012	570,535
Utilities	34,773	5,106	39,879
Insurance expense	(30,667)	156,290	125,623
Leases and rentals	10,815	621	11,436
Depreciation	312,188	84,175	396,363
Total expenses	3,281,200	1,113,418	4,394,618
Transfer out for telephone service	3,481	1,184	4,665
ARRA capital contract MI-96-X018-00	(22,298)	(83,654)	(105,952)
Capital contract MI-95-X096-00	(8,643)	(7,476)	(16,119)
Capital contract MI-34-0003/ 2012-0040-P7	(13,724)	(24,961)	(38,685)
Capital contract MI-34-0003-02/ 2012-0040-P11	-	(29,254)	(29,254)
Net operating expenses	\$ 3,240,016	\$ 969,257	\$ 4,209,273

2012-0040/P10 FY14 Specialized Services			2012-0040/P12 FY15 Specialized Services			
10/1/14 through 6/30/15	7/01/15 through 9/30/15	Total	10/1/14 through 6/30/15	7/01/15 through 9/30/15	Total	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,652,127
-	-	-	-	-	-	1,167,790
-	4,591	4,591	81,351	11,273	92,624	528,080
-	-	-	-	-	-	570,535
-	-	-	-	-	-	39,879
-	-	-	-	-	-	125,623
-	-	-	-	-	-	11,436
-	-	-	-	-	-	396,363
-	4,591	4,591	81,351	11,273	92,624	4,491,833
-	-	-	-	-	-	4,665
-	-	-	-	-	-	(105,952)
-	-	-	-	-	-	(16,119)
-	-	-	-	-	-	(38,685)
-	-	-	-	-	-	(29,254)
<u>\$ -</u>	<u>\$ 4,591</u>	<u>\$ 4,591</u>	<u>\$ 81,351</u>	<u>\$ 11,273</u>	<u>\$ 92,624</u>	<u>\$ 4,306,488</u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Urban (Less than 100,000) Regular Service Revenue Report

Schedule 4R

For the Year Ended September 30, 2015

Code	Description	Amount
401	Farebox Revenue	
40100	Passenger Fares	\$ 387,379
406	Auxiliary Trans Revenues	
40615	Advertising	33,385
407	Non Trans Revenues	
40799	Other Non Trans Revenue	6,175
409	Local Revenue	
40910	Local Operating Assistance	900,730
411	State Formula and Contracts	
41101	State Operating Assistance	1,347,800
413	Federal Contracts	
41301	Federal Section 5311	<u>1,024,784</u>
Total revenues		<u><u>\$ 3,700,253</u></u>

BATTLE CREEK TRANSIT SYSTEM

Urban (Less than 100,000) Regular Service Expense Report

Schedule 4E

For the Year Ended September 30, 2015

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501	Labor				
50101	Operators' salaries & wages	\$ 1,169,863	\$ -	\$ -	\$ 1,169,863
50102	Other salaries & wages	-	328,426	184,949	513,375
502	Fringe benefits				
50200	Other fringe benefits	475,569	130,995	45,753	652,317
50201	Pensions	227,549	84,669	46,458	358,676
50220	Defined Benefit (DB) Pensions	-	-	125,685	125,685
503	Services				
50302	Advertising fees	-	-	14,077	14,077
50305	Audit cost	-	-	10,810	10,810
50399	Other services	83,170	54,101	30,315	167,586
504	Materials and supplies				
50401	Fuel & lubricants	258,180	-	-	258,180
50402	Tires & tubes	45,905	-	-	45,905
50404	Major supplies	194,414	-	864	195,278
50499	Other materials & supplies	7,855	21,508	15,639	45,002
505	Utilities				
50500	Utilities	3,124	-	45,599	48,723
506	Insurance				
50603	Liability insurance	125,623	-	-	125,623
50699	Other insurance	-	-	53,299	53,299
509	Misc expenses				
50902	Travel, meetings & training	393	4,336	2,633	7,362
50903	Association dues & subscriptions	-	-	9,713	9,713
512	Operating leases & rentals				
51200	Operating leases & rentals	8,496	1,101	1,839	11,436
513	Depreciation				
51300	Depreciation	396,363	-	-	396,363
550	Ineligible expenses				
55007	Ineligible depreciation	396,363	-	-	396,363
55009	Ineligible percent of association dues	-	-	1,524	1,524
55010	Other ineligible expense associated w/aux & nontrans	-	-	6,175	6,175
58007	Ineligible fringe benefits	-	-	125,685	125,685
Total expenses					4,209,273
Total ineligible expenses					529,747
Total eligible expenses					\$ 3,679,526

BATTLE CREEK TRANSIT SYSTEM

Urban (Less than 100,000) Regular Service Nonfinancial Report

Schedule 4N

For the Year Ended September 30, 2015

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	37,168	3,374	-	40,542
611	Vehicle Miles	485,710	46,206	-	531,916

The methodology used for compiling vehicle hours and mileage has been reviewed and found to be adequate and reliable.

Operating Assistance Calculation

Schedule 5

For the Year Ended September 30, 2015

	Urban less than 100,000
Total expenses	<u>\$ 4,209,273</u>
Less ineligible expenses	
Depreciation on capital assets acquired with federal and state grants	396,363
Michigan Public Transit Association dues	816
American Public Transit Association dues	708
Other ineligible expense associated with auxiliary and nontransportation revenue	6,175
Ineligible fringe benefits	<u>125,685</u>
Total ineligible expenses per R & E Manual	<u>529,747</u>
Total eligible expenses	<u><u>\$ 3,679,526</u></u>
Eligible expenses for state reimbursement	\$ 3,679,526
x Reimbursement percentage	<u>0.392280</u>
State operating assistance	<u><u>\$ 1,443,404</u></u>
State operating assistance	<u><u>\$ 1,347,800</u></u>

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