

BATTLE CREEK TRANSIT SYSTEM

Year Ended
June 30, 2015

Financial
Statements

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BATTLE CREEK TRANSIT SYSTEM

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INDEPENDENT AUDITORS' REPORT

December 22, 2015

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, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table on 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, as of June 30, 2015, 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. 68

As described in Note 7, the System implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for 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 Matters

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 supplemental 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 supplemental 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 "Rehman Loham LLC". The signature is fluid and cursive, with "Rehman" and "Loham" connected by a single stroke, and "LLC" in a smaller, separate area.

FINANCIAL STATEMENTS

BATTLE CREEK TRANSIT SYSTEM

Statement of Net Position

June 30, 2015

Assets

Current assets:

Grants receivable	\$ 1,355,690
Accounts receivable	2,200
Inventory	52,411
Other assets	30,145
Total current assets	<u>1,440,446</u>
Capital assets, net	<u>2,044,150</u>
Total assets	<u>3,484,596</u>

Deferred outflows of resources

Deferred pension amounts	<u>289,453</u>
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Liabilities

Current liabilities:

Accounts payable	104,041
Accrued payroll and compensated absences	105,121
Interfund payable to other funds of the City	492,006
Total current liabilities	<u>701,168</u>
Net pension liability	<u>4,204,770</u>
Total liabilities	<u>4,905,938</u>

Net position

Investment in capital assets	2,044,150
Unrestricted	<u>(3,176,039)</u>
Total net position	<u>\$ (1,131,889)</u>

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

BATTLE CREEK TRANSIT SYSTEM

Statement of Revenues, Expenses and Change in Net Position

For the Year Ended June 30, 2015

Operating revenues	
Line-haul (farebox)	\$ 390,811
Advertising	33,140
Other operating revenue	<u>6,621</u>
 Total operating revenues	 <u>430,572</u>
 Operating expenses	
Operations	3,293,951
Maintenance	630,131
General administration	<u>580,381</u>
 Total operating expenses	 <u>4,504,463</u>
 Operating loss	 <u>(4,073,891)</u>
 Nonoperating revenues	
Federal grants	1,257,781
State grants	<u>1,647,902</u>
 Total nonoperating revenues	 <u>2,905,683</u>
 Net loss before transfers	 (1,168,208)
 Transfers in	 888,230
 Transfers out	 <u>(4,641)</u>
 Change in net position	 (284,619)
 Net position, beginning of year	 2,942,362
Restatement for implementation of GASB 68 (Note 7)	<u>(3,789,632)</u>
 Net position, end of year	 <u>\$ (1,131,889)</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, 2015

Cash flows from operating activities	
Receipts from customers and users	\$ 304,385
Payments to suppliers	(471,558)
Payments to employees	(2,742,909)
Payments for interfund services	<u>(634,925)</u>
 Net cash used in operating activities	<u>(3,545,007)</u>
 Cash flows from noncapital financing activities	
Transfers in	888,230
Transfers out	(4,641)
Federal and state grants	<u>2,905,683</u>
 Net cash provided by noncapital financing activities	<u>3,789,272</u>
 Cash flows from capital and related financing activities	
Purchase of capital assets	<u>(244,265)</u>
 Net change in cash and cash equivalents	-
Pooled cash and investments, beginning of year	<u>-</u>
Pooled cash and investments, end of year	<u>\$ -</u>
 Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (4,073,891)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	416,251
Changes in assets and liabilities:	
Grants receivable	(123,987)
Accounts receivable	(2,200)
Inventory and other assets	2,989
Accounts payable	47,261
Accrued payroll and compensated absences	(9,873)
Interfund payable to other funds of the City	72,758
Net pension liability and related deferred outflows	<u>125,685</u>
 Net cash used in operating activities	<u>\$ (3,545,007)</u>

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

NOTES TO FINANCIAL STATEMENTS

BATTLE CREEK TRANSIT SYSTEM

■ Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Accounting

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Pooled Cash and Investments

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

Inventory

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

BATTLE CREEK TRANSIT SYSTEM

■ Notes to Financial Statements

Capital Assets

Capital assets, which include property and equipment, are reported at cost or, if donated, at their estimated fair value on the date donated. The System defines capital assets as assets with an initial, individual cost of \$10,000 or more and estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Compensated Absences

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

■ 2. POOLED CASH AND INVESTMENTS

The System, along with the various other funds of the City, participates in the City's pooled cash management accounts. At June 30, 2015, the System had a negative cash balance in the City's cash pool of \$492,006, 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, 2015, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 66,499	\$ -	\$ -	\$ -	\$ 66,499
Construction in progress	-	5,114	-	-	5,114
Total capital assets not being depreciated	<u>66,499</u>	<u>5,114</u>	<u>-</u>	<u>-</u>	<u>71,613</u>
Capital assets being depreciated:					
Land improvements	90,570	-	-	-	90,570
Buildings	2,845,941	10,610	-	-	2,856,551
Equipment	1,122,384	54,482	-	-	1,176,866
Vehicles	4,038,014	174,059	(160,213)	17,260	4,069,120
Total capital assets being depreciated	<u>8,096,909</u>	<u>239,151</u>	<u>(160,213)</u>	<u>17,260</u>	<u>8,193,107</u>
Less accumulated depreciation for:					
Land improvements	(48,685)	(6,443)	-	-	(55,128)
Buildings	(1,445,374)	(105,227)	-	-	(1,550,601)
Equipment	(957,192)	(39,793)	-	-	(996,985)
Vehicles	(3,496,021)	(264,788)	160,213	(17,260)	(3,617,856)
Total accumulated depreciation	<u>(5,947,272)</u>	<u>(416,251)</u>	<u>160,213</u>	<u>(17,260)</u>	<u>(6,220,570)</u>
Total capital assets being depreciated, net	<u>2,149,637</u>	<u>(177,100)</u>	<u>-</u>	<u>-</u>	<u>1,972,537</u>
System capital assets, net	<u>\$ 2,216,136</u>	<u>\$ (171,986)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,044,150</u>

During 2015, the System transferred \$17,260 of capital assets to the internal service equipment center fund of the City.

At June 30, 2015, the System had outstanding commitments through a construction contract of approximately \$110,034 for building and equipment improvements.

4. RISK MANAGEMENT

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

BATTLE CREEK TRANSIT SYSTEM

Notes to Financial Statements

5. MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) ASSURANCES

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

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

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

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

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

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

The System adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result of this change, the beginning net position was decreased by \$3,789,632. For further information on the pension plan that the System is included in, see footnote 16 of the City of Battle Creek's financial statements.

During the fiscal year October 1, 2014 through September 30, 2015, the System paid \$356,532 in code 50220, DB (defined benefit) Pensions. This amount is based on the actuarial required contribution (ARC) and does not include any excess contributions or expense based on the GASB 68 implementation.

7. CONTINGENCIES

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



BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Local Revenues

Schedule 1

For the Year Ended June 30, 2015

	7/01/14 through 9/30/14	10/01/14 through 6/30/15	Total
Line haul - farebox	\$ 98,307	\$ 292,504	\$ 390,811
Advertising	12,345	20,795	33,140
Other operating revenue	484	6,137	6,621
Transfers in	222,058	666,172	888,230
 Total local revenues	 \$ 333,194	 \$ 985,608	 \$ 1,318,802

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Local Revenues

Schedule 1A

For the Year Ended September 30, 2014

	10/1/13 through 6/30/14	7/01/14 through 9/30/14	Total
Line haul - farebox (urban less than 100,000)	\$ 294,939	\$ 98,307	\$ 393,246
Advertising	18,960	12,345	31,305
Other operating revenue	5,824	484	6,308
Transfers in from other funds	666,172	222,058	888,230
 Total local revenues	 \$ 985,895	 \$ 333,194	 \$ 1,319,089

BATTLE CREEK TRANSIT SYSTEM

Schedule of Expenditures of Federal and State Awards

Schedule 2

For the Year Ended June 30, 2015

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-90-X697-00	\$ 1,024,784
Capital Assistance Grant - Section 5307 (100)	20.507	MI-96-X018-00	944,000
Job Access & Reverse Commute - Section 5316 (50/50)	20.516	MI-37-X037-02	95,645
FY13 Sect 5307 Local/CMAQ	20.507	MI-95-X095-01	120,000
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
FY13 Sect 5339 Bus & Bus Facilities Formula	20.526	MI-34-0003-02	96,525
Michigan Department of Transportation			
Operating Assistance - Act 51 - Urban less than 100,000	N/A	N/A	1,506,310
Job Access & Reverse Commute - Section 5316 (50/50)	N/A	2012-0040/P6	95,645
Specialized Services 14	N/A	2012-0040/P10	92,624
Specialized Services 15	N/A	2012-0040/P12	92,624
FY13 Sect 5307 Local/CMAQ	N/A	2012-0040/P9	30,000
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
FY13 Sect 5339 Bus & Bus Facilities Formula	N/A	2012-0040/P11	24,131
Total			

Unaudited

FEDERAL		STATE		NON-FEDERAL	
GRANTS		GRANTS		GRANTS	

Current Year Expenditures			Prior Year Expenditures		Award Amount Remaining	
Total	Federal	State				
\$ 1,024,784	\$ 1,024,784	\$ -	\$ -	\$ 801,772	\$ 108,830	
33,398	33,398		-	95,645	4,828	
(4,828)	(4,828)		-	-	-	
120,000	120,000		-	-	-	
30,691	30,691		-	-	68,509	
38,658	38,658		-	-	56,788	
15,078	15,078		-	-	81,447	
1,506,310	-	1,506,310		-	-	
(4,828)	-	(4,828)		95,645	4,828	
9,369	-	9,369		78,661	4,594	
81,351	-	81,351		-	11,273	
30,000	-	30,000		-	-	
7,673	-	7,673		-	17,127	
9,664	-	9,664		-	14,197	
3,769	-	3,769		-	20,362	
<u>\$ 2,901,089</u>	<u>\$ 1,257,781</u>	<u>\$ 1,643,308</u>	<u>\$ 1,071,723</u>	<u>\$ 392,783</u>		

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Federal and State Awards

Schedule 2A

For the Year Ended June 30, 2015

	7/01/14 through 9/30/14	10/01/14 through 6/30/15	Total
Federal grant:			
Operating grant - Section 5307	\$ -	\$ 1,024,784	\$ 1,024,784
JARC grant - Section 5316	(4,828)	-	(4,828)
	<hr/>	<hr/>	<hr/>
	(4,828)	1,024,784	1,019,956
State of Michigan grant:			
Formula operating assistance	393,985	1,112,325	1,506,310
JARC grant - Section 5316	(4,828)	-	(4,828)
	<hr/>	<hr/>	<hr/>
	389,157	1,112,325	1,501,482
Total	<hr/>	<hr/>	<hr/>
	\$ 384,329	\$ 2,137,109	\$ 2,521,438

BATTLE CREEK TRANSIT SYSTEM

Schedule of Federal and State Awards

Schedule 2B

Based on a September 30, 2014 Year End

	10/1/13 through 6/30/14	7/01/14 through 9/30/14	Total
Federal grant:			
Operating grant - Section 5307	\$ 1,026,861	\$ -	\$ 1,026,861
JARC grant - Section 5316	95,644	(4,828)	90,816
	<hr/> <u>1,122,505</u>	<hr/> <u>(4,828)</u>	<hr/> <u>1,117,677</u>
State of Michigan grant:			
Formula operating assistance	1,098,147	393,985	1,492,132
JARC grant - Section 5316	95,644	(4,828)	90,816
	<hr/> <u>1,193,791</u>	<hr/> <u>389,157</u>	<hr/> <u>1,582,948</u>
Total	\$ 2,316,296	\$ 384,329	\$ 2,700,625

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BATTLE CREEK TRANSIT SYSTEM

Unaudited

Schedule of Operating and Contract Expenses

Schedule 3

For the Year Ended June 30, 2015

	Urban less than 100,000	MI-37-X037-02 2012-0040/P6 FY14 JARC	2012-0040/P10 FY14 Specialized Services	2012-0040/P12 Specialized Services	Total
Expenses					
Labor:					
Operators' salaries and wages	\$ 1,173,250	\$ -	\$ -	\$ -	\$ 1,173,250
Other salaries and wages	518,928	(8,286)	-	-	510,642
Fringe benefits	1,249,801	(2,214)	-	-	1,247,587
Services:					
Advertising	14,036	-	-	-	14,036
Other services	386,529	459	9,369	81,351	477,708
Materials and supplies:					
Fuel and lubricants	298,842	-	-	-	298,842
Other materials and supplies	319,790	(5,641)	-	-	314,149
Utilities	41,600	(850)	-	-	40,750
Insurance expense	630	(630)	-	-	-
Leases and rentals	11,464	(216)	-	-	11,248
Depreciation	431,502	(15,251)	-	-	416,251
Total expenses	4,446,372	(32,629)	9,369	81,351	4,504,463
Transfer out for telephone service	4,664	(23)	-	-	4,641
Specialized services, planning, JARC and capital expenses	(44,665)	-	-	-	(44,665)
Net operating expenses	\$ 4,406,371	\$ (32,652)	\$ 9,369	\$ 81,351	\$ 4,464,439

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses

Schedule 3A

For the Year Ended June 30, 2015

	Urban less than 100,000			Total
	7/01/14 through 9/30/14	10/01/14 through 6/30/15		
Expenses				
Labor	\$ 442,120	\$ 1,250,058	\$ 1,692,178	
Fringe benefits	315,121	934,680	1,249,801	
Services	76,735	323,830	400,565	
Materials and supplies	173,109	445,523	618,632	
Utilities	6,827	34,773	41,600	
Insurance expense	31,297	(30,667)	630	
Leases and rentals	649	10,815	11,464	
Depreciation	119,314	312,188	431,502	
 Total expenses	 1,165,172	 3,281,200	 4,446,372	
 Transfer out for telephone service	 1,183	 3,481	 4,664	
ARRA capital contract MI-96-X018-00	-	(22,298)	(22,298)	
Capital contract MI-95-X096-00	-	(8,643)	(8,643)	
Capital contract MI-34-0003/ 2012-0040-P7	-	(13,724)	(13,724)	
 Total operating expenses	 \$ 1,166,355	 \$ 3,240,016	 \$ 4,406,371	

Unaudited

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MI-37-X037-02		
FY14 JARC		
7/01/14 through 9/30/14	10/01/14 through 6/30/15	Total
\$ (8,286)	\$ -	\$ (8,286)
(2,214)	-	(2,214)
459	-	459
(5,641)	-	(5,641)
(850)	-	(850)
(630)	-	(630)
(216)	-	(216)
(15,251)	-	(15,251)
<hr/>		
(32,629)	-	(32,629)
<hr/>		
(23)	-	(23)
-	-	-
-	-	-
-	-	-
<hr/>		
<u>\$ (32,652)</u>	<u>\$ -</u>	<u>\$ (32,652)</u>

continued...

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses

Schedule 3A

For the Year Ended June 30, 2015

2012-0040/P10 FY14 Specialized Services			
	7/01/14 through 9/30/14	10/01/14 through 6/30/15	Total
Expenses			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Services	9,369	-	9,369
Materials and supplies	-	-	-
Utilities	-	-	-
Insurance expense	-	-	-
Leases and rentals	-	-	-
Depreciation	-	-	-
 Total expenses	 9,369	 -	 9,369
 Transfer out for telephone service	 -	 -	 -
ARRA capital contract MI-96-X018-00	-	-	-
ARRA capital contract MI-96-X018-00	-	-	-
ARRA capital contract MI-96-X018-00	-	-	-
 Total operating expenses	 \$ 9,369	 \$ -	 \$ 9,369

Unaudited

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2012-0040/P12 FY15 Specialized Services			
7/01/14 through 9/30/14	10/01/14 through 6/30/15	Total	Total
\$ -	\$ -	\$ -	\$ 1,683,892
-	-	-	1,247,587
-	81,351	81,351	491,744
-	-	-	612,991
-	-	-	40,750
-	-	-	-
-	-	-	11,248
-	-	-	416,251
<hr/>		81,351	81,351
			4,504,463
<hr/>		-	4,641
		-	(22,298)
		-	(8,643)
<hr/>		-	(13,724)
<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 81,351	\$ 81,351	\$ 4,464,439

concluded.

BATTLE CREEK TRANSIT SYSTEM

Schedule of Operating Expenses

Schedule 3B

For the Year Ended September 30, 2014

	Urban less than 100,000		
	10/1/13 through 6/30/14	7/01/14 through 9/30/14	Total
Expenses			
Labor	\$ 1,188,791	\$ 442,120	\$ 1,630,911
Fringe benefits	709,597	315,121	1,024,718
Services	110,970	76,735	187,705
Materials and supplies	551,415	173,109	724,524
Utilities	45,267	6,827	52,094
Insurance expense	87,965	31,297	119,262
Leases and rentals	9,360	649	10,009
Depreciation	382,821	119,314	502,135
 Total expenses	 3,086,186	 1,165,172	 4,251,358
Transfer out for telephone service	3,223	1,183	4,406
ARRA capital contract MI-96-X018-00	25,851	-	25,851
 Net operating expenses	 \$ 3,115,260	 \$ 1,166,355	 \$ 4,281,615

MI-37-X037-02				2012-0040/P10					
FY14 JARC			Total	FY14 Specialized Services			Total		
10/1/13 through 6/30/14	7/01/14 through 9/30/14	Total		10/1/13 through 6/30/14	7/01/14 through 9/30/14	Total			
\$ 95,293	\$ (8,286)	\$ 87,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,717,918	
56,881	(2,214)	54,667	-	-	-	-	-	1,079,385	
10,934	459	11,393	78,661	9,369	88,030	88,030	287,128		
44,293	(5,641)	38,652	-	-	-	-	-	763,176	
3,629	(850)	2,779	-	-	-	-	-	54,873	
6,992	(630)	6,362	-	-	-	-	-	125,624	
750	(216)	534	-	-	-	-	-	10,543	
42,039	(15,251)	26,788	-	-	-	-	-	528,923	
260,811	(32,629)	228,182	78,661	9,369	88,030	88,030	4,567,570		
258	(23)	235	-	-	-	-	-	4,641	
-	-	-	-	-	-	-	-	25,851	
\$ 261,069	\$ (32,652)	\$ 228,417	\$ 78,661	\$ 9,369	\$ 88,030	\$ 88,030	\$ 4,598,062		

BATTLE CREEK TRANSIT SYSTEM

Unaudited

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

Schedule 4R

For the Year Ended September 30, 2014

Code	Description	Amount
401	Farebox Revenue	
40100	Passenger Fares	\$ 373,329
406	Auxiliary Trans Revenues	
40615	Advertising	31,305
407	Non Trans Revenues	
40799	Other Non Trans Revenue	6,307
409	Local Revenue	
40910	Local Operating Assistance	888,230
411	State Formula and Contracts	
41101	State Operating Assistance	1,492,132
413	Federal Contracts	
41301	Federal Section 5311	<u>1,026,861</u>
Total revenues		<u><u>\$ 3,818,164</u></u>

BATTLE CREEK TRANSIT SYSTEM

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

Schedule 4E

For the Year Ended September 30, 2014

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501	Labor				
50101	Operators' salaries & wages	\$ 1,183,983	\$ -	\$ -	\$ 1,183,983
50102	Other salaries & wages	-	311,468	167,860	479,328
502	Fringe benefits				
50200	Other fringe benefits	508,944	124,567	41,109	674,620
50201	Pensions	211,347	64,971	41,380	317,698
503	Services				
50302	Advertising fees	-	-	8,187	8,187
50305	Audit cost	-	-	9,342	9,342
50399	Other services	88,601	54,709	18,740	162,050
504	Materials and supplies				
50401	Fuel & lubricants	383,682	-	-	383,682
50402	Tires & tubes	14,279	-	-	14,279
50404	Major supplies	244,834	1,097	-	245,931
50499	Other materials & supplies	10,929	36,218	10,816	57,963
505	Utilities				
50500	Utilities	3,595	-	57,366	60,961
506	Insurance				
50603	Liability insurance	119,261	-	-	119,261
50699	Other insurance	-	-	38,454	38,454
509	Misc expenses				
50902	Travel, meetings & training	1,869	691	2,121	4,681
50903	Association dues & subscriptions	-	-	9,051	9,051
512	Operating leases & rentals				
51200	Operating leases & rentals	7,942	692	1,375	10,009
513	Depreciation				
51300	Depreciation	502,135	-	-	502,135
550	Ineligible expenses				
55007	Ineligible depreciation	502,135	-	-	502,135
55009	Ineligible percent of association dues	-	-	1,499	1,499
55010	Other ineligible expense associated w/aux & nontrans	-	-	6,307	<u>6,307</u>
Total expenses					4,281,615
Total ineligible expenses					<u>509,941</u>
Total eligible expenses					<u>\$ 3,771,674</u>

BATTLE CREEK TRANSIT SYSTEM

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

Schedule 4R

For the Year Ended September 30, 2014

Public Service					
Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	37,024	3,408	-	40,432
611	Vehicle Miles	501,930	47,975	-	549,905

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

BATTLE CREEK TRANSIT SYSTEM

Unaudited

JARC Service Revenue Report

Schedule 4R

For the Year Ended September 30, 2014

Code	Description	Amount
401	Farebox Revenue	
40100	Passenger Fares	\$ 19,917
411	State Formula and Contracts	
41101	Other MDOT/BTP Contract and Reimbursements	90,819
413	Federal Contracts	
41301	Other Federal Transit Contracts and Reimbursements	<u>90,818</u>
Total revenues		<u>\$ 201,554</u>

BATTLE CREEK TRANSIT SYSTEM

JARC Regular Service Expense Report

Schedule 4E

For the Year Ended September 30, 2014

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501	Labor				
50101	Operators' salaries & wages	\$ 63,164	\$ -	\$ -	\$ 63,164
50102	Other salaries & wages	-	16,616	8,955	25,571
502	Fringe benefits				
50200	Other fringe benefits	27,152	6,646	2,193	35,991
50201	Pensions	11,275	3,466	2,208	16,949
503	Services				
50302	Advertising fees	-	-	437	437
50305	Audit cost	-	-	498	498
50399	Other services	4,727	2,919	1,000	8,646
504	Materials and supplies				
50401	Fuel & lubricants	20,469	-	-	20,469
50402	Tires & tubes	762	-	-	762
50404	Major supplies	13,062	59	-	13,121
50499	Other materials & supplies	583	1,932	577	3,092
505	Utilities				
50500	Utilities	192	-	3,060	3,252
506	Insurance				
50603	Liability insurance	6,362	-	-	6,362
50699	Other insurance	-	-	2,051	2,051
509	Misc expenses				
50902	Travel, meetings & training	100	37	113	250
50903	Association dues & subscriptions	-	-	483	483
512	Operating leases & rentals				
51200	Operating leases & rentals	424	37	73	534
513	Depreciation				
51300	Depreciation	26,788	-	-	26,788
550	Ineligible expenses				
55007	Ineligible depreciation	26,788	-	-	26,788
55008	Other ineligible expense - farebox revenue	-	-	19,917	19,917
55009	Ineligible percent of association dues & nontrans	-	-	80	<u>80</u>
Total expenses					228,420
Total ineligible expenses					<u>46,785</u>
Total eligible expenses					<u>\$ 181,635</u>

BATTLE CREEK TRANSIT SYSTEM

JARC Regular Service Nonfinancial Report

Schedule 4R

For the Year Ended September 30, 2014

Public Service		Weekday	Saturday	Sunday	Total
Code	Description				
610	Vehicle Hours	2,157	-	-	2,157
611	Vehicle Miles	28,068	-	-	28,068

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

BATTLE CREEK TRANSIT SYSTEM

Unaudited

Operating Assistance Calculation

Schedule 5

For the Year Ended September 30, 2014

	Urban less than 100,000	JARC
Total expenses	\$ 4,281,615	\$ 228,420
Less ineligible expenses		
Depreciation on capital assets acquired with federal and state grants	502,135	\$ 26,788
Michigan Public Transit Association dues	584	31
American Public Transit Association dues	915	49
Other ineligible expense associated - farebox revenue	-	19,917
Other ineligible expense associated with auxiliary and nontransportation revenue	6,307	-
Total ineligible expenses per R & E Manual	509,941	46,785
Total eligible expenses	\$ 3,771,674	\$ 181,635
Eligible expenses for state reimbursement	\$ 3,771,674	\$ 181,635
x Reimbursement percentage	0.393000	0.500000
State operating assistance	<u><u>\$ 1,482,268</u></u>	<u><u>\$ 90,818</u></u>
State operating assistance	<u><u>\$ 1,492,132</u></u>	<u><u>\$ 90,816</u></u>
Eligible expenses for Federal reimbursement		\$ 181,635
x Reimbursement percentage		0.500000
Federal operating assistance		<u><u>\$ 90,818</u></u>
Federal operating assistance		<u><u>\$ 90,816</u></u>