

BATTLE CREEK TRANSIT SYSTEM

Year Ended
June 30, 2018

Financial
Statements

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BATTLE CREEK TRANSIT SYSTEM

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INDEPENDENT AUDITORS' REPORT

December 26, 2018

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, 2018, 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, 2018, 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.

Implementation of GASB Statement No. 75

As described in Note 7, the System implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. Accordingly, the beginning net position was restated. Our opinion is not modified with respect to this matter.

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.

Rehmann Johnson LLC

FINANCIAL STATEMENTS

BATTLE CREEK TRANSIT SYSTEM

Statement of Net Position

June 30, 2018

Assets

Current assets:

Grants receivable	\$ 1,131,941
Accounts receivable	3,002
Inventory	89,238
Other assets	405
Total current assets	<u>1,224,586</u>

Noncurrent assets -

Capital assets not being depreciated	66,499
Capital assets being depreciated, net	<u>1,551,050</u>
Total noncurrent assets	<u>1,617,549</u>

Total assets

2,842,135

Deferred outflows of resources

Deferred pension amounts	<u>428,640</u>
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Liabilities

Current liabilities:

Accounts payable	56,830
Accrued payroll	3,959
Compensated absences, current portion	53,503
Interfund payable to other funds of the City	<u>908,282</u>
Total current liabilities	<u>1,022,574</u>

Noncurrent liabilities:

Compensated absences	5,945
Net pension liability	5,178,776
Net other postemployment benefit liability	<u>3,516,167</u>
Total noncurrent liabilities	<u>8,700,888</u>

Total liabilities

9,723,462

Deferred inflows of resources

Deferred pension amounts	180,885
Deferred other postemployment benefit amounts	<u>1,386,384</u>

Total deferred inflows of resources

1,567,269

Net position

Investment in capital assets	1,617,549
Unrestricted deficit	<u>(9,637,505)</u>

Total net position

\$ (8,019,956)

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, 2018

Operating revenues	
Line-haul (farebox)	\$ 335,562
Advertising	31,368
Other operating revenue	3,921
	<hr/>
Total operating revenues	370,851
	<hr/>
Operating expenses	
Operations	3,143,837
Maintenance	718,819
General administration	730,981
Depreciation	271,433
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Total operating expenses	4,865,070
	<hr/>
Operating loss	(4,494,219)
	<hr/>
Nonoperating revenues (expenses)	
Federal grants:	
Operating grant - Section 5307	1,089,708
Planning grants	71,250
State grants:	
Formula operating assistance	1,461,654
Planning grants	117,866
Loss on disposal of capital assets	(1,181)
	<hr/>
Total nonoperating revenues	2,739,297
	<hr/>
Net loss before transfers	(1,754,922)
	<hr/>
Transfers in from other City funds	938,230
	<hr/>
Change in net position	(816,692)
	<hr/>
Net position, beginning of year, as restated	(7,203,264)
	<hr/>
Net position, end of year	\$ (8,019,956)
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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, 2018

Cash flows from operating activities	
Receipts from customers and users	\$ 398,761
Payments to suppliers	(1,227,167)
Payments to employees	(2,546,647)
Payments for interfund services	<u>(103,196)</u>
Net cash used in operating activities	<u>(3,478,249)</u>
Cash flows from noncapital financing activities	
Transfers in	938,230
Federal and state grants	<u>2,740,478</u>
Net cash provided by noncapital financing activities	<u>3,678,708</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	<u>(200,459)</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	\$ (4,494,219)
Adjustments to reconcile operating loss to net	
cash used in operating activities:	
Depreciation	271,433
Changes in assets and liabilities:	
Grants receivable	30,832
Accounts receivable	(2,922)
Inventory	(5,569)
Prepaid items	(405)
Accounts payable and accrued liabilities	(21,791)
Compensated absences	(10,593)
Interfund payable to other funds of the City	583,873
Net pension liability	(281,244)
Deferred outflows related to the net pension liability	399,883
Deferred inflows related to the net pension liability	95,481
Net other postemployment benefit liability	(1,429,392)
Deferred inflows related to the net other postemployment benefit liability	<u>1,386,384</u>
Net cash used in operating activities	<u><u>\$ (3,478,249)</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 “City”). The System provides public transportation services to users in the City 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 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.

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.

BATTLE CREEK TRANSIT SYSTEM

Notes to Financial Statements

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.

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 System 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.

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 System reports deferred inflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefit plans.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the 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. 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, 2018, the System had a negative cash balance in the City's cash pool of \$908,282, 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, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 66,499	\$ -	\$ -	\$ 66,499
Capital assets being depreciated:				
Land improvements	104,108	-	-	104,108
Buildings	2,896,709	-	-	2,896,709
Equipment	1,279,080	-	-	1,279,080
Vehicles	3,868,869	200,459	(527,133)	3,542,195
	<u>8,148,766</u>	<u>200,459</u>	<u>(527,133)</u>	<u>7,822,092</u>
Less accumulated depreciation for:				
Land improvements	(72,078)	(9,152)	-	(81,230)
Buildings	(1,770,605)	(111,340)	-	(1,881,945)
Equipment	(1,091,441)	(51,031)	-	(1,142,472)
Vehicles	(3,591,437)	(99,910)	525,952	(3,165,395)
	<u>(6,525,561)</u>	<u>(271,433)</u>	<u>525,952</u>	<u>(6,271,042)</u>
Total capital assets being depreciated, net	<u>1,623,205</u>	<u>(70,974)</u>	<u>(1,181)</u>	<u>1,551,050</u>
System capital assets, net	<u>\$ 1,689,704</u>	<u>\$ (70,974)</u>	<u>\$ (1,181)</u>	<u>\$ 1,617,549</u>

At June 30, 2018, the System had outstanding commitments through a construction contract of \$156,893 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.

5. MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) ASSURANCES

The methodology used for compiling miles for Regular 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.

BATTLE CREEK TRANSIT SYSTEM

Notes to Financial Statements

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) as a result of the vendors being responsible for advertising and the related expenses; 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 associated with code 55008 are subtracted out as ineligible as they are related to the System's data processing charges and not approved within the cost allocation plan.

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, the System paid \$423,632 in defined benefit pension contributions. This amount is based on the actuarial determined contribution (ADC) and does not include any excess contributions or expense based on GASB 68. This amount is charged to code 50220 DB (defined benefit) was calculated pursuant to the methodology in the MERS Implementation Guide. Additionally, the System expensed \$214,120 during the fiscal year based on GASB 68. For the plan year October 1, 2016 through September 30, 2017, the System paid \$424,497 in defined benefit pension contributions based on ADC which was included in charge code 50220, and the amount expensed based on GASB 68 was \$394,008 which is included as an ineligible expense for reimbursement and charged to code 58020. For further information on the pension plan in which the System participates, see footnote 16 of the City of Battle Creek's financial statements.

During the fiscal year, the System expensed \$43,008 for defined benefit other postemployment benefits during the fiscal year based on GASB 75. For further information on the other postemployment benefit plan in which the System participates, see footnote 17 of the City of Battle Creek's financial statements.

6. 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.

7. RESTATEMENT

The System 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, beginning net position was decreased by \$4,945,559.



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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, 2018

	7/01/17 through 9/30/17	10/01/17 through 6/30/18	Total
Line haul - farebox	\$ 79,051	\$ 256,511	\$ 335,562
Advertising	8,820	22,548	31,368
Other operating revenue	122	3,799	3,921
Transfers in from other funds	234,558	703,672	938,230
Total local revenues	\$ 322,551	\$ 986,530	\$ 1,309,081

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Local Revenues

Schedule 1A
For the Year Ended September 30, 2017

	10/1/16 through 6/30/17	7/01/17 through 9/30/17	Total
Line haul - farebox	\$ 264,484	\$ 79,051	\$ 343,535
Advertising	15,790	8,820	24,610
Other operating revenue	2,673	122	2,795
Transfers in from other funds	753,672	234,558	988,230
Total local revenues	\$ 1,036,619	\$ 322,551	\$ 1,359,170

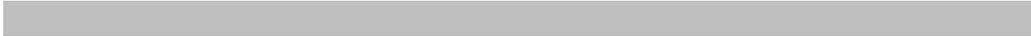
BATTLE CREEK TRANSIT SYSTEM

Schedule of Expenditures of Federal and State Awards

Schedule 2

For the Year Ended June 30, 2018

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-2018-006-00	\$ 1,089,708
Passed through Battle Creek Area Transportation Study - Sect 5303 Metropolitan Transportation Planning Program	20.505	2015-0001/Z6/R1	120,000
Michigan Department of Transportation			
Operating Assistance - Act 51 - Urban less than 100,000	N/A	N/A	1,461,654
Specialized Services 17	N/A	2017-0015/P1	92,624
Specialized Services 18	N/A	2017-0015/P5	92,624
Sect 5303 Metropolitan Transportation Planning Program	N/A	2015-0001/Z6	30,000
Total			



Current Year Expenditures			Prior Year Expenditures	Award Amount Remaining
Total	Federal	State		
\$ 1,089,708	\$ 1,089,708	\$ -	\$ -	\$ -
71,250	71,250	-	-	48,750
1,461,654	-	1,461,654	-	-
22,122	-	22,122	70,502	-
77,931	-	77,931	-	14,693
17,813	-	17,813	-	12,187
<u>\$ 2,740,478</u>	<u>\$ 1,160,958</u>	<u>\$ 1,579,520</u>	<u>\$ 70,502</u>	<u>\$ 75,630</u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Federal and State Awards

Schedule 2A

For the Year Ended June 30, 2018

	7/01/17 through 9/30/17	10/01/17 through 6/30/18	Total
Federal grant			
Operating grant - Section 5307	\$ -	\$ 1,089,708	\$ 1,089,708
State of Michigan grant			
Formula operating assistance	<u>361,932</u>	<u>1,099,722</u>	<u>1,461,654</u>
Total	<u>\$ 361,932</u>	<u>\$ 2,189,430</u>	<u>\$ 2,551,362</u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Federal and State Awards

Schedule 2B

Based on a September 30, 2017 Year End

	10/1/16 through 6/30/17	7/01/17 through 9/30/17	Total
Federal grant			
Operating grant - Section 5307	\$ 1,056,508	\$ -	\$ 1,056,508
State of Michigan grant			
Formula operating assistance	<u>1,142,329</u>	<u>361,932</u>	<u>1,504,261</u>
Total	<u>\$ 2,198,837</u>	<u>\$ 361,932</u>	<u>\$ 2,560,769</u>

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BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Operating and Contract Expenses
 Schedule 3
 For the Year Ended June 30, 2018

	Urban less than 100,000	2017-0015/P1 FY17 Specialized Services	2017-0015/P5 FY18 Specialized Services	Total
Expenses				
Labor:				
Operators' salaries and wages	\$ 1,307,463	\$ -	\$ -	\$ 1,307,463
Other salaries and wages	568,605	-	-	568,605
Fringe benefits	1,243,859	-	-	1,243,859
Pension	171,112	-	-	171,112
Services:				
Advertising	8,195	-	-	8,195
Other services	331,316	22,122	77,931	431,369
Materials and supplies:				
Fuel and lubricants	269,317	-	-	269,317
Other materials and supplies	329,379	-	-	329,379
Utilities	54,239	-	-	54,239
Insurance expense	180,711	-	-	180,711
Miscellaneous expenses:				
Travel, meetings and training	6,493	-	-	6,493
Association dues and subscriptions	11,861	-	-	11,861
Leases and rentals	11,034	-	-	11,034
Depreciation	271,433	-	-	271,433
Total expenses	4,765,017	22,122	77,931	4,865,070
Specialized services, planning, and capital expenses - Sect 5303 Metropolitan Transportation Planning Program 2015-0001/Z6/R1	(89,063)	-	-	(89,063)
Net operating expenses	\$ 4,675,954	\$ 22,122	\$ 77,931	\$ 4,776,007

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses Schedule 3A For the Year Ended June 30, 2018

	Urban less than 100,000		
	7/01/17 through 9/30/17	10/01/17 through 6/30/18	Total
Expenses			
Labor	\$ 491,472	\$ 1,384,596	\$ 1,876,068
Fringe benefits	306,432	937,427	1,243,859
Pension	-	171,112	171,112
Services	100,394	239,117	339,511
Materials and supplies	126,510	472,186	598,696
Utilities	7,760	46,479	54,239
Insurance expense	45,177	135,534	180,711
Miscellaneous expenses	10,777	7,577	18,354
Leases and rentals	741	10,293	11,034
Depreciation	67,858	203,575	271,433
Total expenses	1,157,121	3,607,896	4,765,017
Sect 5303 Metropolitan Transportation Planning Program 2015-0001/Z6/R1	-	(89,063)	(89,063)
Total operating expenses	1,157,121	3,518,833	4,675,954
Ineligible depreciation	\$ (67,858)	\$ (203,575)	\$ (271,433)
Other ineligible expenses	(17,565)	(52,692)	(70,257)
Ineligible percent of association dues	(1,287)	(841)	(2,128)
Other ineligible expenses associated w/aux & nontrans	(122)	(3,798)	(3,920)
Ineligible fringe benefits	-	(171,112)	(171,112)
Total eligible expenses	\$ 1,070,289	\$ 3,086,815	\$ 4,157,104

2017-0015/P1 FY17 Specialized Services			2017-0015/P5 FY18 Specialized Services			
7/01/17 through 9/30/17	10/01/17 through 6/30/18	Total	7/01/17 through 9/30/17	10/01/17 through 6/30/18	Total	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,876,068
-	-	-	-	-	-	1,243,859
-	-	-	-	-	-	171,112
22,122	-	22,122	-	77,931	77,931	439,564
-	-	-	-	-	-	598,696
-	-	-	-	-	-	54,239
-	-	-	-	-	-	180,711
-	-	-	-	-	-	18,354
-	-	-	-	-	-	11,034
-	-	-	-	-	-	271,433
22,122	-	22,122	-	77,931	77,931	4,865,070
-	-	-	-	-	-	(89,063)
22,122	-	22,122	-	77,931	77,931	4,776,007

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses

Schedule 3B

For the Year Ended September 30, 2017

	Urban less than 100,000		
	10/1/16 through 6/30/17	7/01/17 through 9/30/17	Total
Expenses			
Labor	\$ 1,394,047	\$ 491,472	\$ 1,885,519
Fringe benefits	822,588	306,432	1,129,020
Pension	394,008	-	394,008
Services	88,229	100,394	188,623
Materials and supplies	376,988	126,510	503,498
Utilities	32,820	7,760	40,580
Insurance expense	135,533	45,177	180,710
Miscellaneous expenses	8,605	10,777	19,382
Leases and rentals	9,004	741	9,745
Depreciation	206,122	67,858	273,980
Total expenses	3,467,944	1,157,121	4,625,065
Transfer out for telephone service	3,550	-	3,550
Capital contract MI-95-X096-00	76,796	-	76,796
Capital contract MI-34-0003/ 2015-0040-P7	(7,613)	-	(7,613)
Net operating expenses	3,540,677	1,157,121	4,697,798
Ineligible depreciation	\$ (206,122)	\$ (67,858)	\$ (273,980)
Other ineligible expenses	(37,641)	(17,565)	(55,206)
Ineligible percent of association dues	(824)	(1,287)	(2,111)
Other ineligible expenses associated w/aux & nontrans	(2,673)	(122)	(2,795)
Ineligible fringe benefits	(394,008)	-	(394,008)
Total eligible expenses	\$ 2,899,409	\$ 1,070,289	\$ 3,969,698

Unaudited



2017-0015/P1 FY17 Specialized Services			
10/1/16 through 6/30/17	7/01/17 through 9/30/17	Total	Total
\$ -	\$ -	\$ -	\$ 1,885,519
-	-	-	1,129,020
-	-	-	394,008
70,502	22,122	92,624	281,247
-	-	-	503,498
-	-	-	40,580
-	-	-	180,710
-	-	-	19,382
-	-	-	9,745
-	-	-	273,980
<u>70,502</u>	<u>22,122</u>	<u>92,624</u>	<u>4,717,689</u>
-	-	-	3,550
-	-	-	76,796
-	-	-	(7,613)
<u>70,502</u>	<u>22,122</u>	<u>92,624</u>	<u>4,790,422</u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Urban (Less than 100,000) Regular Service Revenue Report
 Schedule 4R
 For the Year Ended September 30, 2017

Code	Description	Amount
401	Farebox Revenue	
40100	Passenger Fares	\$ 343,535
406	Auxiliary Trans Revenues	
40615	Advertising	24,610
407	Non Trans Revenues	
40799	Other Non Trans Revenue	2,795
409	Local Revenue	
40910	Local Operating Assistance	988,230
411	State Formula and Contracts	
41101	State Operating Assistance	1,447,725
413	Federal Contracts	
41301	Federal Section 5311	<u>1,056,508</u>
Total revenues		<u><u>\$ 3,863,403</u></u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Urban (Less than 100,000) Regular Service Expense Report
 Schedule 4E
 For the Year Ended September 30, 2017

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501	Labor				
50101	Operators' salaries & wages	\$ 1,185,799	\$ -	\$ -	\$ 1,185,799
50102	Other salaries & wages	-	375,135	175,483	550,618
50103	Dispatchers' salaries & wages	149,102	-	-	149,102
502	Fringe benefits				
50200	Other fringe benefits	510,623	142,889	51,011	704,523
50220	Defined Benefit (DB) Pensions	278,553	98,941	441,011	818,505
503	Services				
50302	Advertising fees	-	-	9,724	9,724
50305	Audit cost	-	-	10,640	10,640
50399	Other services	84,586	51,609	101,247	237,442
504	Materials and supplies				
50401	Fuel & lubricants	222,449	-	-	222,449
50402	Tires & tubes	38,011	-	-	38,011
50404	Major supplies	193,576	1,522	-	195,098
50499	Other materials & supplies	6,505	19,783	21,652	47,940
505	Utilities				
50500	Utilities	-	-	44,130	44,130
506	Insurance				
50603	Liability insurance	126,878	-	-	126,878
50699	Other insurance	-	-	53,832	53,832
509	Misc expenses				
50902	Travel, meetings & training	1,883	679	5,299	7,861
50903	Association dues & subscriptions	-	-	11,521	11,521
512	Operating leases & rentals				
51200	Operating leases & rentals	7,297	405	2,043	9,745
513	Depreciation				
51300	Depreciation	273,980	-	-	<u>273,980</u>
Total expenses					4,697,798
550	Ineligible expenses				
55007	Ineligible depreciation	273,980	-	-	273,980
55008	Other ineligible expenses	-	-	55,206	55,206
55009	Ineligible percent of association dues	-	-	2,111	2,111
55010	Other ineligible expense associated w/aux & nontrans	-	-	2,795	2,795
58020	Ineligible fringe benefits	-	-	394,008	<u>394,008</u>
Total ineligible expenses					<u>728,100</u>
Total eligible expenses					<u>\$ 3,969,698</u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Urban (Less than 100,000) Regular Service Nonfinancial Report
Schedule 4N
For the Year Ended September 30, 2017

Public Service					
Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	35,509	3,453	-	38,962
611	Vehicle Miles	477,884	46,675	-	524,559

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, 2017

	Urban less than 100,000
Total expenses	<u>\$ 4,697,798</u>
Less ineligible expenses	
Depreciation on capital assets acquired with federal and state grants	273,980
Other ineligible expenses	55,206
Michigan Public Transit Association dues	824
American Public Transit Association dues	1,287
Other ineligible expense associated with auxiliary and nontransportation revenue	2,795
Ineligible fringe benefits	<u>394,008</u>
Total ineligible expenses per R & E Manual	<u>728,100</u>
Total eligible expenses	<u><u>\$ 3,969,698</u></u>
Eligible expenses for state reimbursement	\$ 3,969,698
x Reimbursement percentage	<u>38.9955%</u>
State operating assistance - calculated	<u><u>\$ 1,548,004</u></u>
State operating assistance - actual	<u><u>\$ 1,447,725</u></u>

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