

BATTLE CREEK TRANSIT SYSTEM

Year Ended
June 30, 2019

Financial
Statements

This page intentionally left blank.

BATTLE CREEK TRANSIT SYSTEM

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Statement of Net Position	4
Statement of Revenues, Expenses and Change in Fund Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Schedules	
Michigan Bureau of Passenger Transportation Schedules:	
Schedule 1 - Schedule of Local Revenues - Year Ended June 30, 2019	14
Schedule 1A - Schedule of Local Revenues - Year Ended September 30, 2018	15
Schedule 2 - Schedule of Expenditures of Federal and State Awards	16
Schedules 2A and B - Schedules of Federal and State Awards	18
Schedule 3 - Schedule of Operating and Contract Expenses	21
Schedule 3A - Schedule of Operating Expenses - Year Ended June 30, 2019	22
Schedule 3B - Schedule of Operating Expenses - Year Ended September 30, 2018	24
Schedule 4R - Urban (Less than 100,000) Regular Service Revenue Report	26
Schedule 4E - Urban (Less than 100,000) Regular Service Expense Report	27
Schedule 4N - Urban (Less than 100,000) Regular Service Nonfinancial Report (Unaudited)	28
Schedule 5 - Operating Assistance Calculation	29



This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

December 19, 2019

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, 2019, 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, 2019, 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 on the financial statements that collectively comprise the Authority's basic financial statements. The schedules required for the Michigan Bureau of Passenger Transportation (excluding the nonfinancial data schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule 4N - Urban (Less than 100,000) Regular Service Nonfinancial Report, as listed in the table of contents, is presented for purposes of additional analysis and is 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.

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

BASIC FINANCIAL STATEMENTS

BATTLE CREEK TRANSIT SYSTEM

Statement of Net Position

June 30, 2019

Assets

Current assets:

Due from other governments	\$ 1,383,740
Accounts receivable	288
Inventory	141,654
Total current assets	<u>1,525,682</u>

Noncurrent assets:

Capital assets not being depreciated	66,499
Capital assets being depreciated, net	2,093,776
Total noncurrent assets	<u>2,160,275</u>

Total assets 3,685,957

Deferred outflows of resources

Deferred pension amounts	845,156
Deferred other postemployment benefit amounts	286,186

Total deferred outflows of resources 1,131,342

Liabilities

Current liabilities:

Accounts payable	28,490
Compensated absences, current portion	63,715
Interfund payable to other funds of the City	1,114,750
Total current liabilities	<u>1,206,955</u>

Noncurrent liabilities:

Compensated absences	7,080
Net pension liability	6,174,086
Net other postemployment benefit liability	3,950,240
Total noncurrent liabilities	<u>10,131,406</u>

Total liabilities 11,338,361

Deferred inflows of resources

Deferred pension amounts	18,965
Deferred other postemployment benefit amounts	1,139,787

Total deferred inflows of resources 1,158,752

Net position

Investment in capital assets	2,160,275
Unrestricted deficit	<u>(9,840,089)</u>

Total net position (deficit) \$ (7,679,814)

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, 2019

Operating revenues	
Line-haul (farebox)	\$ 330,531
Advertising	8,768
Other operating revenue	<u>11,261</u>
Total operating revenues	<u>350,560</u>
Operating expenses	
Operations	3,054,116
Maintenance	700,787
General administration	874,545
Depreciation	<u>327,461</u>
Total operating expenses	<u>4,956,909</u>
Operating loss	<u>(4,606,349)</u>
Nonoperating revenues	
Federal grants:	
Operating grant - Section 5307	1,364,033
Planning grants	743,399
State grants:	
Formula operating assistance	1,634,269
Planning grants	<u>266,560</u>
Total nonoperating revenues	<u>4,008,261</u>
Net loss before transfers	(598,088)
Transfers in from other City funds	<u>938,230</u>
Change in net position	340,142
Net position (deficit), beginning of year	<u>(8,019,956)</u>
Net position (deficit), end of year	<u><u>\$ (7,679,814)</u></u>

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, 2019

Cash flows from operating activities	
Receipts from customers and users	\$ 353,274
Payments to suppliers	(1,038,618)
Payments to employees	(3,002,244)
Payments for interfund services	(136,917)
	<u>(3,824,505)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities	
Transfers in	938,230
Federal and state grants	3,756,462
	<u>4,694,692</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities	
Purchase of capital assets	(870,187)
	<u>(870,187)</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	\$ (4,606,349)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	327,461
Changes in assets and liabilities:	
Accounts receivable	2,714
Inventory	(52,416)
Other assets	405
Accounts payable	(32,299)
Compensated absences	11,347
Interfund payable to other funds of the City	206,468
Net pension liability	995,310
Deferred outflows related to the net pension liability	(416,516)
Deferred inflows related to the net pension liability	(161,920)
Net other postemployment benefit liability	434,073
Deferred outflows related to the net other postemployment benefit liability	(286,186)
Deferred inflows related to the net other postemployment benefit liability	(246,597)
	<u>(3,824,505)</u>
Net cash used in operating activities	<u><u>\$ (3,824,505)</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 and other postemployment benefit liabilities. A portion of these costs represent contributions to the pension 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, 2019, the System had a negative cash balance in the City's cash pool of \$1,114,750, 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, 2019, 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	19,989	-	2,916,698
Equipment	1,279,080	59,808	(18,050)	1,320,838
Vehicles	3,542,195	790,390	(901,126)	3,431,459
	<u>7,822,092</u>	<u>870,187</u>	<u>(919,176)</u>	<u>7,773,103</u>
Less accumulated depreciation for:				
Land improvements	(81,230)	(9,152)	-	(90,382)
Buildings	(1,881,945)	(111,841)	-	(1,993,786)
Equipment	(1,142,472)	(51,014)	18,050	(1,175,436)
Vehicles	(3,165,395)	(155,454)	901,126	(2,419,723)
	<u>(6,271,042)</u>	<u>(327,461)</u>	<u>919,176</u>	<u>(5,679,327)</u>
Total capital assets being depreciated, net	<u>1,551,050</u>	<u>542,726</u>	<u>-</u>	<u>2,093,776</u>
System capital assets, net	<u>\$ 1,617,549</u>	<u>\$ 542,726</u>	<u>\$ -</u>	<u>\$ 2,160,275</u>

At June 30, 2019, the System had outstanding commitments through a construction contract of \$408,103 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.

Depreciation expense included as eligible only includes assets purchased with local funds where the useful life of the asset was determined pursuant to Appendix A of the Local Public Transit Revenue and Expense Manual or approved by the Office of Passenger Transportation (OPT).

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.

During the fiscal year, the System paid \$456,710 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 \$416,874 during the fiscal year based on GASB 68. For the plan year October 1, 2017 through September 30, 2018, the System paid \$451,928 in defined benefit pension contributions based on ADC which was included in charge code 50220, and the amount expensed based on GASB 68 was \$171,112 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 17 of the City of Battle Creek's financial statements.

During the fiscal year, the System decreased expenses by \$98,710 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 18 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 and state governments. Any disallowed or ineligible 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.



This page intentionally left blank.

**SUPPLEMENTARY SCHEDULES
MICHIGAN BUREAU OF PASSENGER
TRANSPORTATION SCHEDULES**

BATTLE CREEK TRANSIT SYSTEM

Schedule of Local Revenues

Schedule 1

For the Year Ended June 30, 2019

	7/01/18 through 9/30/18	10/01/18 through 6/30/19	Total
Line haul - farebox	\$ 78,155	\$ 252,376	\$ 330,531
Advertising	2,712	6,056	8,768
Other operating revenue	2,629	8,632	11,261
Transfers in from other funds	234,557	703,673	938,230
Total local revenues	<u>\$ 318,053</u>	<u>\$ 970,737</u>	<u>\$ 1,288,790</u>

BATTLE CREEK TRANSIT SYSTEM

Schedule of Local Revenues

Schedule 1A

For the Year Ended September 30, 2018

	10/01/17 through 6/30/18	7/01/18 through 9/30/18	Total
Line haul - farebox	\$ 256,511	\$ 78,155	\$ 334,666
Advertising	22,548	2,712	25,260
Other operating revenue	3,799	2,629	6,428
Transfers in from other funds	703,672	234,557	938,229
Total local revenues	<u>\$ 986,530</u>	<u>\$ 318,053</u>	<u>\$ 1,304,583</u>

BATTLE CREEK TRANSIT SYSTEM

Schedule of Expenditures of Federal and State Awards

Schedule 2

For the Year Ended June 30, 2019

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-2019-017-01	\$ 1,364,033
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
FY15 Sect 5339 Bus & Bus Facilities Formula	20.526	MI-34-0003-03	96,528
FY16 Sect 5307 CMAQ	20.507	MI-2016-020-02	247,877
FY16 Sect 5307 STUL	20.507	MI-2016-020-03	196,000
FY17 Sect 5307 Local Urbanized Area & CMAQ	20.507	MI-2017-017-02	177,858
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	1,634,269
Specialized Services 18	N/A	2017-0015/P5	92,624
Specialized Services 19	N/A	2017-0015/P7	92,624
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
FY15 Sect 5339 Bus & Bus Facilities Formula	N/A	2012-0040/P13	24,132
FY16 Sect 5307 CMAQ	N/A	2012-0040/P15	61,969
FY16 Sect 5307 STUL	N/A	2012-0040/P15	49,000
FY17 Sect 5307 Local Urbanized Area & CMAQ	N/A	2017-0015/P3	44,464
Passed through Battle Creek Area Transportation Study - 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		
\$ 1,364,033	\$ 1,364,033	\$ -	\$ -	\$ -
15,991	15,991	-	64,717	14,738
10,276	10,276	-	60,398	25,851
47,846	47,846	-	20,960	27,722
247,877	247,877	-	-	-
196,000	196,000	-	-	-
177,858	177,858	-	-	-
47,551	47,551	-	71,250	1,199
1,634,269	-	1,634,269	-	-
14,693	-	14,693	77,931	-
66,019	-	66,019	-	26,605
3,998	-	3,998	16,179	3,684
2,569	-	2,569	15,099	6,463
11,962	-	11,962	5,240	6,930
61,969	-	61,969	-	-
49,000	-	49,000	-	-
44,464	-	44,464	-	-
11,886	-	11,886	17,813	301
<u>\$ 4,008,261</u>	<u>\$ 2,107,432</u>	<u>\$ 1,900,829</u>	<u>\$ 349,587</u>	<u>\$ 113,493</u>

BATTLE CREEK TRANSIT SYSTEM

Schedule of Federal and State Awards

Schedule 2A

For the Year Ended June 30, 2019

	7/01/18 through 9/30/18	10/01/18 through 6/30/19	Total
Federal grant			
Operating grant - Section 5307	\$ -	\$ 1,364,033	\$ 1,364,033
State of Michigan grant			
Formula operating assistance	<u>363,033</u>	<u>1,271,236</u>	<u>1,634,269</u>
Total	<u>\$ 363,033</u>	<u>\$ 2,635,269</u>	<u>\$ 2,998,302</u>

BATTLE CREEK TRANSIT SYSTEM

Schedule of Federal and State Awards

Schedule 2B

Based on a September 30, 2018 Year End

	10/01/17 through 6/30/18	7/01/18 through 9/30/18	Total
Federal grant			
Operating grant - Section 5307	\$ 1,089,708	\$ -	\$ 1,089,708
State of Michigan grant			
Formula operating assistance	<u>1,099,722</u>	<u>363,033</u>	<u>1,462,755</u>
Total	<u>\$ 2,189,430</u>	<u>\$ 363,033</u>	<u>\$ 2,552,463</u>

This page intentionally left blank.

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating and Contract Expenses

Schedule 3

For the Year Ended June 30, 2019

	Urban less than 100,000	2017-0015/P5 FY18 Specialized Services	2017-0015/P7 FY19 Specialized Services	Total
Expenses				
Labor:				
Operators' salaries and wages	\$ 1,341,198	\$ -	\$ -	\$ 1,341,198
Other salaries and wages	556,839	-	-	556,839
Fringe benefits	1,322,022	-	-	1,322,022
Pension	318,164	-	-	318,164
Services:				
Advertising	2,804	-	-	2,804
Other services	312,792	14,693	66,019	393,504
Materials and supplies:				
Fuel and lubricants	275,833	-	-	275,833
Other materials and supplies	242,615	-	-	242,615
Utilities	72,335	-	-	72,335
Insurance expense	79,862	-	-	79,862
Miscellaneous expenses:				
Travel, meetings and training	2,494	-	-	2,494
Association dues and subscriptions	10,208	-	-	10,208
Taxes and fees	195	-	-	195
Leases and rentals	11,375	-	-	11,375
Depreciation	327,461	-	-	327,461
Total expenses	4,876,197	14,693	66,019	4,956,909
Specialized services, planning, and capital expenses:				
Sect 5303 Metropolitan Transportation Planning Program 2015-0001/Z6/R1	(59,437)	-	-	(59,437)
FY14 Sect 5339 Bus & Bus Facilities Formula MI-34-0003-02/2012-0040/P11	(12,845)	-	-	(12,845)
Net operating expenses	\$ 4,803,915	\$ 14,693	\$ 66,019	\$ 4,884,627

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses Schedule 3A For the Year Ended June 30, 2019

	Urban less than 100,000		
	7/01/18 through 9/30/18	10/01/18 through 6/30/19	Total
Expenses			
Labor	\$ 512,699	\$ 1,385,338	\$ 1,898,037
Fringe benefits	362,125	959,897	1,322,022
Pension	-	318,164	318,164
Services	90,670	224,926	315,596
Materials and supplies	190,241	328,207	518,448
Utilities	12,351	59,984	72,335
Insurance expense	19,968	59,894	79,862
Miscellaneous expenses	6,160	6,737	12,897
Leases and rentals	573	10,802	11,375
Depreciation	81,865	245,596	327,461
Total expenses	1,276,652	3,599,545	4,876,197
Sect 5303 Metropolitan Transportation Planning Program 2015-0001/Z6/R1	(8,519)	(50,918)	(59,437)
FY14 Sect 5339 Bus & Bus Facilities Formula MI-34-0003-02/2012-0040/P11	(12,845)	-	(12,845)
Total operating expenses	1,255,288	3,548,627	4,803,915
Ineligible depreciation	(75,254)	(240,638)	(315,892)
Other ineligible expenses	(18,336)	(52,376)	(70,712)
Ineligible percent of association dues	(950)	(781)	(1,731)
Other ineligible expense associated with auxiliary and nontransportation revenue	(2,629)	(8,633)	(11,262)
Ineligible fringe benefits	-	(318,164)	(318,164)
Total eligible expenses	\$ 1,158,119	\$ 2,928,035	\$ 4,086,154

2017-0015/P5 FY18 Specialized Services			2017-0015/P7 FY19 Specialized Services			
7/01/18 through 9/30/18	10/01/18 through 6/30/19	Total	7/01/18 through 9/30/18	10/01/18 through 6/30/19	Total	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,898,037
-	-	-	-	-	-	1,322,022
-	-	-	-	-	-	318,164
14,693	-	14,693	-	66,019	66,019	396,308
-	-	-	-	-	-	518,448
-	-	-	-	-	-	72,335
-	-	-	-	-	-	79,862
-	-	-	-	-	-	12,897
-	-	-	-	-	-	11,375
-	-	-	-	-	-	327,461
14,693	-	14,693	-	66,019	66,019	4,956,909
-	-	-	-	-	-	(59,437)
-	-	-	-	-	-	(12,845)
<u>\$ 14,693</u>	<u>\$ -</u>	<u>\$ 14,693</u>	<u>\$ -</u>	<u>\$ 66,019</u>	<u>\$ 66,019</u>	<u>\$ 4,884,627</u>

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses

Schedule 3B

For the Year Ended September 30, 2018

	Urban less than 100,000		
	10/01/17 through 6/30/18	7/01/18 through 9/30/18	Total
Expenses			
Labor	\$ 1,384,596	\$ 512,699	\$ 1,897,295
Fringe benefits	937,427	362,125	1,299,552
Pension	171,112	-	171,112
Services	239,117	90,670	329,787
Materials and supplies	472,186	190,241	662,427
Utilities	46,479	12,351	58,830
Insurance expense	135,534	19,968	155,502
Miscellaneous expenses	7,577	6,160	13,737
Leases and rentals	10,293	573	10,866
Depreciation	203,575	81,865	285,440
Total expenses	3,607,896	1,276,652	4,884,548
Sect 5303 Metropolitan Transportation Planning Program 2015-0001/Z6/R1	(89,063)	(8,519)	(97,582)
FY14 Sect 5339 Bus & Bus Facilities Formula MI-34-0003-02/2012-0040/P11	-	(12,845)	(12,845)
Net operating expenses	3,518,833	1,255,288	4,774,121
Ineligible depreciation	(203,575)	(75,254)	(278,829)
Other ineligible expenses	(52,692)	(18,336)	(71,028)
Ineligible percent of association dues	(841)	(950)	(1,791)
Other ineligible expense associated with auxiliary and nontransportation revenue	(3,799)	(2,629)	(6,428)
Ineligible fringe benefits	(171,112)	-	(171,112)
Total eligible expenses	\$ 3,086,814	\$ 1,158,119	\$ 4,244,933



2017-0015/P5 FY18 Specialized Services			
10/01/17 through 6/30/18	7/01/18 through 9/30/18	Total	Total
\$ -	\$ -	\$ -	\$ 1,897,295
-	-	-	1,299,552
-	-	-	171,112
77,931	14,693	92,624	422,411
-	-	-	662,427
-	-	-	58,830
-	-	-	155,502
-	-	-	13,737
-	-	-	10,866
-	-	-	285,440
<hr/>	<hr/>	<hr/>	<hr/>
77,931	14,693	92,624	4,977,172
-	-	-	(97,582)
-	-	-	(12,845)
<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 77,931</u>	<u>\$ 14,693</u>	<u>\$ 92,624</u>	<u>\$ 4,866,745</u>

BATTLE CREEK TRANSIT SYSTEM

Urban (Less than 100,000) Regular Service Revenue Report
Schedule 4R
For the Year Ended September 30, 2018

Code	Description	Amount
401	Farebox Revenue	
40100	Passenger Fares	\$ 334,666
406	Auxiliary Trans Revenues	
40615	Advertising	25,260
407	Non Trans Revenues	
40799	Other Non Trans Revenue	6,428
409	Local Revenue	
40910	Local Operating Assistance	938,229
411	State Formula and Contracts	
41101	State Operating Assistance	1,452,141
413	Federal Contracts	
41301	Federal Section 5311	<u>1,089,708</u>
Total revenues		<u>\$ 3,846,432</u>

BATTLE CREEK TRANSIT SYSTEM

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

Schedule 4E

For the Year Ended September 30, 2018

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501	Labor				
50101	Operators' salaries & wages	\$ 1,128,017	\$ -	\$ -	\$ 1,128,017
50102	Other salaries & wages	-	395,244	182,202	577,446
50103	Dispatchers' salaries & wages	191,832	-	-	191,832
502	Fringe benefits				
50200	Other fringe benefits	618,226	172,414	56,984	847,624
50220	Defined Benefit (DB) Pensions	300,774	102,105	220,161	623,040
503	Services				
50302	Advertising fees	-	-	6,294	6,294
50305	Audit cost	-	-	11,430	11,430
50399	Other services	52,629	38,451	123,401	214,481
504	Materials and supplies				
50401	Fuel & lubricants	285,206	59	-	285,265
50402	Tires & tubes	43,530	-	-	43,530
50404	Major supplies	-	-	1,884	1,884
50499	Other materials & supplies	276,060	27,349	15,494	318,903
505	Utilities				
50500	Utilities	-	-	58,830	58,830
506	Insurance				
50603	Liability insurance	114,474	-	-	114,474
50699	Other insurance	-	-	41,028	41,028
509	Misc expenses				
50902	Travel, meetings & training	168	2,718	798	3,684
50903	Association dues & subscriptions	-	-	10,053	10,053
512	Operating leases & rentals				
51200	Operating leases & rentals	8,307	476	2,083	10,866
513	Depreciation				
51300	Depreciation	285,440	-	-	<u>285,440</u>
Total expenses					4,774,121
550	Ineligible expenses				
55007	Ineligible depreciation	278,829	-	-	278,829
55008	Other ineligible expenses	-	-	71,028	71,028
55009	Ineligible percent of association dues	-	-	1,791	1,791
55010	Other ineligible expense associated with auxiliary and nontransportation revenue	-	-	6,428	6,428
58020	Ineligible fringe benefits	-	-	171,112	<u>171,112</u>
Total ineligible expenses					<u>529,188</u>
Total eligible expenses					<u><u>\$ 4,244,933</u></u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Urban (Less than 100,000) Regular Service Nonfinancial Report
Schedule 4N
For the Year Ended September 30, 2018

Public Service					
Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	36,068	3,392	-	39,460
611	Vehicle Miles	486,788	47,528	-	534,316

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

Note: This Schedule is considered unaudited as there were no procedures performed on nonfinancial data.

BATTLE CREEK TRANSIT SYSTEM

Operating Assistance Calculation Schedule 5 For the Year Ended September 30, 2018

	Urban less than 100,000
Total expenses	<u>\$ 4,774,121</u>
Less ineligible expenses	
Depreciation on capital assets acquired with federal and state grants	278,829
Other ineligible expenses	71,028
Michigan Public Transit Association dues	841
American Public Transit Association dues	950
Other ineligible expense associated with auxiliary and nontransportation revenue	6,428
Ineligible fringe benefits	<u>171,112</u>
Total ineligible expenses per R & E Manual	<u>529,188</u>
Total eligible expenses	<u><u>\$ 4,244,933</u></u>
Eligible expenses for state reimbursement	\$ 4,244,933
x Reimbursement percentage	<u>40.2653%</u>
State operating assistance - calculated	<u><u>\$ 1,709,235</u></u>
State operating assistance - actual	<u><u>\$ 1,452,141</u></u>

This page intentionally left blank.