

B37642

STATE BOARD OF ACCOUNTS
302 West Washington Street
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INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT
2009

BLOOMINGTON PUBLIC
TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON

MONROE COUNTY, INDIANA



FILED
10/12/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Michael Trexler	01-01-09 to 12-31-10
Mayor	Mark Kruzan	01-01-04 to 12-31-11
General Manager	Lewis May	01-01-09 to 12-31-10
Bloomington Public Transportation Corporation Controller	Christa Browning	01-01-09 to 12-31-10
Chairman of the Bloomington Public Transportation Board	Raymond McConn	01-01-09 to 12-31-10



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, 2009. 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 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, 2009, 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, 2009, 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

July 20, 2010

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, 2009. 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 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, 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

	2009	2008
Current and other assets	\$ 2,235,972	\$ 2,017,984
Non-current assets	15,232,377	13,775,743
Total assets	17,468,349	15,793,727
Long-term liabilities outstanding	-	-
Current liabilities	212,506	303,175
Total liabilities	212,506	303,175
Net Assets	\$ 17,255,843	\$ 15,490,552

Invested in capital assets, net

of related debt	\$ 14,678,217	\$ 13,202,575
Restricted	-	-
Unrestricted	<u>2,577,626</u>	<u>2,287,977</u>
Total Net Assets	<u>\$ 17,255,843</u>	<u>\$ 15,490,552</u>

Total assets at December 31, 2009 were \$17,468,349, an increase of 11 percent from the prior year. Net capital assets comprised of \$11,677,855 of the \$14,678,217 in assets.

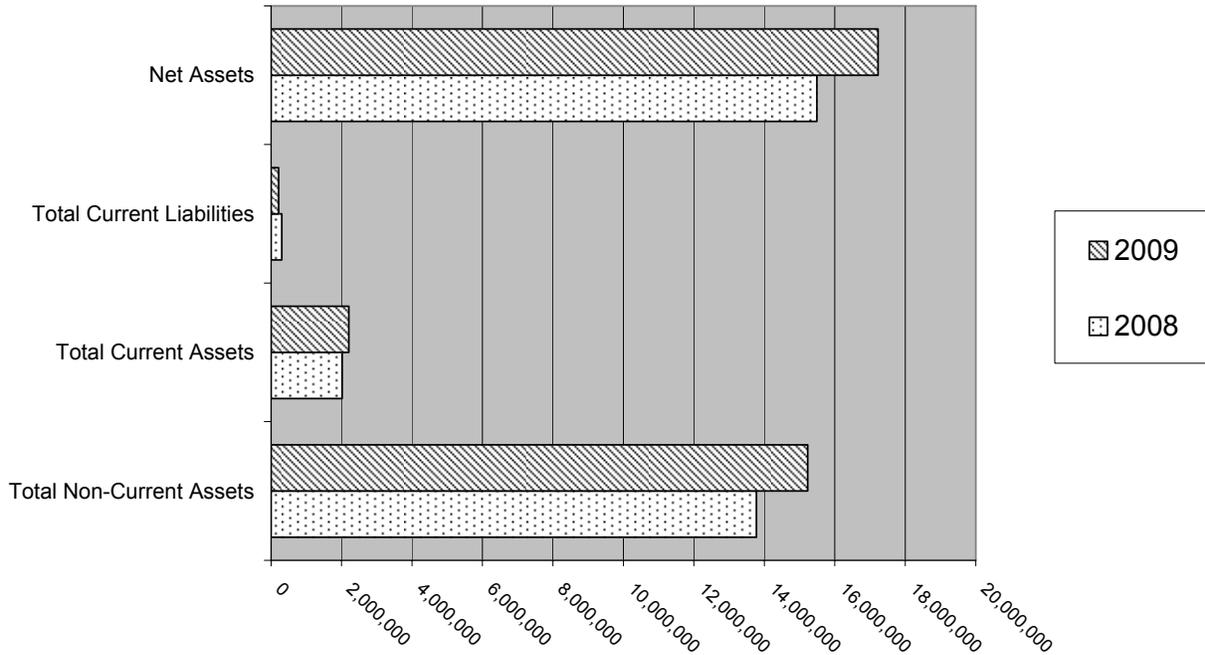
Total liabilities at December 31, 2009 were \$212,506, compared to \$303,175 from the prior year. BPTC had no long-term liabilities at year end.

Total net assets at December 31, 2009 were \$17,255,843 an increase of \$1,765,291 from the prior year. The breakout of net assets is shown below:

Capital assets net of related debt	\$ 14,678,217
Restricted net assets	-
Unrestricted net assets	<u>2,577,626</u>
Total net assets	<u>\$ 17,255,843</u>

The composition of current and non-current assets and liabilities and net assets is displayed below for both the 2008 and 2009 calendar year ends:

Statement of Net Assets



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

	2009	2008
Operating Revenues:		
Fares/Advertising	\$1,576,419	\$ 1,566,377
Other	121,679	111,308
Total operating revenues	1,698,098	1,677,685
Operating Expenses:		
Operations and maintenance	124,887	130,207
Administration and general	83,109	80,606
Depreciation	1,101,203	1,030,449
Salaries and wages	2,691,078	2,508,182
Employee pensions and benefits	720,044	609,919
Materials and supplies	1,005,070	1,303,915
Contractual services	737,564	851,448
Advertising	31,404	32,104
Utilities	64,821	59,537
Insurance expense	247,103	199,256
Total operating expenses	6,806,283	6,805,623
Operating loss	(5,108,185)	(5,127,938)
Non-operating Revenues (Expenses):		
Interest and investment revenue	15,504	55,027
Local taxes	991,605	889,348
Intergovernmental revenue	3,842,804	3,338,098
Loss on disposal of assets	(32,840)	-
Total non-operating revenue	4,817,073	4,282,473
Loss before contributions	(291,112)	(845,465)
Capital Contributions	2,056,403	3,285,848
Change in net assets	1,765,291	2,440,383
Net Assets -- January 1 st	15,490,552	13,050,169
Net Assets -- December 31 st	\$ 17,255,843	\$15,490,552

REVENUES

Operating revenues at BPTC for December 31, 2009 year end increased 1% over the previous year end. The changes in revenues are as follows:

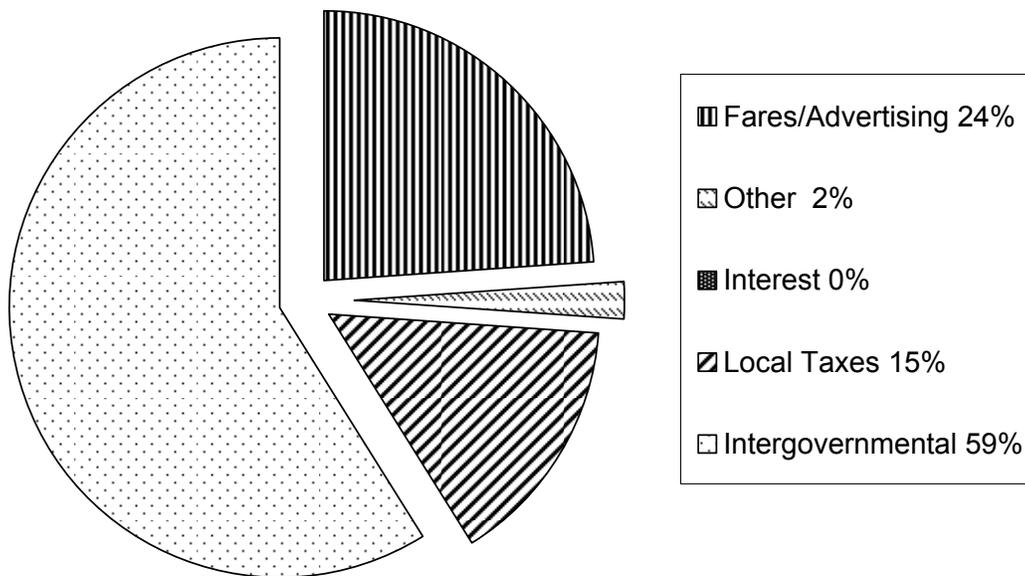
- Fare/Advertising revenues were \$1,576,419 in 2009 compared to \$1,566,377 in 2008, an overall increase of .6%.
- Other revenue of \$121,679 was an increase of 9% over the previous year of \$111,308. Other revenue includes insurance and IU reimbursements and miscellaneous revenue.

Total non-operating revenues increased by 13% from December 31, 2008, from \$4,282,473 to \$4,849,913.

- Interest and investment revenue decreased 72%, from \$55,027 at December 31, 2008, to \$15,504 at December 31, 2009. This was a result of both a decrease in investment returns and in principal invested.
- Local taxes increased from \$889,348 to \$991,605, or 11%.
- Intergovernmental revenues increased from \$3,338,098 to \$3,842,804 in 2009 an increase of 15%. This includes state funds through the Public Mass Transportation fund, the largest single source of non-operating revenue. These funds increased 3% in 2009 from \$1,973,358 to \$2,030,078.

In summary, total revenue of BPTC increased by \$587,853, from \$5,960,158 to \$6,548,011, an overall increase of 10%. The composition of these revenues is displayed in this graph for 2009:

Total Revenues



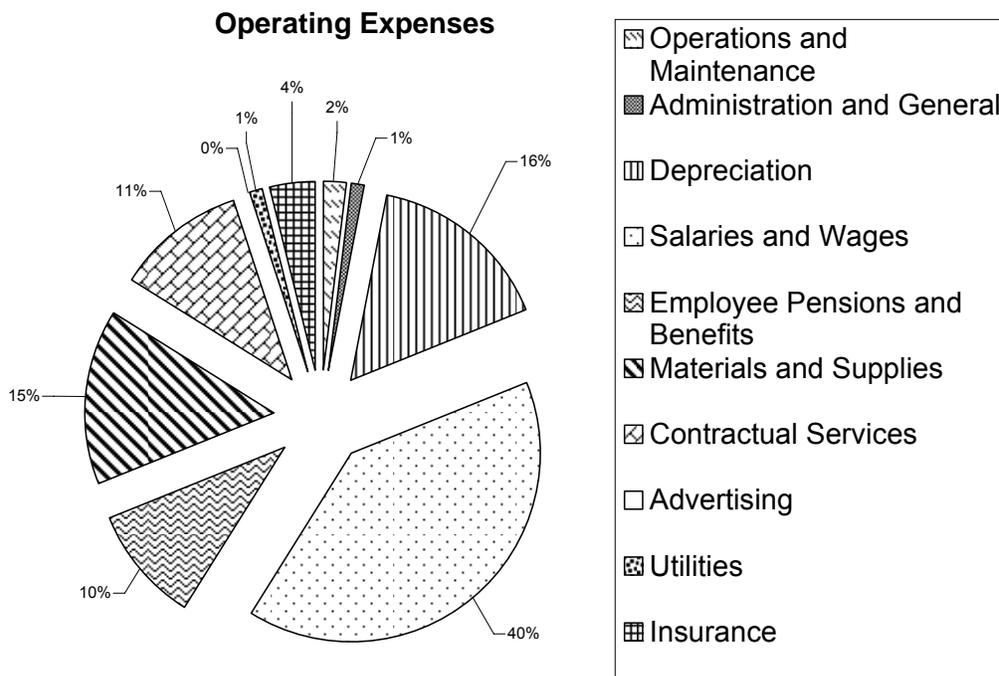
EXPENSES

Operating expenses were \$6,806,283 for 2009. This was an increase over the previous year of \$660. Changes in the major categories of expenses are as follows:

- Operations and maintenance expenses decreased by \$5,320, or 4% from 2008.
- Administration and general expenses increased by 3% for 2009, from \$80,606 to \$83,109.
- Depreciation expense saw a net increase from 2008. Current depreciation expense of \$1,101,203 is \$70,754 more than 2008.
- Salaries and wages are comprised of salaried, full and part time employees. This category increased by 7% for 2009, from \$2,508,182 to \$2,691,078.
- Employee pensions and benefits increased by \$110,125, or 18% from 2008. Health insurance expenses influenced the increase in this category with a 20% increase over prior year.
- Materials and supplies decreased by \$298,845, or 23%, from \$1,303,915 to \$1,005,070. Fuel cost was the major contributing factor to this decrease. Due to the conditions of the global market of fuel prices, BPTC partnered with Indiana University for a fixed price contract for 2009 for the purchase of fuel.
- Contractual services decreased by \$113,884 or 13% in 2009. BPTC contractual paratransit operations were ended in November 2009 and BT Access, our paratransit service, was brought in-house.
- Advertising expenses decreased from \$32,104 in 2008 to \$31,404 in 2009.
- Utilities increased by 9% from \$59,537 in 2008 to \$64,821 in 2009.
- Insurance expense increased in 2009 by 24% from the prior year.

Non-operating expense is represented by loss on disposal of asset in the amount of \$32,840.

The composition of operating expenses is displayed below by major category for 2009:



CAPITAL ITEMS

On the Statement of Revenues, Expenses, and Changes in Fund Net Assets, the net loss before contributions was \$291,112. This was a decrease of \$554,353 from the prior year loss of \$845,465.

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 \$1,765,291 over the previous year end. The only decrease in operating and non-operating revenues was in investments revenue which decreased by \$39,523 from the prior year. Ending net assets were \$17,255,843, compared to ending net assets in 2008 of \$15,490,552. This was an 11% 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, 2009	December 31, 2008
Net cash provided (used) by:		
Operating activities	\$ (4,071,095)	\$ (5,411,935)
Non-capital financing activities	4,989,202	3,952,665
Capital and related financing activities	(550,969)	274,329
Investing activities	16,227	59,716
Net increase (decrease) in cash	383,365	(1,125,225)
Beginning cash and cash equivalents balances	<u>1,702,486</u>	<u>2,827,711</u>
Ending cash and cash equivalents balances	<u>\$ 2,085,851</u>	<u>\$ 1,702,486</u>

Cash used by operating activities decreased by \$1,340,840. The use of cash was impacted by a \$1,648,800 decrease from the previous year in payments to suppliers and contractors, and \$362,976 increase in payments to employees. These increases in cash outlay were slightly offset by a \$55,016 increase in inflows from customers and users.

Non-capital financing activities increased \$1,036,537. The primary component of this increase was an increase in cash flow of \$531,831 from taxes received. In 2008, Monroe County did not get the December tax settlement processed and issued until January 2009; therefore, resulted in the increase in cash flow for this category in 2009.

Cash flows from capital and related financing activities reflected a decrease of \$825,298 due to a decrease in capital contribution of \$2,227,211 and a decrease in the purchase of capital assets by \$1,403,425. The

primary factor in these changes is due to the purchase of land in 2008 for our new downtown transfer facility which is funded in part by federal capital grants.

Cash flows from investing activities saw a decrease of \$43,489, impacted by the drastic decline in interest rates during 2009.

Cash flows for 2010 calendar year will be affected by the planning phase and then the start of construction of the new downtown transfer facility.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The BPTC's capital assets as of December 31, 2009, equal \$14,678,217 (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 \$1,475,642 or 11 percent.

BPTC is in the planning phase of a new downtown passenger transfer facility which will further enhance our mission of providing mobility to the community. This new facility will be located downtown Bloomington at the corner of 3rd and South Walnut Streets. The new facility will provide the space BPTC needs to expand transit services in the future and provide greatly improved amenities. The building will allow for space to almost double the number of buses operating as well as provide expanded passenger waiting areas and other important amenities such as public restrooms, and improved lighting and security. The estimated project cost is \$6.5 million and will be funded 80% by Federal grants. Construction is set to begin in 2010 with completion in spring 2011.

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 2010 total budget decreased from \$9,775,963 in FY 2009 to \$6,764,761 in FY 2010 primarily due to the downtown transfer facility project was included in the 2009 budget and not in 2010. The hope at the time of the budget process was to have a contract awarded for construction in order to be able to encumber the project during 2009. Operating expenses are budgeted to increase from \$6,603,058 in FY 2009 to \$6,630,241 in FY 2010.

Notable revenue changes in the 2010 budget include a budgeted increase in the state operating grant revenue which will see an increase from \$2,052,272 in 2009 to \$2,111,281 in 2010. Also, fare revenue will see an increase of 7.14% over 2009 from \$420,000 to \$450,000 in 2010.

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 2010 beyond those unknown variations having a global effect on virtually all types of business operations.

Overall, the financial position of BPTC continues to be favorable in 2009 however, management will continue to monitor the state and national economic conditions as part of its financial decision making process. BPTC surpassed its goal of 3 million riders in 2009. This trend of increased ridership seemingly is continuing into 2010.

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, 2009

	2009
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 1,531,691
Accounts receivable	39,257
Grant receivable	4,397
Taxes receivable	301,275
Inventories	341,738
Prepaid items	17,614
Total current assets	2,235,972
Noncurrent assets:	
Restricted cash, cash equivalents and investments:	
Capital improvement reserve	554,160
Capital assets:	
Land	2,905,322
Capital assets (net of accumulated depreciation)	11,677,855
Construction Work in Progress	95,040
Total capital assets	14,678,217
Total noncurrent assets	15,232,377
Total assets	17,468,349
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	163,890
Accrued payroll/withholdings payable	46,066
Deferred revenue - unearned	2,550
Total liabilities	212,506
<u>Net Assets</u>	
Invested in capital assets	14,678,217
Unrestricted	2,577,626
Total net assets	\$ 17,255,843

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, 2009

	2009
Operating revenues:	
Fares/advertising	\$ 1,576,419
Other	121,679
Total operating revenues	1,698,098
Operating expenses:	
Operations and maintenance	124,887
Administration and general	83,109
Depreciation	1,101,203
Salaries and wages	2,691,078
Employee pensions and benefits	720,044
Materials and supplies	1,005,070
Contractual services	737,564
Advertising	31,404
Utilities	64,821
Insurance expense	247,103
Total operating expenses	6,806,283
Operating loss	(5,108,185)
Nonoperating revenues (expenses):	
Interest and investment revenue	15,504
Local taxes	991,605
Intergovernmental revenue	3,842,804
Loss on disposal of Assets	(32,840)
Total nonoperating revenues	4,817,073
Loss before contributions	(291,112)
Capital contributions	2,056,403
Change in net assets	1,765,291
Total net assets - beginning	15,490,552
Total net assets - ending	\$ 17,255,843

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
STATEMENT OF CASH FLOWS
As Of And For The Year Ended December 31, 2009

	2009
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,685,308
Payments to suppliers and contractors	(2,261,378)
Payments to employees	(3,495,025)
Net cash used by operating activities	(4,071,095)
Cash flows from non-capital financing activities:	
Taxes received	1,146,398
Operating grants received	3,842,804
Net cash provided by non-capital financing activities	4,989,202
Cash flows from capital and related financing activities:	
Capital contributions	2,058,715
Acquisition and construction of capital assets	(2,609,684)
Net cash used by capital and related financing activities	(550,969)
Cash flows from investing activities:	
Interest received	16,227
Net cash provided by investing activities	16,227
Net increase in cash and cash equivalents	383,365
Cash and cash equivalents, January 1	1,702,486
Cash and cash equivalents, December 31	\$ 2,085,851
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (5,108,185)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,101,203
(Increase) decrease in assets:	
Accounts receivable	9,730
Inventories	12,745
Prepaid items	4,081
Increase (decrease) in liabilities:	
Accounts payable	15,754
Accrued payroll/withholdings payable	(83,903)
Deferred revenue - unearned	1,050
Deferred revenue - unavailable	(23,570)
Total adjustments	1,037,090
Net cash used by operating activities	\$ (4,071,095)
Noncash investing, capital and financing activities:	
Disposal of asset before fully depreciated	\$ 32,840

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 Public Transportation Corporation 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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 year to year. Each employee shall be entitled to carry over 48 hours. These hours can be

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

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 IC 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, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,905,322	\$ -	\$ -	\$ 2,905,322
Construction in progress	-	95,040	-	95,040
	<u>2,905,322</u>	<u>95,040</u>	<u>-</u>	<u>3,000,362</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	6,428,208	92,199	50,300	6,470,107
Improvements other than buildings	1,900	8,350	-	10,250
Office equipment	161,339	-	35,185	126,154
Shop equipment	80,361	-	-	80,361
Bus/passenger equipment	600,044	23,850	1,967	621,927
Motor equipment	11,888,687	2,390,245	-	14,278,932
	<u>19,160,539</u>	<u>2,514,644</u>	<u>87,452</u>	<u>21,587,731</u>
Totals				
Less accumulated depreciation for:				
Buildings	2,330,258	214,274	18,443	2,526,089
Improvements other than buildings	412	126	-	538
Office equipment	120,117	12,083	35,185	97,015
Shop equipment	66,742	4,304	-	71,046
Bus/passenger equipment	197,395	73,854	984	270,265
Motor equipment	6,148,361	796,562	-	6,944,923
	<u>8,863,285</u>	<u>1,101,203</u>	<u>54,612</u>	<u>9,909,876</u>
Totals				
Total capital assets, being depreciated, net	<u>10,297,254</u>	<u>1,413,441</u>	<u>32,840</u>	<u>11,677,855</u>
Total capital assets, net	<u>\$ 13,202,576</u>	<u>\$ 1,508,481</u>	<u>\$ 32,840</u>	<u>\$ 14,678,217</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 Corporation on November 27, 2007.

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 three percent 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	\$ 1,633,796
Interest on net pension obligation	43,272
Adjustment to annual required contribution	(49,311)
Annual pension cost	1,627,757
Contributions made	1,631,235
Increase (decrease) in net pension obligation	(3,478)
Net pension obligation, beginning of year	596,849
Net pension obligation, end of year	\$ 593,371
	PERF
Contribution rates:	
Government	7.75%
Plan members	3%
Actuarial valuation date	07-01-09
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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
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NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF
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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-07	\$ 1,386,330	94%	\$ 621,725
	06-30-08	1,475,048	102%	596,849
	06-30-09	1,627,757	100%	593,371

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
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)
07-01-07	\$ 21,539,457	\$ 25,449,101	\$ (3,909,644)	85%	\$ 19,975,017	(20%)
07-01-08	22,933,956	27,618,408	(4,684,452)	83%	20,422,444	(23%)
07-01-09	23,367,796	29,741,235	(6,373,439)	79%	22,394,832	(28%)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2010, with Christa Browning, Bloomington Public Transportation Corporation Controller, and Lewis May, General Manager. Our audit disclosed no material items that warrant comment at this time.