

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

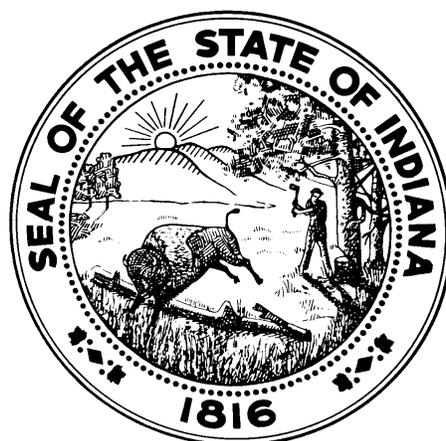
ANNUAL FINANCIAL REPORT

2007

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION

CITY OF BLOOMINGTON

MONROE COUNTY, INDIANA



FILED
09/23/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Susan Clark Michael Trexler	01-01-07 to 05-04-08 05-05-08 to 12-31-08
Mayor	Mark Kruzan	01-01-04 to 12-31-11
General Manager	Lewis May	01-01-07 to 12-31-08
Bloomington Public Transportation Corporation Controller	Christa Browning	01-01-07 to 12-31-08
Chairman of the Bloomington Public Transportation Board	Raymond McConn	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION, CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the Bloomington Public Transportation Corporation (Public Transportation Corporation), a component unit of the City of Bloomington, as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Public Transportation Corporation'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 also 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.

As discussed in Note I, the financial statements of the Bloomington Public Transportation Corporation, City of Bloomington, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Public Transportation Corporation. They do not purport to, and do not, present fairly the financial position of the City of Bloomington as of December 31, 2007, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Public Transportation Corporation, as of December 31, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 12, 2008

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Bloomington Public Transportation Corporation (BPTC), we offer the following discussion as insight into the financial performance of BPTC for the calendar year ended December 31, 2007. To gain a fair understanding of BPTC's financial position, this discussion and analysis should be read in conjunction with the basic financial statements, and the notes to the basic financial statements.

BPTC is accounted for as an enterprise fund. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, with its related liabilities, and corresponding equity balances. An entity is classified as an enterprise fund when a fee is charged to cover the entire cost of an operation. BPTC accounts for its practices using an economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus includes all assets and liabilities associated with BPTC in the balance sheet. Full accrual accounting records revenues when earned and expenses when incurred.

BPTC's basic financial statements are comprised of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets or fund equity, the Statement of Cash Flows, and notes to the financial statements. In addition to the basic financial statements this report includes other supplementary information.

Statement of Net Assets. The Statement of Net Assets presents information on all of BPTC's assets, liabilities and net assets as of the end of the calendar year.

Statement of Revenues, Expenses, and Changes in Fund Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets reflects revenues and expenses recognized during the year.

Statement of Cash Flows. The Statement of Cash Flows provides information on all of the cash inflows and outflows for BPTC by major category during the year.

Notes to the financial statements. The notes are a required part of the basic financial statements that provide necessary information for the understanding of the BPTC's financial report.

Other information. BPTC is also required to provide more detailed information about certain issues disclosed in required supplementary information (RSI) schedules. BPTC's RSI schedule includes the Public Employee's Retirement Fund (PERF).

STATEMENT OF NET ASSETS

	2007	2006
Current and other assets	\$ 3,249,667	\$ 2,199,042
Noncurrent assets	11,375,784	10,968,670
Total assets	14,625,451	13,167,712
Long-term liabilities outstanding	-	-
Current liabilities	1,575,282	304,750
Total liabilities	1,575,282	304,750
Net Assets	\$ 13,050,169	\$ 12,862,962

Invested in capital assets, net

of related debt	\$ 10,221,428	\$ 9,814,314
Restricted	-	-
Unrestricted	2,828,741	3,048,648
Total Net Assets	\$ 13,050,169	\$ 12,862,962

Total assets at December 31, 2007 were \$14,625,451, an increase of 11 percent from the prior year. Net capital assets comprised of \$10,221,428 of the \$14,625,451 in assets.

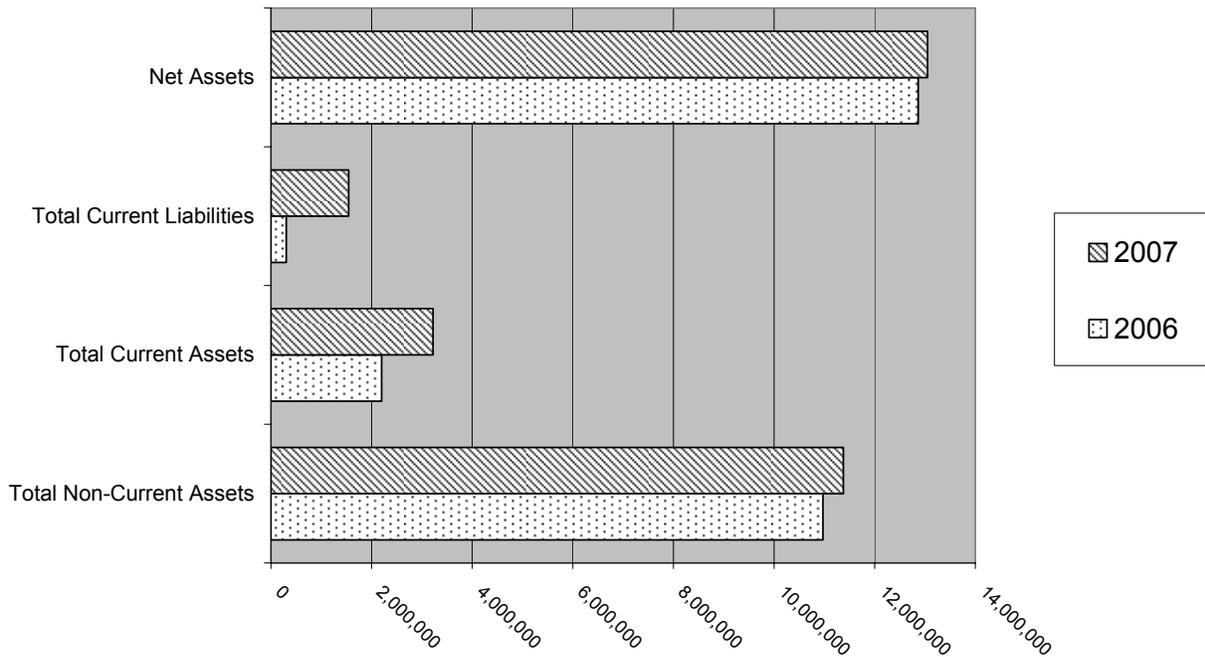
Total liabilities at December 31, 2007 were \$1,575,282, compared to \$304,750 from the prior year. BPTC had no long-term liabilities at year end.

Total net assets at December 31, 2007 were \$13,050,169, an increase of \$187,207 from the prior year. The breakout of net assets is shown below:

Capital assets net of related debt	\$ 10,221,428
Restricted net assets	-
Unrestricted net assets	2,828,741
Total net assets	\$ 13,050,169

The composition of current and non-current assets and liabilities and net assets is displayed below for both the 2006 and 2007 calendar year ends:

Statement of Net Assets



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

	2007	2006
Operating Revenues:		
Fares/Advertising	\$1,269,954	\$ 1,126,590
Other	84,527	93,934
Total operating revenues	1,354,481	1,220,524
Operating Expenses:		
Operations and maintenance	112,161	88,970
Administration and general	65,052	61,160
Depreciation	1,058,178	992,716
Salaries and wages	2,297,897	2,116,918
Employee pensions and benefits	532,463	471,615
Materials and supplies	1,100,506	949,986
Contractual services	764,593	822,094
Advertising	39,688	39,502
Utilities	50,426	55,445
Insurance expense	210,147	205,384
Total operating expenses	6,231,111	5,803,790
Operating loss	(4,876,630)	(4,583,266)
Non-operating Revenues:		
Interest and investment revenue	114,087	119,131
Local taxes	895,278	855,073
Intergovernmental revenue	2,802,085	2,677,490
Total non-operating revenue	3,811,450	3,651,694
Loss before contributions	(1,065,180)	(931,572)
Capital Contributions	1,252,387	997,412
Change in net assets	187,207	65,840
Net Assets -- January 1 st	12,862,962	12,797,122
Net Assets -- December 31 st	\$ 13,050,169	\$12,862,962

REVENUES

Operating revenues at BPTC for December 31, 2007 year end increased 11% over the previous year end. The changes in revenues are as follows:

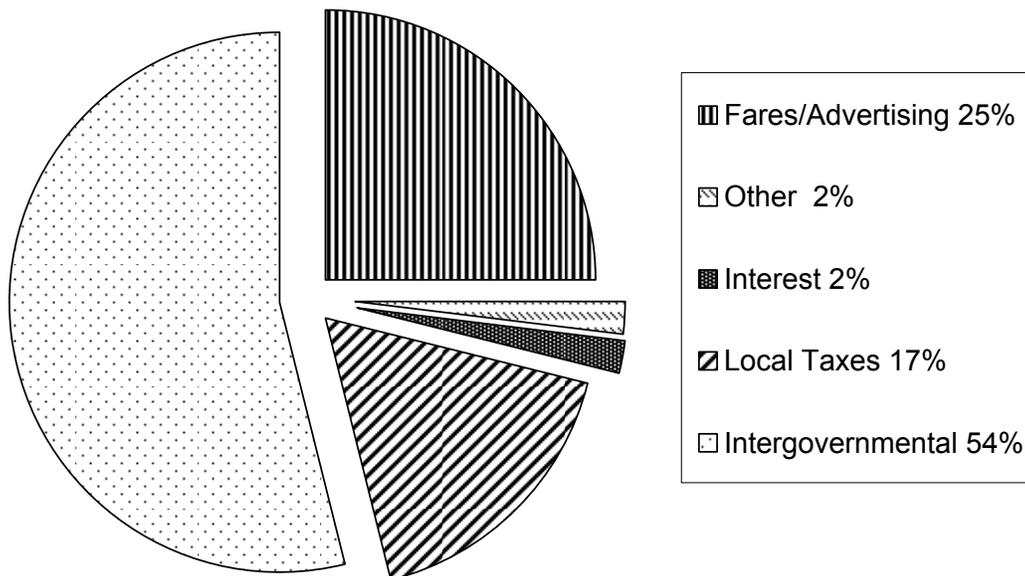
- Fare/Advertising revenues were \$1,269,954 in 2007 compared to \$1,126,590 in 2006, an overall increase of 13%. This increase was due to an increase in the Interlocal Cooperation Agreement with Indiana University for fares and services.
- Other revenue of \$84,527 was a decrease of 10% over the previous year of \$93,934. Other revenue includes insurance and IU reimbursements and miscellaneous revenue.

Total non-operating revenues increased by 4% from December 31, 2006, from \$3,651,694 to \$3,811,450.

- Interest and investment revenue decreased 4%, from \$119,131 at December 31, 2006, to \$114,087 at December 31, 2007. This was a result of both a decrease in investment returns and in principal invested.
- Local taxes increased from \$855,073 to \$895,278, or 5%.
- Intergovernmental revenues increased from \$2,677,490 to \$2,802,085 in 2007 an increase of 5%. This includes state funds through the Public Mass Transportation fund, the largest single source of non-operating revenue. These funds increased 6% in 2007 from \$1,555,918 to \$1,643,095.

In summary, total revenue of BPTC increased by \$293,713, from \$4,872,218 to \$5,165,931, an overall increase of 6%. The composition of these revenues is displayed in this graph for 2007:

Total Revenues

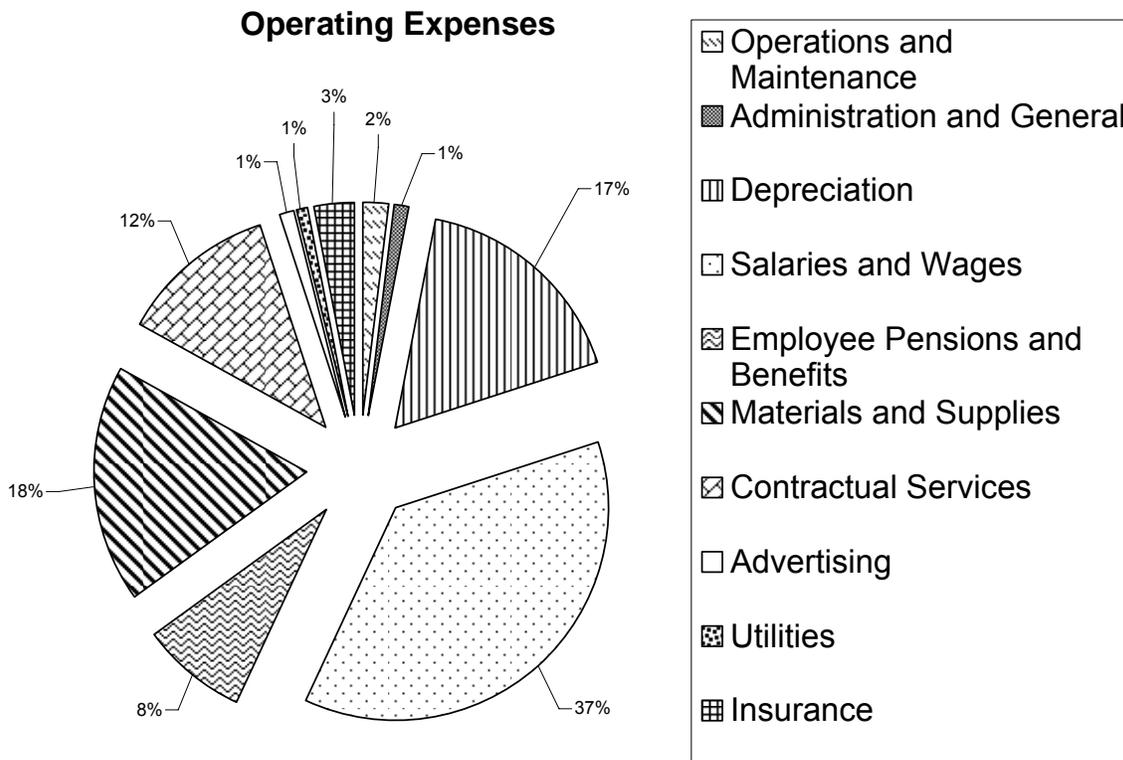


EXPENSES

Operating expenses were \$6,231,111 for 2007. This was an increase over the previous year of \$427,321, or 7%. Changes in the major categories of expenses are as follows:

- Operations and maintenance expenses increased by \$23,191, or 26% from 2006. This is the result of outside labor utilized for repairs of buses.
- Administration and general expenses increased by 6% for 2007, from \$61,160 to \$65,052.
- Depreciation expense saw a net increase from 2006. Current depreciation expense of \$1,058,178 is \$65,462 more than 2006.
- Salaries and wages are comprised of salaried, full and part time employees. This category increased by 9% for 2007, from \$2,116,918 to \$2,297,897.
- Employee pensions and benefits increased by \$60,848, or 13% from 2006. The increase in PERF contributions heavily influenced the increase in this category with a 27% increase over the prior year.
- Materials and supplies increased by \$150,520, or 16%, from \$949,986 to \$1,100,506. Fuel cost was the major contributing factor to this increase with a 10% increase over 2006.
- Contractual services decreased by \$57,501 or 7% in 2006.
- Advertising expenses increased from \$39,502 in 2006 to \$39,688 in 2007.
- Utilities decreased by 9% from \$55,445 in 2006 to \$50,426 in 2007.
- Insurance expense increased in 2007 by 2% from the prior year.

The composition of total expenses is displayed below by major category for 2007:



CAPITAL ITEMS

On the Statement of Revenues, Expenses, and Changes in Fund Net Assets, the net loss before contributions was \$1,065,180. This was an increase of \$133,608 from the prior year loss of \$931,572.

Capital contributions are comprised of state capital funds from the Public Mass Transportation Fund and Federal Transit Administration capital monies received from Federal Transit Capital Formula grants and Federal Transit Capital Improvement Grants.

NET ASSETS

Net assets increased by \$187,207 over the previous year end. Although, an increase occurred in operating expenses, overall operating and non-operating revenues increased also, thus off-setting each other. Ending net assets were \$13,050,169, compared to ending net assets in 2006 of \$12,862,962. This was a 1% increase in net assets.

STATEMENT OF CASH FLOWS

The statement of cash flows provides a means to assess the health of BPTC by providing relevant information concerning the cash receipts and cash payments during the year. It assists the reader in determining whether BPTC has the ability to generate future net cash flows to meet its obligations as they come due.

Cash Flows for the Period

	December 31, 2007	December 31, 2006
Net cash provided (used) by:		
Operating activities	\$ (2,572,417)	\$ (3,562,188)
Noncapital financing activities	3,062,593	3,171,731
Capital and related financing activities	(212,905)	(165,835)
Investing activities	114,620	119,690
Net increase (decrease) in cash	391,891	(436,602)
Beginning cash and cash equivalents balances	<u>2,435,820</u>	<u>2,872,422</u>
Ending cash and cash equivalents balances	<u>\$ 2,827,711</u>	<u>\$ 2,435,820</u>

Cash used by operating activities decreased by \$989,771 from 2006 to 2007. The use of cash was impacted by a net decrease of \$869,472 from the previous year in payments to suppliers and contractors, and payments to employees. This decrease in cash outlay was offset by \$120,299 increase in inflows from customers and users.

Noncapital financing activities decreased \$109,138. This was only 3% decrease in these activities from prior year. Operating grants comprise the largest component of this category with level cash flows across the two years.

Cash flows from capital and related debt decreased by \$47,070. This decrease was the result from a decrease of \$302,045 in the cash used to purchase capital assets, and an increase in capital contributions of \$254,975.

Cash flows from investing activities saw a decrease of \$5,070, impacted mainly by proceeds from the sales and maturities of investments.

Cash flow for 2008 calendar year will be affected by an increase in bus fares. In addition, BPTC does have plans to start the initial phases on the development of the new Downtown Transfer Facility during 2008. No other substantial changes in cash flows are expected in 2008.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The BPTC's capital assets as of December 31, 2007, equal \$10,221,428 (net of accumulated depreciation). Capital assets include land, buildings, improvements-other than buildings, shop and office equipment, bus/passenger equipment, and motor equipment. The total increase in the BPTC's capital assets for the current fiscal year was \$407,114 or 4 percent.

Long-term Debt. At the end of the current year, BPTC had no bonded debt outstanding and has not issued any in the past.

ECONOMIC OUTLOOK

The FY 2008 total budget increased from \$7,868,612 in FY 2007 to \$9,299,903 in FY 2008 primarily due to land acquisition/environmental assessment for the downtown transfer facility at \$1,500,000, purchase of three new 35' buses and various other small capital projects. Operating expenses are budgeted to increase from \$5,039,812 in FY 2007 to \$5,724,495 in FY 2008.

Notable revenue changes in the 2008 budget include a budgeted increase in Federal Transit grant funds from \$2,980,000 in 2007 to \$3,874,744 in 2008. Also, state operating grant revenue saw an increase from \$1,600,000 in 2007 to \$1,718,095 in 2008.

BPTC is not aware of any additional currently known facts, decisions, or conditions that are expected to have significant effect on the financial position or results of operations during 2008 beyond those unknown variations having a global effect on virtually all types of business operations.

Overall, the financial position of BPTC continues to be strong with 2008 rendering an increase in ridership.

Request for Information

This financial report is designed to provide a general overview of the BPTC's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the BPTC's Administrative Office: Bloomington Public Transportation Corporation, 130 West Grimes Lane, Bloomington, Indiana 47403.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
STATEMENT OF NET ASSETS
December 31, 2007

Assets

Current assets:	
Cash and cash equivalents	\$ 1,673,355
Interest receivable	5,412
Accounts receivable	7,250
Grant receivable	1,006,787
Taxes receivable	181,286
Inventories	354,022
Prepaid items	<u>21,555</u>
 Total current assets	 <u>3,249,667</u>
Noncurrent assets:	
Restricted cash, cash equivalents and investments:	
Capital improvement reserve	1,154,356
Capital assets:	
Capital assets (net of accumulated depreciation)	<u>10,221,428</u>
 Total capital assets	 <u>10,221,428</u>
 Total noncurrent assets	 <u>11,375,784</u>
 Total assets	 <u>14,625,451</u>

Liabilities

Current liabilities:	
Accounts payable	1,400,639
Accrued payroll/withholdings payable	143,917
Deferred revenue - unearned	1,545
Deferred revenue - unavailable	<u>29,181</u>
 Total liabilities	 <u>1,575,282</u>

Net Assets

Invested in capital assets	10,221,428
Unrestricted	<u>2,828,741</u>
 Total net assets	 <u>\$ 13,050,169</u>

The notes to the financial statements are an integral part of this statement.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
As Of And For The Year Ended December 31, 2007

Operating revenues:	
Fares/advertising	\$ 1,269,954
Other	<u>84,527</u>
Total operating revenues	<u>1,354,481</u>
Operating expenses:	
Operations and maintenance	112,161
Administration and general	65,052
Depreciation	1,058,178
Salaries and wages	2,297,897
Employee pensions and benefits	532,463
Materials and supplies	1,100,506
Contractual services	764,593
Advertising	39,688
Utilities	50,426
Insurance expense	<u>210,147</u>
Total operating expenses	<u>6,231,111</u>
Operating loss	<u>(4,876,630)</u>
Nonoperating revenues:	
Interest and investment revenue	114,087
Local taxes	895,278
Intergovernmental revenue	<u>2,802,085</u>
Total nonoperating revenues	<u>3,811,450</u>
Loss before contributions	(1,065,180)
Capital contributions	<u>1,252,387</u>
Change in net assets	187,207
Total net assets - beginning	<u>12,862,962</u>
Total net assets - ending	<u>\$ 13,050,169</u>

The notes to the financial statements are an integral part of this statement.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

As Of And For The Year Ended December 31, 2007

Cash flows from operating activities:	
Receipts from customers and users	\$ 1,334,489
Payments to suppliers and contractors	(1,086,306)
Payments to employees	<u>(2,820,600)</u>
Net cash used by operating activities	<u>(2,572,417)</u>
Cash flows from noncapital financing activities:	
Taxes received	776,818
Operating grants received	<u>2,285,775</u>
Net cash provided by noncapital financing activities	<u>3,062,593</u>
Cash flows from capital and related financing activities:	
Capital contributions	1,252,387
Acquisition and construction of capital assets	<u>(1,465,292)</u>
Net cash used by capital and related financing activities	<u>(212,905)</u>
Cash flows from investing activities:	
Interest received	<u>114,620</u>
Net cash provided by investing activities	<u>114,620</u>
Net increase in cash and cash equivalents	391,891
Cash and cash equivalents, January 1	<u>2,435,820</u>
Cash and cash equivalents, December 31	<u><u>\$ 2,827,711</u></u>
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (4,876,630)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,058,178
(Increase) decrease in assets:	
Accounts receivable	10,466
Inventories	(5,933)
Prepaid items	151
Increase (decrease) in liabilities:	
Accounts payable	1,262,049
Accrued payroll/withholdings payable	9,760
Deferred revenue - unearned	1,045
Deferred revenue - unavailable	<u>(31,503)</u>
Total adjustments	<u>2,304,213</u>
Net cash used by operating activities	<u><u>\$ (2,572,417)</u></u>

The notes to the financial statements are an integral part of this statement.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the Public Transportation Corporation and are not intended to present fairly the position of the City of Bloomington (City), and the results of its operations and cash flows of its enterprise funds.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Public Transportation Corporation's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Open-end mutual funds are reported at fair value.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Restricted Assets

The Public Transportation Corporation established an improvement reserve fund for accumulating money for the purchase of specified real property, major equipment, and improvements.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight-line	30 years
Improvements other than buildings	1,000	Straight-line	10 to 30 years
Office equipment	1,000	Straight-line	3 to 10 years
Shop equipment	1,000	Straight-line	5 to 10 years
Bus/passenger equipment	1,000	Straight-line	3 to 10 years
Motor equipment	1,000	Straight-line	3 to 12 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

5. Compensated Absences

Paid Time Off (PTO) – Public Transportation Corporation employees earn PTO at rates from 5 days to 25 days per year based upon the number of years of service. PTO may be used for any purpose. PTO leave must be used within the calendar year and will not accumulate from

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

year to year. Each employee shall be entitled to carry over 48 hours. These hours can be accumulated to be used no later than December 31st of the calendar year following the year in which they were earned. Any carry over PTO hours not used by the end of the calendar year following the year in which they were earned shall be sent to the employee Sick Bank or paid to the employee at his/her current rate of pay at the option of the employee.

II. Detailed Notes on All Funds

A. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

B. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 6,428,208	\$ -	\$ -	\$ 6,428,208
Improvements other than buildings	1,900	-	-	1,900
Office equipment	143,162	7,607	5,279	145,490
Shop equipment	66,881	10,543	-	77,424
Bus/passenger equipment	426,243	49,459	-	475,702
Motor equipment	9,748,905	1,397,683	17,078	11,129,510
	<u>16,815,299</u>	<u>1,465,292</u>	<u>22,357</u>	<u>18,258,234</u>
Totals				
Less accumulated depreciation for:				
Buildings	1,901,711	214,274	-	2,115,985
Improvements other than buildings	158	127	-	285
Office equipment	94,958	19,578	5,279	109,257
Shop equipment	58,771	3,342	-	62,113
Bus/passenger equipment	106,150	43,003	-	149,153
Motor equipment	4,839,237	777,854	17,078	5,600,013
	<u>7,000,985</u>	<u>1,058,178</u>	<u>22,357</u>	<u>8,036,806</u>
Totals				
Total capital assets, being depreciated, net	<u>\$ 9,814,314</u>	<u>\$ 407,114</u>	<u>\$ -</u>	<u>\$ 10,221,428</u>

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Other Information

A. Risk Management

The Public Transportation Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Rate Structure

The current rate structure was approved by the Public Transportation Board on July 1, 1996.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City, including the Public Transportation Corporation, contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Public Transportation Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Public Transportation Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Information to segregate the assets/liabilities and the actuarial study figures between the City, the Utilities, and the Public Transportation Corporation is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the City as a whole and is presented in the governmental activities of the financial statements and is not presented as an asset/liability of the proprietary funds.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 1,391,742
Interest on net pension obligation	38,771
Adjustment to annual required contribution	(44,183)
Annual pension cost	1,386,330
Contributions made	1,299,377
Increase (decrease) in net pension obligation	86,953
Net pension obligation, beginning of year	534,772
Net pension obligation, end of year	\$ 621,725
Contribution rates:	
Public Transportation Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
 CITY OF BLOOMINGTON
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 1,142,425	87%	\$ 256,995
	06-30-06	1,409,462	80%	534,772
	06-30-07	1,386,330	94%	621,725

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 16,151,067	\$ 22,465,947	\$ (6,314,880)	72%	\$ 18,502,301	(34%)
07-01-06	18,933,429	22,771,367	(3,837,938)	83%	19,091,718	(20%)
07-01-07	21,539,457	25,449,101	(3,909,644)	85%	19,975,017	(20%)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. Biweekly time sheets should agree to the master and any exception forms. The employee's pay should agree to the biweekly time sheets. During our audit we noted an instance where the time sheets did not agree to the master and exception forms, resulting in incorrect pay for one driver.

There were four instances noted where the daily run sheets did not agree to the weekly summary and/or an exception sheet was not prepared for adjustments made to the daily run sheets.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2008, with Christa Browning, Bloomington Public Transportation Corporation Controller; and Lewis May, General Manager.