

BERRIEN COUNTY PUBLIC TRANSPORTATION

MDOT - SMALL BUS PROGRAM

FINANCIAL STATEMENTS

September 30, 2009

BERRIEN COUNTY PUBLIC TRANSPORTATION

MDOT - SMALL BUS PROGRAM

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**BERRIEN COUNTY PUBLIC TRANSPORTATION
Management Discussion & Analysis**

Description of Basic Financial Statements

Berrien County Public Transportation (the “BCPT”) is a public transportation system located in Berrien County, Michigan. The County uses the accrual basis of accounting. The Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be a discussion and analysis of the financial results for the fiscal year ending September 30, 2009. BCPT’s basic financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets, and statement of cash flows. The basic financial statements also include notes that explain the information recorded in the basic financial statements.

Financial Highlights

BCPT’s total expenses were \$1,149,048 while total revenues and adjustments were \$1,077,014 (\$443,340 operating revenue; \$604,587 non-operating revenue; \$29,087 adjustments). BCPT’s total revenues and adjustments were insufficient to cover expenses for the year. The shortfall will be covered using BCPT’s fund balance from prior years.

BCPT’s total net assets at September 30, 2009 were \$467,487 of which \$21,276 was invested in fixed assets (land improvements and office equipment).

BCPT received \$473,407 in state operating assistance. This was more than the 35.62% of eligible expenses by \$76,857. This has been recorded as a current year payable. The Authority received \$139,322 in Section 5311 federal operating assistance. This was below the 16.00% of eligible expenses by \$37,570. This has been recorded as a current year receivable.

Condensed Financial Information

The following condensed financial information provides an overview of BCPT’s financial position for the fiscal years ending September 30, 2009 and 2008:

| | <u>September 30, 2009</u> | <u>September 30, 2008</u> |
|---|---------------------------|---------------------------|
| Assets: | | |
| Fixed assets | \$ 21,276 | \$ 27,841 |
| Other assets | 705,934 | 759,371 |
| Total assets | <u><u>\$ 727,210</u></u> | <u><u>\$ 787,212</u></u> |
| Liabilities: | | |
| Current liabilities | \$ 259,723 | \$ 247,691 |
| Total liabilities | <u><u>\$ 259,723</u></u> | <u><u>\$ 247,691</u></u> |
| Net Assets: | | |
| Invested in net assets, net of related debt | \$ 21,276 | \$ 27,841 |
| Unrestricted net assets | 446,211 | 511,680 |
| Total net assets | <u><u>\$ 467,487</u></u> | <u><u>\$ 539,521</u></u> |
| Total liabilities and net assets | <u><u>\$ 727,210</u></u> | <u><u>\$ 787,212</u></u> |

BERRIEN COUNTY PUBLIC TRANSPORTATION
Management Discussion & Analysis

Condensed Financial Information - Continued

- (a) *Net Assets* - Net assets, the difference between assets and liabilities.
- (b) *Fixed Assets* - Fixed assets are made up of property, buildings, equipment and buses.
- (c) *Other Assets* - Other assets consist of cash, investments, receivables and prepaid expenses.
- (d) *Liabilities* - Liabilities consist of accounts payable or bills that the Authority owes payment on. Also included are payments due to the State of Michigan for overpayments of state operating assistance.

Changes in Net Assets

The 2009 fiscal year represents BCPT's twenty-fourth year in running the County transit program. The table below summarizes BCPT's operations for the current and prior fiscal years.

| | <u>September 30, 2009</u> | <u>September 30, 2008</u> |
|--|----------------------------------|----------------------------------|
| Revenues: | | |
| Operating revenues | | |
| Fares | \$ 443,340 | \$ 467,795 |
| Total revenues | <u>\$ 443,340</u> | <u>\$ 467,795</u> |
| Nonoperating revenues | | |
| State grants | \$ 396,550 | \$ 467,726 |
| Prior year(s) formula operating assistance | - | 34,104 |
| Federal grants | 176,892 | 200,000 |
| Interest earned | 28,354 | 1,547 |
| RTAP training expenses | <u>2,791</u> | <u>5,802</u> |
| Total nonoperating revenues | <u>\$ 604,587</u> | <u>\$ 709,179</u> |
| Total Revenues | <u>\$ 1,047,927</u> | <u>\$ 1,176,974</u> |
| Expenses: | | |
| Purchased transportation | \$ 847,232 | \$ 989,270 |
| Fuel, gas, and oil | 119,945 | 231,778 |
| Administration | 58,616 | 66,448 |
| Travel | 2,118 | 1,541 |
| Training | 275 | 1,759 |
| Lot repairs and maintenance | - | 4,570 |
| Building repairs and maintenance | 2,605 | - |
| Equipment and software | 23,043 | 311 |
| Professional services | 7,700 | 7,384 |
| Insurance | 76,613 | 43,336 |
| Advertising | 158 | - |
| Dues and fees | 1,350 | 1,275 |
| Other | 3,613 | 7 |
| Depreciation | <u>5,780</u> | <u>5,922</u> |
| Total Expenses | <u>\$ 1,149,048</u> | <u>\$ 1,353,601</u> |
| Net loss before adjustments | \$ (101,121) | \$ (176,627) |
| Total adjustments | <u>29,087</u> | <u>61,632</u> |
| Net Income (Loss) for the year | <u>\$ (72,034)</u> | <u>\$ (114,995)</u> |
| Net Assets - Beginning of the Year | \$ 539,521 | \$ 611,662 |
| Prior Period Adjustment | - | 42,854 |
| Adjusted Net Assets - Beginning of the Year | <u>\$ 539,521</u> | <u>\$ 654,516</u> |
| Total Net Assets - End of the Year | <u>\$ 467,487</u> | <u>\$ 539,521</u> |

**BERRIEN COUNTY PUBLIC TRANSPORTATION
Management Discussion & Analysis**

Summary of Operations

1. Budget

| Expenditures | MDOT <u>Operating</u> | Audit | Difference <u>Audit v. Budget</u> |
|--------------|----------------------------------|--------------|--|
| 2008 - 2009 | \$ 1,450,000 | \$ 1,149,048 | \$ (300,952) |
| | | | |
| Revenues | MDOT <u>Approved</u> | Audit | Difference <u>Audit v. Budget</u> |
| 2008 - 2009 | \$ 1,382,150 | \$ 1,077,014 | \$ (305,136) |

BCPT was over the budgeted amount on expenditures and below the budgeted amount on revenues. The MDOT approved operating budget was not amended during the year.

2. General Report on FY 2009 Operations:

Operation of the BCPT system remained unchanged throughout FY 2009. The Berrien County Board of Commissioners sets program policy and direction, approves all expenditures and monitors activities. The Board contracted with Transportation Management, Inc. (TMI) to provide day-to-day operational services. The Board uses a part-time employee to provide oversight services. The County Treasurer provides financial services.

Funding composition for the transit service consists of State, Federal and Local dollars. Federal funding decreased to 16.00 % for FY 2009; the State formula operating assistance from MDOT decreased from 36.15% to 35.62%. It is anticipated that State funding will continue to decrease until Michigan’s overall economy shows a substantial improvement. State and Federal revenue is targeted at 51.62% (35.62% State & 16% Federal) for FY 2010.

Total ridership was down by 25,677 passengers. This count went from 110,980 in FY 2008 to 85,803 in FY 2009. Approximately 89% of the decrease was in passengers from contract agencies. This has a significant financial impact on the system. If the contract passengers cannot be replaced the entire system will have to be downsized. This will be the critical factor to watch and evaluate throughout FY 2010.

Both revenues and expenses were down from FY 2008. Total expenses decreased due to the lower price paid for fuel and fewer hours the buses were operated in FY 2009.

Revenues decreased primarily due to the drop in billable contract service hours. A significant drop in interest earned on investments and a decrease in state operating assistance also impacted revenues. The total number of days operated decreased from 282 to 258. This was due to a decrease in the number of days service was offered on weekends. Vehicle hours decreased from 27,640 to 23,651. This again can be attributed to the decrease in contract services provided. Vehicle miles also dropped from 581,191 to 501,890.

Although the BCPT system is currently in a financially solid position, the trends of the past several fiscal years are beginning to take their toll. The level of service required by the human service agencies continues to decline as does the operating assistance provided by the State; these are the two primary revenue sources for the transit system. If additional contract business cannot be obtained, adjustments in the level of service that can be provided will have to be made.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

December 15, 2009

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners of Berrien County
Berrien County Public Transportation
MDOT - Small Bus Program
St. Joseph, Michigan

Dear Commissioners:

We have audited the financial statements of the Berrien County Public Transportation, MDOT - Small Bus Program, as of and for the year ended September 30, 2009, as listed in the Table of Contents. These financial statements are the responsibility of Berrien County Public Transportation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berrien County Public Transportation as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion of it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Berrien County Public Transportation's financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The additional information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Gerbel & Company, P.C.

Right. On time.

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**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Statement of Net Assets
September 30, 2009**

Assets

| | |
|---|------------------------------|
| Current Assets | |
| Cash - NOTE 2 | \$ 407,669 |
| Certificates of deposit - NOTE 2 | 191,000 |
| Accounts receivable | 42,579 |
| Due from federal government | 57,768 |
| Prepaid expenses | <u>6,918</u> |
| Total Current Assets | \$ <u>705,934</u> |
| Property, Plant, and Equipment - NOTE 4 | |
| Land improvements | \$ 64,526 |
| Office equipment | <u>409</u> |
| | \$ 64,935 |
| Less: Accumulated depreciation | <u>(43,659)</u> |
| Total Property, Plant, and Equipment | \$ <u>21,276</u> |
| TOTAL ASSETS | \$ <u><u>727,210</u></u> |

Liabilities and Net Assets

| | |
|---|------------------------------|
| Current Liabilities | |
| Accounts payable | \$ 100,097 |
| Due to State of Michigan | 158,126 |
| Deferred revenue | <u>1,500</u> |
| Total Current Liabilities | \$ <u>259,723</u> |
| Net Assets | |
| Invested in capital assets, net of related debt | \$ 21,276 |
| Unrestricted net assets | <u>446,211</u> |
| Total Net Assets | \$ <u>467,487</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u><u>727,210</u></u> |

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended September 30, 2009**

| | | |
|--|----|------------------|
| Operating Revenues - Fares | \$ | 443,340 |
| Operating Expenses | | <u>1,149,048</u> |
| Net Operating Loss | \$ | <u>(705,708)</u> |
| Nonoperating Revenues | | |
| Local: | | |
| Interest earned | \$ | <u>28,354</u> |
| State: | | |
| State of Michigan Grants | | |
| Formula Operating Assistance - current year | \$ | 396,550 |
| RTAP Training Expenses | | <u>2,791</u> |
| Total State Revenue | \$ | <u>399,341</u> |
| Federal: | | |
| State of Michigan Grants | | |
| U.S. DOT Operating Grant - Section 5311 - current year | \$ | <u>176,892</u> |
| Total Federal Revenue | \$ | <u>176,892</u> |
| Total Nonoperating Revenues | \$ | <u>604,587</u> |
| Net loss from operations | \$ | (101,121) |
| Add (deduct): | | |
| Gain on sale of capital assets | | 5,095 |
| Rent | | 18,000 |
| Other reimbursements | | <u>5,992</u> |
| Net income for the year | \$ | (72,034) |
| Net Assets - Beginning of the Year | | <u>539,521</u> |
| NET ASSETS - END OF THE YEAR | \$ | <u>467,487</u> |

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

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Statement of Cash Flows
For the Year Ended September 30, 2009**

| | |
|---|--------------------------|
| Cash Flows from Operating Activities: | |
| Receipts from customers | \$ 452,003 |
| Payments to suppliers of goods and services | (1,142,051) |
| Payments to contracted employees | <u>(58,616)</u> |
| Net cash used by operating activities | <u>\$ (748,664)</u> |
| Cash Flows from Noncapital Financing Activities: | |
| State and Federal operating assistance | \$ 656,236 |
| Rent proceeds | 19,500 |
| Reimbursements | <u>8,783</u> |
| Net cash provided by noncapital financing activities | <u>\$ 684,519</u> |
| Cash Flows from Investing Activities: | |
| Sale of fixed assets | \$ 5,880 |
| Interest | <u>28,354</u> |
| Net cash provided by investing activities | <u>\$ 34,234</u> |
| Net change in cash and cash equivalents | \$ (29,911) |
| Cash and cash equivalents at beginning of year | <u>628,580</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 598,669</u> |
| Reconciliation of operating income to net cash used by operating activities: | |
| Operating income (loss) | \$ (705,708) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 5,780 |
| (Increase) decrease in: | |
| Accounts receivable | 8,663 |
| Prepaid expenses | (376) |
| Increase (decrease) in: | |
| Accounts payable | <u>(57,023)</u> |
| Net Cash Flows from Operations | <u>\$ (748,664)</u> |

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

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Notes to Financial Statements
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Berrien County Public Transportation system is a department of the County of Berrien, Michigan. Berrien County is governed by a Board of Commissioners who contracted with the Michigan Department of Transportation to provide public transportation services in nonurbanized areas. The Board of Commissioners subcontract the operation of the transportation system to a third party and the financial statements include only the operations of that department of the County.

Basis of Presentation

The financial statements of the Berrien County Public Transportation system have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units in the United States. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for governments within the United States. The Department's reporting entity applies all relevant GASB pronouncements and applicable Financial Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

In accordance with GAAP, the Berrien County Public Transportation system operations are accounted for as a Business Type Activity. In this regard, the Berrien County Public Transportation system follows the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when they are earned and become measurable, and expenses are recorded when they are incurred, irrespective of when paid.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principle operating revenues are fares to passengers. Principle operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets and Depreciation

Fixed assets are purchases that cost or donations that have a fair market value at the date of the gift of more than \$5,000 with a useful life of more than one year. Costs relating to maintenance and repairs are charged to expense, whereas those for renewals and betterments, when significant in amount, are capitalized. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as defined in the R&E Manual and/or approved by BPT as follows:

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

| | |
|--------------------------|------------|
| Land improvements | 10 years |
| Office equipment | 3-10 years |
| Transportation equipment | 5 years |

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Notes to Financial Statements
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the department considers all short-term investments with an original maturity of three months or less to be cash equivalents. The carrying amounts approximate fair value.

NOTE 2 - CASH AND INVESTMENTS

Cash and Short-Term Investments - Investment policies for cash and short-term investments as set forth by the Michigan Compiled Laws section 129.91 authorizes the County to invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States, including securities issued or guaranteed by the Government National Mortgage Association, United States government, or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local government units in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund.

Long-Term Investments - The department's investment policy does not address investments other than the short-term investments listed above.

As of September 30, 2009, the department had the following investments and maturities:

| | <u>Fair Market Value</u> | <u>Less Than One Year</u> | <u>One to Three Years</u> | <u>More Than Three Years</u> |
|-------------------------|------------------------------|-------------------------------|-------------------------------|----------------------------------|
| Certificates of Deposit | \$ 191,000 | \$ 191,000 | \$ - | \$ - |
| Total Investments | <u>\$ 191,000</u> | <u>\$ 191,000</u> | <u>\$ -</u> | <u>\$ -</u> |

Credit Risk - Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The department's funds were deposited in two financial institutions that meet these requirements. As of September 30, 2009, the carrying amount of the department's deposits was \$598,669 and the respective bank balance totaled \$598,364. Of the total bank balance, the Federal Deposit Insurance Corporation (FDIC) covered \$39,008.

Custodial Credit - All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Berrien County Treasurer are done on a cash basis. Securities may be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts as determined by the Treasurer.

Concentration of Credit Risk - Financial instruments that potentially subject Berrien County Public Transportation to concentrations of credit risks consist principally of temporary cash investments that may at times exceed the amount insured by the Federal Deposit Insurance Corporation.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Notes to Financial Statements
September 30, 2009**

NOTE 3 - DUE TO/FROM OTHER GOVERNMENTAL UNITS

Due to State Government

Berrien County Public Transportation received funding from the State of Michigan for the Local Bus Operating Assistance Program. The computation of the amount due to the State of Michigan is as follows:

| | | |
|--|----------------|-------------------|
| Balance forward | \$ 90,571 | |
| Payments | (37,971) | |
| Receipts | <u>28,669</u> | |
| Subtotal | | \$ 81,269 |
| September 30, 2009 Net Eligible Expenses | \$ 1,113,278 | |
| Funding rate | <u>0.3562</u> | |
| Funding earned | \$ 396,550 | |
| Funding received | <u>473,407</u> | |
| Additional due to state government | | <u>\$ 76,857</u> |
| September 30, 2009 due to state government | | <u>\$ 158,126</u> |

Due From Federal Government

Berrien County Public Transportation received funding from the U.S. Department of Transportation under Section 5311 Operating Grants. The computation of the amount due from the Federal government is as follows:

| | | |
|--|-----------------|------------------|
| Balance forward | \$ 73,007 | |
| Payments | - | |
| Receipts | <u>(52,809)</u> | |
| Subtotal | | \$ 20,198 |
| September 30, 2009 net eligible expenses | \$ 1,105,578 | |
| Funding rate | <u>0.16</u> | |
| Funding earned | \$ 176,892 | |
| Funding received | <u>139,322</u> | |
| Additional due to state government | | <u>\$ 37,570</u> |
| September 30, 2009 due from federal government | | <u>\$ 57,768</u> |

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Notes to Financial Statements
September 30, 2009**

NOTE 4 - CHANGES IN FIXED ASSETS

The following schedule represents the changes in fixed assets of Berrien County Public Transportation for the year ended September 30, 2009:

| | Ending Balance as of <u>September 30, 2008</u> | <u>Additions</u> | <u>Deletions</u> | Ending Balance as of <u>September 30, 2009</u> |
|--------------------------|---|-------------------------|-------------------------|---|
| Land improvements | \$ 64,526 | \$ - | \$ - | \$ 64,526 |
| Office equipment | <u>2,743</u> | <u>-</u> | <u>(2,334)</u> | <u>409</u> |
| Subtotal | \$ 67,269 | \$ - | \$ (2,334) | \$ 64,935 |
| Accumulated depreciation | <u>(39,428)</u> | <u>(5,780)</u> | <u>1,549</u> | <u>(43,659)</u> |
| Net fixed assets | <u>\$ 27,841</u> | <u>\$ (5,780)</u> | <u>\$ (785)</u> | <u>\$ 21,276</u> |

NOTE 5 - EXPLANATION OF INELIGIBLE EXPENSES PER THE BPT R&E MANUAL

All ineligible expenses, as defined by the Local Public Transit Revenue & Expense Manual are properly reported and properly subtracted out as ineligible. Any capital money used to pay for operating expenses has been subtracted out as ineligible on OAR Schedule 4E (Nonurban Regular Service Expense Report) and Net Eligible Costs Computations of General Operations. Accordingly, expenses associated with account 41398 have been subtracted out as ineligible. There is no 406xx Auxiliary Transportation Revenue.

NOTE 6 - NONFINANCIAL DATA

The methodology used for compiling mileage had been received and found to be an adequate and reliable method for recording vehicle mileage.

NOTE 7 - 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 claims, including amounts already collected, may constitute a liability of the transit agency. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the transit agency expects such amounts, if any, to be immaterial.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Schedule of Operating Expenses**

| | | | Year Ended | |
|-----------------------------------|-------------------|-------------------------------|----------------------|---------------------|
| | | | September 30, | |
| | <u>Operations</u> | <u>General Administration</u> | <u>2009</u> | <u>2008</u> |
| Purchased transportation services | \$ 847,232 | \$ - | \$ 847,232 | \$ 989,270 |
| Fuel, gas and oil | 119,945 | - | 119,945 | 231,778 |
| Miscellaneous Expense: | | | | |
| Administration | - | 58,616 | 58,616 | 66,448 |
| Travel | - | 2,118 | 2,118 | 1,541 |
| Training | - | 275 | 275 | 1,759 |
| Lot repairs and maintenance | - | - | - | 4,570 |
| Building repairs and maintenance | - | 2,605 | 2,605 | - |
| Equipment and software | - | 23,043 | 23,043 | 311 |
| Professional services | - | 7,700 | 7,700 | 7,384 |
| Insurance | - | 76,613 | 76,613 | 43,336 |
| Advertising | - | 158 | 158 | - |
| Dues and fees | - | 1,350 | 1,350 | 1,275 |
| Other | - | 3,613 | 3,613 | 7 |
| Depreciation | <u>5,761</u> | <u>19</u> | <u>5,780</u> | <u>5,922</u> |
| | | | | |
| TOTAL OPERATING EXPENSES | <u>\$ 972,938</u> | <u>\$ 176,110</u> | <u>\$ 1,149,048</u> | <u>\$ 1,353,601</u> |

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM
Net Eligible Costs Computations of General Operations
September 30, 2009**

| | <u>Federal Section 5311</u> | | <u>Local Operating Assistance</u> | |
|---|-----------------------------|---------------------|-----------------------------------|---------------------|
| | <u>2009</u> | <u>2008</u> | <u>2009</u> | <u>2008</u> |
| Operating Expenses | | | | |
| Purchased transportation services | \$ 847,232 | \$ 989,270 | \$ 847,232 | \$ 989,270 |
| Fuel, gas and oil | 119,945 | 231,778 | 119,945 | 231,778 |
| Miscellaneous Expense: | | | | |
| Administration | 58,616 | 66,448 | 58,616 | 66,448 |
| Travel | 2,118 | 1,541 | 2,118 | 1,541 |
| Training | 275 | 1,759 | 275 | 1,759 |
| Lot repairs and maintenance | - | 4,570 | - | 4,570 |
| Building repairs and maintenance | 2,605 | - | 2,605 | - |
| Equipment and software | 23,043 | 311 | 23,043 | 311 |
| Professional services | 7,700 | 7,384 | 7,700 | 7,384 |
| Insurance | 76,613 | 43,336 | 76,613 | 43,336 |
| Advertising | 158 | - | 158 | - |
| Dues and fees | 1,350 | 1,275 | 1,350 | 1,275 |
| Other | 3,613 | 7 | 3,613 | 7 |
| Depreciation | <u>5,780</u> | <u>5,922</u> | <u>5,780</u> | <u>5,922</u> |
| Total Operating Expenses | <u>\$ 1,149,048</u> | <u>\$ 1,353,601</u> | <u>\$ 1,149,048</u> | <u>\$ 1,353,601</u> |
| Less: Ineligible Expenses | | | | |
| Depreciation - current fiscal year (except depreciation on locally funded assets of \$19) | \$ 5,761 | \$ 5,689 | \$ 5,761 | \$ 5,689 |
| Audit expense | 7,700 | 5,900 | - | - |
| RTAP reimbursements | 2,791 | 5,802 | 2,791 | 5,802 |
| Rental property expense | 18,000 | 4,570 | 18,000 | 4,570 |
| Seminars and other reimbursement | 9,122 | 43,632 | 9,122 | 43,632 |
| Portion of association dues | <u>96</u> | <u>89</u> | <u>96</u> | <u>89</u> |
| | | | - | |
| Total Ineligible Expenses | <u>\$ 43,470</u> | <u>\$ 65,682</u> | <u>\$ 35,770</u> | <u>\$ 59,782</u> |
| Net Eligible Expenses | <u>\$ 1,105,578</u> | <u>\$ 1,287,919</u> | <u>\$ 1,113,278</u> | <u>\$ 1,293,819</u> |
| State Statutory Operating Assistance: 35.62% of eligible operating expenses (38.1508% for 2008) | | | <u>\$ 396,550</u> | <u>\$ 501,830</u> |
| Federal Section 5311: 16% of eligible operating expenses | <u>\$ 176,892</u> | <u>\$ 200,000</u> | | |

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT- SMALL BUS PROGRAM
Schedule 1A
Statement of Local Revenues
For the Year Ended September 30, 2009**

| | |
|----------------------|-------------------|
| Fares (nonurban) | \$ 443,340 |
| Rent | 18,000 |
| Interest income | <u>28,354</u> |
| Total local revenues | <u>\$ 489,694</u> |

BERRIEN COUNTY PUBLIC TRANSPORTATION
Schedule 2B
Expenditures of Federal and State Awards
For the Year Ended September 30, 2009

| <u>Federal and State Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Grantor No/ Authorization Number</u> | <u>Program Award Amount</u> |
|---|----------------------------|---|-----------------------------|
| <u>U.S. Department of Transportation</u> | | | |
| Passed through Michigan Department of Transportation | | | |
| Operating Assistance - Section 5311 FY 2009 | 20.509 | 2009-0176/Z2 | \$ 186,893 |
| Rural Transit Assistance Program (RTAP) | | N/A | <u>2,791</u> |
| | | | <u>\$ 189,684</u> |
| <u>Michigan Department of Transportation</u> | | | |
| Operating Assistance Nonurban | N/A | N/A | <u>\$ 623,451</u> |
| TOTALS | | | <u>\$ 813,135</u> |

| <u>Current Year's Expenditures</u> | | <u>State</u> | <u>Local</u> | <u>Prior Year's Expenditures</u> | <u>Award Amount Remaining</u> |
|------------------------------------|-------------------|-------------------|--------------|----------------------------------|-------------------------------|
| <u>Total</u> | <u>Federal</u> | | | | |
| \$ 176,892 | \$ 176,892 | \$ - | \$ - | \$ - | \$ 10,001 |
| 2,791 | 2,791 | - | - | - | - |
| <u>\$ 179,683</u> | <u>\$ 179,683</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,001</u> |
| | | | | | |
| \$ 396,550 | \$ - | \$ 396,550 | \$ - | \$ - | \$ 226,901 |
| <u>\$ 576,233</u> | <u>\$ 179,683</u> | <u>\$ 396,550</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 236,902</u> |

BERRIEN COUNTY PUBLIC TRANSPORTATION
Schedule 3B
Operating and Contract Expenses
For the Year Ended September 30, 2009

| <u>Expenses</u> | <u>Urban</u> | <u>Nonurban</u> | <u>Specialized Services</u> | <u>Another Operating Contract</u> | <u>Total</u> |
|------------------------|--------------|---------------------|---------------------------------|---|---------------------|
| Labor | \$ - | \$ 579,550 | \$ - | \$ - | \$ 579,550 |
| Fringe benefits | - | 116,232 | - | - | 116,232 |
| Services | - | 99,756 | - | - | 99,756 |
| Materials and supplies | - | 213,641 | - | - | 213,641 |
| Utilities | - | 27,490 | - | - | 27,490 |
| Insurance | - | 79,137 | - | - | 79,137 |
| Miscellaneous | - | 9,462 | - | - | 9,462 |
| Operating leases | - | 18,000 | - | - | 18,000 |
| Depreciation | - | 5,780 | - | - | 5,780 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | <u>\$ -</u> | <u>\$ 1,149,048</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,149,048</u> |

BERRIEN COUNTY PUBLIC TRANSPORTATION
OAR Schedule 4R
Nonurban Regular Service Revenue Report
For the Year Ended September 30, 2009

| <u>Code</u> | <u>Description</u> | <u>Amount</u> |
|-------------|---------------------------------------|---------------------|
| 401: | Farebox Revenue | |
| 40100 | Passenger Fares | \$ 50,786 |
| 40200 | Contract Fares | 392,554 |
| 407: | NonTrans Revenues | |
| 40720 | Rental of Buildings or Other Property | 18,000 |
| 40760 | Gains from the Sale of Capital Assets | 5,095 |
| 40799 | Other Revenue | 5,992 |
| 411: | State Formula and Contracts | |
| 41101 | State Operating Assistance | 396,550 |
| 413: | Federal Contracts | |
| 41302 | Federal Section 5311 | 176,892 |
| 41398 | RTAP | 2,791 |
| 414: | Other Revenue | |
| 41400 | Interest Income | <u>28,354</u> |
| | Total | <u>\$ 1,077,014</u> |

BERRIEN COUNTY PUBLIC TRANSPORTATION
OAR Schedule 4E
Nonurban Regular Service Expense Report
For the Year Ended September 30, 2009

| <u>Code</u> | <u>Description</u> | <u>Operations</u> | <u>Maintenance</u> | <u>General Administration</u> | <u>Amount</u> |
|-------------|--|-------------------|--------------------|-------------------------------|---------------------|
| 501: | Labor | | | | |
| 50101 | Operators' Salaries and Wages | \$ 407,989 | \$ - | \$ - | \$ 407,989 |
| 50102 | Other Salaries and Wages | 11,609 | 66,668 | 26,069 | 104,346 |
| 50103 | Dispatchers' Salaries and Wages | 67,215 | - | - | 67,215 |
| 502: | Fringe Benefits | | | | |
| 50200 | Other Fringe Benefits | 96,406 | 14,679 | 5,147 | 116,232 |
| 503: | Services | | | | |
| 50302 | Advertising | - | - | 158 | 158 |
| 50305 | Audit Costs | - | - | 7,700 | 7,700 |
| 50399 | Other Services | 357 | 19,054 | 72,487 | 91,898 |
| 504: | Materials and Supplies | | | | |
| 50401 | Fuel and Lubricants | 122,563 | 789 | - | 123,352 |
| 50402 | Tires and Tubes | 17,582 | - | - | 17,582 |
| 50404 | Major Supplies | 23,043 | - | - | 23,043 |
| 50499 | Other Materials and Supplies | 39,182 | 7,372 | 3,110 | 49,664 |
| 505: | Utilities | | | | |
| 50500 | Utilities | - | - | 27,490 | 27,490 |
| 506: | Insurance | | | | |
| 50603 | Liability Insurance | 76,613 | - | - | 76,613 |
| 50699 | Other Insurance | - | - | 2,524 | 2,524 |
| 509: | Miscellaneous Expenses | | | | |
| 50902 | Travel, Meetings, and Training | 366 | 642 | 3,491 | 4,499 |
| 50903 | Association Dues and Subscriptions | - | - | 1,350 | 1,350 |
| 50999 | Other Miscellaneous Expenses | - | - | 3,613 | 3,613 |
| 512: | Operating Leases and Rentals | | | | |
| 51200 | Operating Leases and Rentals | 18,000 | - | - | 18,000 |
| 513: | Depreciation | | | | |
| 51300 | Depreciation | 5,761 | - | 19 | <u>5,780</u> |
| | Total Expenses | | | | <u>\$ 1,149,048</u> |
| 550: | Ineligible Expenses | | | | |
| 55007 | Ineligible Depreciation | 5,761 | - | - | \$ 5,761 |
| 55008 | Other Ineligible Expenses | - | - | 3,130 | 3,130 |
| 55009 | Ineligible Percent of Association Dues | - | - | 96 | 96 |
| 55010 | Other Ineligible Expenses | 5,992 | - | - | 5,992 |
| 560: | Ineligible Expenses | | | | |
| 56004 | Ineligible Expenses Associated with Rental | 18,000 | - | - | 18,000 |
| 574: | Ineligible Expenses | | | | |
| 57402 | Ineligible RTAP | - | - | 2,791 | <u>2,791</u> |
| | Total Ineligible Expenses | | | | <u>\$ 35,770</u> |
| | Total Eligible Expenses | | | | <u>\$ 1,113,278</u> |

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MODT- SMALL BUS PROGRAM
OAR Schedule 4N
Nonurban Regular Service Nonfinancial Report**

| Demand Response | Public Transportation Mileage Year Ended September 30, | |
|-----------------------------------|---|--------------------|
| | <u>2009</u> | <u>2008</u> |
| First quarter ended December 31 | 140,827 | 145,958 |
| Second quarter ended March 31 | 132,909 | 134,499 |
| Third quarter ended June 30 | 121,646 | 155,929 |
| Fourth quarter ended September 30 | <u>106,508</u> | <u>144,805</u> |
| | <u>501,890</u> | <u>581,191</u> |

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MODT- SMALL BUS PROGRAM
OAR Schedule 5
Operating Assistance Calculation**

| | <u>Nonurban</u> |
|---|---------------------|
| Total Expenses | <u>\$ 1,149,048</u> |
| Less Ineligible Expenses | |
| Depreciation (except depreciation on locally funded assets of \$19) | \$ (5,761) |
| Ineligible expense - 7.1% of MPTA dues | (96) |
| Other reimbursements | (9,122) |
| RTAP reimbursements | (2,791) |
| Expenses associated with rental property | <u>(18,000)</u> |
| Total Ineligible Expenses Per R&E Manual | <u>\$ (35,770)</u> |
| Total State Eligible Expenses | <u>\$ 1,113,278</u> |
| Eligible Expenses for State Reimbursement | \$ 1,113,278 |
| x Reimbursement Percentage | <u>0.3562</u> |
| State Operating Assistance | <u>\$ 396,550</u> |
| Total Federal Eligible Expenses | |
| Less Additional Federal Ineligible Expenses Per A-87 | |
| Audit Costs | <u>\$ 7,700</u> |
| Eligible Expenses for Federal Reimbursement | \$ 1,105,578 |
| x Reimbursement Percentage | <u>0.16</u> |
| Federal Section 5311 Operating Assistance | <u>\$ 176,892</u> |

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

December 15, 2009

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners of Berrien County
Berrien County Public Transportation
MDOT - Small Bus Program
St. Joseph, Michigan 49085

We have audited the financial statements of Berrien County Public Transportation as of and for the year ended September 30, 2009, which collectively comprise Berrien County Public Transportation's basic financial statements and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Berrien County Public Transportation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Berrien County Public Transportation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Berrien County Public Transportation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Berrien County Public Transportation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Berrien County Public Transportation's financial statements that is more than inconsequential will not be prevented or detected by Berrien County Public Transportation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Berrien County Public Transportation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Right. On time.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - Continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berrien County Public Transportation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

We noted certain matters that we reported to management of Berrien County Public Transportation in a separate letter dated December 15, 2009.

This report is intended solely for the information and use of management, Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grebel & Company, P.C.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

December 15, 2009

Communication of Significant Deficiencies That Indicates No Material Weaknesses in Internal Control

Members of the Berrien County Board of Commissioners
Berrien County Public Transportation
MDOT - Small Bus Program
Berrien County, Michigan

In planning and performing our audit of the financial statements of the governmental activities and the aggregate remaining fund information of Berrien County Public Transportation as of and for the year ended September 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Berrien County Public Transportation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Berrien County Public Transportation's internal control. Accordingly, we do not express an opinion on the effectiveness of Berrien County Public Transportation's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. In addition, we noted other matters involving internal control and its operation that we have reported to management of Berrien County Public Transportation in a separate letter dated December 15, 2009.

This communication is intended solely for the information and use of management, Board of Commissioners, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


Gerbel & Company, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

December 15, 2009

Members of the Berrien County Board of Commissioners
Berrien County Public Transportation
MDOT - Small Bus Program
Berrien County, Michigan

In connection with our examination of the books and records of Berrien County Public Transportation for the year ended September 30, 2009, we offer the following comments and recommendations.

GENERAL

1. Currently Berrien County Public Transportation is not in compliance with the uniform chart of accounts for the grant audit. Berrien County Public Transportation should be following the Local Public Transit Revenue and Expense Manual that can be found on the State of Michigan's website.
2. The Organization's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing our work.

We appreciate the courtesy and cooperation extended to us by Berrien County Public Transportation and trust that these comments and suggestions will be received in the spirit of cooperation in which they are offered.

If we can be of any assistance in implementing any of these suggestions, or if you have any questions regarding these or any other matters, please feel free to contact us.

Sincerely,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

December 15, 2009

Communication with Those Charged with Governance

Members of the Transportation Authority Board
Berrien County Public Transportation

We have audited the financial statements of Berrien County Public Transportation for the year ended September 30, 2009, and have issued our report thereon dated December 15, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 13, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Berrien County Public Transportation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008-2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not note any estimates that we felt were particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties with management in performing and completing our audit.

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the management of Berrien County Public Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants