

BATTLE CREEK TRANSIT SYSTEM

Year Ended
June 30, 2017

Financial
Statements

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BATTLE CREEK TRANSIT SYSTEM

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INDEPENDENT AUDITORS' REPORT

December 22, 2017

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, 2017, 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, 2017, 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 Lobson LLC". The signature is written in a cursive, flowing style.

FINANCIAL STATEMENTS

BATTLE CREEK TRANSIT SYSTEM

Statement of Net Position

June 30, 2017

Assets

Current assets:

Grants receivable	\$ 1,162,773
Accounts receivable	80
Inventory	83,669
Total current assets	<u>1,246,522</u>

Noncurrent assets -

Capital assets, net	<u>1,689,704</u>
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Total assets

2,936,226

Deferred outflows of resources

Deferred pension amounts	<u>828,523</u>
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Liabilities

Current liabilities:

Accounts payable	81,838
Accrued payroll	742
Compensated absences, current portion	63,037
Interfund payable to other funds of the City	324,409
Total current liabilities	<u>470,026</u>

Noncurrent liabilities:

Compensated absences	7,004
Net pension liability	5,460,020
Total noncurrent liabilities	<u>5,467,024</u>

Total liabilities

5,937,050

Deferred inflows of resources

Deferred pension amounts	<u>85,404</u>
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Net position

Investment in capital assets	1,689,704
Unrestricted deficit	<u>(3,947,409)</u>

Total net position

\$ (2,257,705)

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, 2017

Operating revenues	
Line-haul (farebox)	\$ 348,921
Advertising	24,210
Other operating revenue	5,169
	<hr/>
Total operating revenues	378,300
	<hr/>
Operating expenses	
Operations	2,915,842
Maintenance	692,711
General administration	905,508
Depreciation	274,829
	<hr/>
Total operating expenses	4,788,890
	<hr/>
Operating loss	(4,410,590)
	<hr/>
Nonoperating revenues (expenses)	
Federal grants:	
Operating grant - Section 5307	1,056,508
Planning grants	88,487
State grants:	
Formula operating assistance	1,474,841
Planning grants	100,043
Loss on disposal of capital assets	(2,917)
	<hr/>
Total nonoperating revenues	2,716,962
	<hr/>
Net loss before transfers	(1,693,628)
	<hr/>
Transfers in from other City funds	938,230
	<hr/>
Transfers out to other City funds	(4,734)
	<hr/>
Change in net position	(760,132)
	<hr/>
Net position, beginning of year	(1,497,573)
	<hr/>
Net position, end of year	\$ (2,257,705)
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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, 2017

Cash flows from operating activities	
Receipts from customers and users	\$ 466,016
Payments to suppliers	(1,049,762)
Payments to employees	(2,962,648)
Payments for interfund services	(3,985)
	<hr/>
Net cash used in operating activities	(3,550,379)
	<hr/>
Cash flows from noncapital financing activities	
Transfers in	938,230
Transfers out	(4,734)
Federal and state grants	2,719,879
	<hr/>
Net cash provided by noncapital financing activities	3,653,375
	<hr/>
Cash flows from capital and related financing activities	
Purchase of capital assets	(102,996)
	<hr/>
Net change in pooled cash and investments	-
Pooled cash and investments, beginning of year	-
	<hr/>
Pooled cash and investments, end of year	\$ -
	<hr/> <hr/>
Reconciliation of operating loss	
to net cash used in operating activities	
Operating loss	\$ (4,410,590)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	274,829
Changes in assets and liabilities:	
Grants receivable	87,796
Accounts receivable	(80)
Inventory	(5,137)
Accounts payable and accrued liabilities	30,143
Compensated absences	(7,069)
Interfund payable to other funds of the City	85,721
Net pension liability and related deferred amounts	394,008
	<hr/>
Net cash used in operating activities	\$ (3,550,379)
	<hr/> <hr/>

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 plan.

Pensions

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

2. 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, 2017, the System had a negative cash balance in the City's cash pool of \$324,409, 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, 2017, 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	1,252,880	26,200	-	1,279,080
Vehicles	4,099,266	76,796	(307,193)	3,868,869
	<u>8,352,963</u>	<u>102,996</u>	<u>(307,193)</u>	<u>8,148,766</u>
Less accumulated depreciation for:				
Land improvements	(62,926)	(9,152)	-	(72,078)
Buildings	(1,659,264)	(111,341)	-	(1,770,605)
Equipment	(1,040,469)	(50,972)	-	(1,091,441)
Vehicles	(3,792,349)	(103,364)	304,276	(3,591,437)
	<u>(6,555,008)</u>	<u>(274,829)</u>	<u>304,276</u>	<u>(6,525,561)</u>
Total capital assets being depreciated, net	<u>1,797,955</u>	<u>(171,833)</u>	<u>(2,917)</u>	<u>1,623,205</u>
System capital assets, net	<u>\$ 1,864,454</u>	<u>\$ (171,833)</u>	<u>\$ (2,917)</u>	<u>\$ 1,689,704</u>

At June 30, 2017, the System had outstanding commitments through a construction contract of \$209,319 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 5508 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 \$412,627 in defined benefit pension contributions. This amount is based on the actuarial required contribution (ARC) 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 \$394,008 during the fiscal year based on GASB 68. For the plan year October 1, 2015 through September 30, 2016, the System paid \$388,930 in defined benefit pension contributions based on ARC which was included in charge code 50220, and the amount expensed based on GASB 68 was \$407,576 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.

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.



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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, 2017

	7/01/16 through 9/30/16	10/01/16 through 6/30/17	Total
Line haul - farebox	\$ 84,437	\$ 264,484	\$ 348,921
Advertising	8,420	15,790	24,210
Other operating revenue	2,496	2,673	5,169
Transfers in	184,558	753,672	938,230
Total local revenues	\$ 279,911	\$ 1,036,619	\$ 1,316,530

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Local Revenues

Schedule 1A

For the Year Ended September 30, 2016

	10/1/15 through 6/30/16	7/01/16 through 9/30/16	Total
Line haul - farebox	\$ 279,507	\$ 84,437	\$ 363,944
Advertising	18,910	8,420	27,330
Other operating revenue	1,560	2,496	4,056
Transfers in from other funds	703,672	184,558	888,230
Total local revenues	\$ 1,003,649	\$ 279,911	\$ 1,283,560

BATTLE CREEK TRANSIT SYSTEM

Schedule of Expenditures of Federal and State Awards

Schedule 2

For the Year Ended June 30, 2017

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-2017-017-00	\$ 1,056,508
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
FY15 Sect 5339 Bus & Bus Facilities Formula	20.526	MI-34-0003-03	96,528
Michigan Department of Transportation			
Operating Assistance - Act 51 - Urban less than 100,000	N/A	N/A	1,474,841
Specialized Services 16	N/A	2012-0040/P14	92,624
Specialized Services 17	N/A	2017-0015/P1	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
FY15 Sect 5339 Bus & Bus Facilities Formula	N/A	2012-0040/P13	24,132
Total			

Current Year Expenditures			Prior Year Expenditures	Award Amount Remaining
Total	Federal	State		
\$ 1,056,508	\$ 1,056,508	\$ -	\$ -	\$ -
61,437	61,437	-	36,671	1,092
6,090	6,090	-	58,627	30,729
-	-	-	60,398	36,127
20,960	20,960	-	-	75,568
1,474,841	-	1,474,841	-	-
8,399	-	8,399	84,225	-
70,502	-	70,502	-	22,122
14,379	-	14,379	9,168	1,253
1,523	-	1,523	14,656	7,682
-	-	-	15,099	9,032
5,240	-	5,240	-	18,892
<u>\$ 2,719,879</u>	<u>\$ 1,144,995</u>	<u>\$ 1,574,884</u>	<u>\$ 278,844</u>	<u>\$ 202,497</u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Federal and State Awards

Schedule 2A

For the Year Ended June 30, 2017

	7/01/16 through 9/30/16	10/01/16 through 6/30/17	Total
Federal grant			
Operating grant - Section 5307	\$ -	\$ 1,056,508	\$ 1,056,508
State of Michigan grant			
Formula operating assistance	332,512	1,142,329	1,474,841
Total	<u>\$ 332,512</u>	<u>\$ 2,198,837</u>	<u>\$ 2,531,349</u>

BATTLE CREEK TRANSIT SYSTEM

Schedule of Federal and State Awards

Schedule 2B

Based on a September 30, 2016 Year End

	10/1/15 through 6/30/16	7/01/16 through 9/30/16	Total
Federal grant			
Operating grant - Section 5307	\$ 1,041,016	\$ -	\$ 1,041,016
State of Michigan grant			
Formula operating assistance	<u>1,171,297</u>	<u>332,512</u>	<u>1,503,809</u>
Total	<u><u>\$ 2,212,313</u></u>	<u><u>\$ 332,512</u></u>	<u><u>\$ 2,544,825</u></u>

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BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Operating and Contract Expenses
 Schedule 3
 For the Year Ended June 30, 2017

	Urban less than 100,000	2012-0040/P14 FY16 Specialized Services	2017-0015/P1 FY17 Specialized Services	Total
Expenses				
Labor:				
Operators' salaries and wages	\$ 1,352,137	\$ -	\$ -	\$ 1,352,137
Other salaries and wages	550,101	-	-	550,101
Fringe benefits	1,139,062	-	-	1,139,062
Pension	394,008	-	-	394,008
Services:				
Advertising	10,465	-	-	10,465
Other services	239,830	8,399	70,502	318,731
Materials and supplies:				
Fuel and lubricants	216,280	-	-	216,280
Other materials and supplies	290,235	-	-	290,235
Utilities	37,707	-	-	37,707
Insurance expense	180,711	-	-	180,711
Miscellaneous expenses:				
Travel, meetings and training	4,198	-	-	4,198
Association dues and subscriptions	10,717	-	-	10,717
Leases and rentals	9,709	-	-	9,709
Depreciation	274,829	-	-	274,829
Total expenses	4,709,989	8,399	70,502	4,788,890
Transfer out for telephone service	4,734	-	-	4,734
Specialized services, planning, and capital expenses - Capital contract MI-34-0003/ 2015-0040-P7	(7,613)	-	-	(7,613)
Net operating expenses	\$ 4,707,110	\$ 8,399	\$ 70,502	\$ 4,786,011

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses

Schedule 3A

For the Year Ended June 30, 2017

	Urban less than 100,000		
	7/01/16 through 9/30/16	10/01/16 through 6/30/17	Total
Expenses			
Labor	\$ 508,191	\$ 1,394,047	\$ 1,902,238
Fringe benefits	316,474	822,588	1,139,062
Pension	-	394,008	394,008
Services	162,066	88,229	250,295
Materials and supplies	129,527	376,988	506,515
Utilities	4,887	32,820	37,707
Insurance expense	45,178	135,533	180,711
Miscellaneous expenses	6,310	8,605	14,915
Leases and rentals	705	9,004	9,709
Depreciation	68,707	206,122	274,829
Total expenses	1,242,045	3,467,944	4,709,989
Transfer out for telephone service	1,184	3,550	4,734
Capital contract MI-95-X096-00	(76,796)	76,796	-
Capital contract MI-34-0003/ 2015-0040-P7	-	(7,613)	(7,613)
Total operating expenses	\$ 1,166,433	\$ 3,540,677	\$ 4,707,110
Ineligible depreciation	\$ (68,707)	\$ (206,122)	\$ (274,829)
Other ineligible expenses	(12,547)	(37,641)	(50,188)
Ineligible percent of association dues	(1,135)	(824)	(1,959)
Other ineligible expenses associated w/aux & nontrans	(2,496)	(2,673)	(5,169)
Ineligible fringe benefits	-	(394,008)	(394,008)
Total eligible expenses	\$ 1,081,548	\$ 2,899,409	\$ 3,980,957

2012-0040/P14 FY16 Specialized Services			2017-0015/P1 FY17 Specialized Services			
7/01/16 through 9/30/16	10/01/16 through 6/30/17	Total	7/01/16 through 9/30/16	10/01/16 through 6/30/17	Total	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,902,238
-	-	-	-	-	-	1,139,062
-	-	-	-	-	-	394,008
8,399	-	8,399	-	70,502	70,502	329,196
-	-	-	-	-	-	506,515
-	-	-	-	-	-	37,707
-	-	-	-	-	-	180,711
-	-	-	-	-	-	14,915
-	-	-	-	-	-	9,709
-	-	-	-	-	-	274,829
8,399	-	8,399	-	70,502	70,502	4,788,890
-	-	-	-	-	-	4,734
-	-	-	-	-	-	-
-	-	-	-	-	-	(7,613)
<u>\$ 8,399</u>	<u>\$ -</u>	<u>\$ 8,399</u>	<u>\$ -</u>	<u>\$ 70,502</u>	<u>\$ 70,502</u>	<u>\$ 4,786,011</u>

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses

Schedule 3B

For the Year Ended September 30, 2016

	Urban less than 100,000		
	10/1/15 through 6/30/16	7/01/16 through 9/30/16	Total
Expenses			
Labor	\$ 1,299,682	\$ 508,191	\$ 1,807,873
Fringe benefits	808,761	316,474	1,125,235
Pension	407,576	-	407,576
Services	29,008	162,066	191,074
Materials and supplies	301,217	129,527	430,744
Utilities	27,519	4,887	32,406
Insurance expense	134,191	45,178	179,369
Miscellaneous expenses	6,024	6,310	12,334
Leases and rentals	9,368	705	10,073
Depreciation	252,521	68,707	321,228
Total expenses	3,275,867	1,242,045	4,517,912
Transfer out for telephone service	3,550	1,184	4,734
ARRA capital contract MI-96-X018-00	62,727	-	62,727
Capital contract MI-95-X096-00	7,476	(76,796)	(69,320)
Capital contract MI-34-0003-02/2012-0040-P11	29,254	-	29,254
Net operating expenses	\$ 3,378,874	\$ 1,166,433	\$ 4,545,307
Ineligible depreciation	\$ (252,521)	\$ (68,707)	\$ (321,228)
Other ineligible expenses	-	(12,547)	(12,547)
Ineligible percent of association dues	(916)	(1,135)	(2,051)
Other ineligible expenses associated w/aux & nontrans	(1,560)	(2,496)	(4,056)
Ineligible fringe benefits	(407,576)	-	(407,576)
Total eligible expenses	\$ 2,716,301	\$ 1,081,548	\$ 3,797,849

Unaudited



2012-0040/P12 FY16 Specialized Services			
10/1/15 through 6/30/16	7/01/16 through 9/30/16	Total	Total
\$ -	\$ -	\$ -	\$ 1,807,873
-	-	-	1,125,235
-	-	-	407,576
84,225	8,399	92,624	283,698
-	-	-	430,744
-	-	-	32,406
-	-	-	179,369
-	-	-	12,334
-	-	-	10,073
-	-	-	321,228
<hr/>	<hr/>	<hr/>	<hr/>
84,225	8,399	92,624	4,610,536
-	-	-	4,734
-	-	-	62,727
-	-	-	(69,320)
-	-	-	29,254
<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 84,225</u>	<u>\$ 8,399</u>	<u>\$ 92,624</u>	<u>\$ 4,637,931</u>

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Urban (Less than 100,000) Regular Service Revenue Report
Schedule 4R
For the Year Ended September 30, 2016

Code	Description	Amount
401	Farebox Revenue	
40100	Passenger Fares	\$ 363,944
406	Auxiliary Trans Revenues	
40615	Advertising	27,330
407	Non Trans Revenues	
40799	Other Non Trans Revenue	4,056
409	Local Revenue	
40910	Local Operating Assistance	888,230
411	State Formula and Contracts	
41101	State Operating Assistance	1,330,045
413	Federal Contracts	
41301	Federal Section 5311	<u>1,041,016</u>
Total revenues		<u><u>\$ 3,654,621</u></u>

BATTLE CREEK TRANSIT SYSTEM

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

Schedule 4E

For the Year Ended September 30, 2016

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501	Labor				
50101	Operators' salaries & wages	\$ 1,080,904	\$ -	\$ -	\$ 1,080,904
50102	Other salaries & wages	-	357,725	218,610	576,335
50103	Dispatchers' salaries & wages	150,634	-	-	150,634
502	Fringe benefits				
50200	Other fringe benefits	537,905	147,318	51,082	736,305
50220	Pensions	235,184	106,317	47,429	388,930
58020	Defined Benefit (DB) Pensions	-	-	407,576	407,576
503	Services				
50302	Advertising fees	-	-	9,112	9,112
50305	Audit cost	-	-	10,810	10,810
50399	Other services	72,572	39,093	59,487	171,152
504	Materials and supplies				
50401	Fuel & lubricants	204,679	-	-	204,679
50402	Tires & tubes	39,292	-	-	39,292
50404	Major supplies	159,740	3,454	6,559	169,753
50499	Other materials & supplies	3,914	19,888	15,879	39,681
505	Utilities				
50500	Utilities	-	-	37,140	37,140
506	Insurance				
50603	Liability insurance	125,937	-	-	125,937
50699	Other insurance	-	-	53,432	53,432
509	Misc expenses				
50902	Travel, meetings & training	-	-	2,621	2,621
50903	Association dues & subscriptions	-	-	9,713	9,713
512	Operating leases & rentals				
51200	Operating leases & rentals	7,218	462	2,393	10,073
513	Depreciation				
51300	Depreciation	321,228	-	-	<u>321,228</u>
Total expenses					4,545,307
550	Ineligible expenses				
55007	Ineligible depreciation	321,228	-	-	321,228
55008	Other ineligible expenses	-	-	12,547	12,547
55009	Ineligible percent of association dues	-	-	2,051	2,051
55010	Other ineligible expense associated w/aux & nontrans	-	-	4,056	4,056
58020	Ineligible fringe benefits	-	-	407,576	<u>407,576</u>
Total ineligible expenses					<u>747,458</u>
Total eligible expenses					<u><u>\$ 3,797,849</u></u>

BATTLE CREEK TRANSIT SYSTEM

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

Schedule 4N

For the Year Ended September 30, 2016

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	36,053	3,455	-	39,508
611	Vehicle Miles	472,079	47,254	-	519,333

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, 2016

	Urban less than 100,000
Total expenses	<u>\$ 4,545,307</u>
Less ineligible expenses	
Depreciation on capital assets acquired with federal and state grants	321,228
Other ineligible expenses	12,547
Michigan Public Transit Association dues	916
American Public Transit Association dues	1,135
Other ineligible expense associated with auxiliary and nontransportation revenue	4,056
Ineligible fringe benefits	<u>407,576</u>
Total ineligible expenses per R & E Manual	<u>747,458</u>
Total eligible expenses	<u><u>\$ 3,797,849</u></u>
Eligible expenses for state reimbursement	\$ 3,797,849
x Reimbursement percentage	<u>0.370101</u>
State operating assistance - calculated	<u><u>\$ 1,405,588</u></u>
State operating assistance - actual	<u><u>\$ 1,330,045</u></u>

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