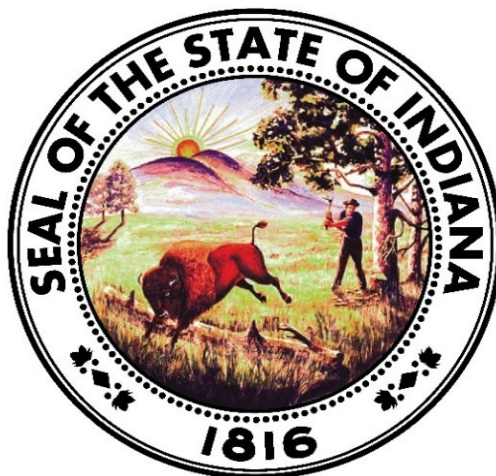


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
MONROE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
07/23/2024



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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July 23, 2024

To: The Officials of the Bloomington Public Transportation Corporation
Bloomington Public Transportation Corporation
Monroe County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Bloomington Public Transportation Corporation. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Bloomington Public Transportation Corporation as of December 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for the Bloomington Public Transportation Corporation was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive style.

Tammy R. White, CPA
Deputy State Examiner

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE
CITY OF BLOOMINGTON, INDIANA)
Monroe County, Indiana

FINANCIAL STATEMENTS
December 31, 2023

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION

Monroe County, Indiana

FINANCIAL STATEMENTS

December 31, 2023

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BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	John Connell	01-01-23 to 12-31-23
Chief Financial Officer/Controller	Christa Browning	01-01-23 to 12-31-23
Chair of the Board	James McLary	01-01-23 to 12-31-23

INDEPENDENT AUDITOR'S REPORT

The Officials of the Bloomington Public Transportation Corporation
Monroe County, Indiana

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Bloomington Public Transportation Corporation (BPTC), a component unit of the City of Bloomington, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the BPTC's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the BPTC, as of December 31, 2023, and the changes in financial position and, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BPTC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the BPTC of the City of Bloomington are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the City of Bloomington that is attributable to the transactions of the BPTC. They do not purport to, and do not, present fairly the financial position of the City of Bloomington, as of December 31, 2023, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the BPTC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BPTC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BPTC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Position Liability, and the Schedule of Contributions, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the BPTC's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included with the financial statements. The other information comprises the Schedule of Officials and State Reporting Information, marked as unaudited on the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024 on our consideration of the BPTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BPTC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BPTC's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
June 26, 2024

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

As management of the Bloomington Public Transportation Corporation (BPTC), we offer the following discussion and analysis as insight into the financial performance of BPTC for the calendar year ended December 31, 2023. To gain a fair understanding of BPTC's financial position, this discussion and analysis has been prepared by management and should be read in conjunction with the audited financial statements, and the notes to the audited financial statements.

BPTC was established as a municipal corporation in 1982 pursuant to IC 36-9-4, to provide transportation services to the citizens of the City of Bloomington. With a fleet of forty (40) buses, BPTC operates an extensive system of 14 fixed routes seven days a week. In addition to the fixed route system, BPTC offers paratransit (BT Access) for eligible riders who, because of a disability, may require an alternative to the regular fixed route service. BT Access service consist of twelve (12) vehicles providing curb to curb service seven days a week. Beginning in 2022, BPTC utilizes a microtransit platform for late night services with providers Uber and Lyft.

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 the accrual basis of accounting. Full accrual accounting records revenues when earned and expenses when incurred.

BPTC's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, Notes to the Financial Statements, and Required Supplementary Information. These are all prepared in accordance with Government Accounting Standards Board (GASB) principles.

Statement of Net Position. The Statement of Net Position presents the BPTC's financial position by reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the calendar year. Net position is the residual value of the BPTC's assets and deferred outflows of resources, after liabilities and deferred inflows of resources are deducted, and is one indicator of the financial condition of BPTC.

Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Revenues, Expenses, and Changes in Net Position reflect total revenues recognized and expenses incurred by BPTC during the year, along with the increase or decrease in net position. This statement illustrates BPTC's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of improvement or decline in BPTC's overall financial condition.

Statement of Cash Flows. The Statement of Cash Flows provides information on all of the cash activities of BPTC by major sources and uses during the year. This statement is useful in the assessment of BPTC's ability to generate future net cash flows, and the ability to meet obligations.

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

Supporting Information. The BPTC has provided more detailed information regarding certain facets of the financial statements in the "Required Supplementary Information", "Supplementary Information", and "Other Information" sections.

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

STATEMENT OF NET POSITION

A comparison of BPTC's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for both the 2023 and 2022 year ends is summarized as follows:

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Total assets	\$ 33,976,573	\$ 32,599,749	\$ 1,376,824
Deferred outflows of resources	1,061,549	889,838	171,711
Total liabilities	(3,115,700)	(2,960,488)	(155,212)
Deferred inflows of resources	<u>(1,653,668)</u>	<u>(1,672,058)</u>	<u>18,390</u>
Net position	<u>\$ 30,268,754</u>	<u>\$ 28,857,041</u>	<u>\$ 1,411,713</u>
Net investment in capital assets	\$ 15,400,812	\$ 16,728,172	\$ (1,327,360)
Unrestricted net position	<u>14,867,942</u>	<u>12,128,869</u>	<u>2,739,073</u>
Total Net Position	<u>\$ 30,268,754</u>	<u>\$ 28,857,041</u>	<u>\$ 1,411,713</u>

Total assets include those that are used to support current operations and consist primarily of cash and cash equivalents, and capital assets, net of accumulated depreciation. Cash balances support commitments to strategic initiatives, capital projects, employee benefits, along with ongoing operational needs. Total assets increased 4% in 2023 compared to 2022. The increase in 2023 is primarily attributed to an increase in cash and cash equivalents of \$3,058,063. This was partially offset by a decrease in BPTC's investment in capital assets, net of depreciation, of \$1,327,360 and a decrease in grants receivable of \$525,486. The increase in cash and cash equivalents was driven by the City of Bloomington Economic Development Income Tax that was passed on to BPTC. The decrease in capital assets was a combination of disposal of assets and an increase in depreciation during 2023. The decrease in grants receivable was due to the timing of federally funded projects and their reimbursements. Net capital assets comprised of \$15,400,812 of the \$33,976,573 total assets for 2023.

Deferred outflows of resources represent the consumption of resources applicable to a future reporting period, but do not require a further exchange of goods or services, and will not be recognized as expenses until then. Changes in resources related to the net pension liability are reported as deferred outflows of resources (see Note 1).

Total liabilities consist of accounts payable, accrued compensation, compensated absences, and net pension liability. Total liabilities increased in 2023 by \$155,212, or 5%. The main factor for this increase in 2023 was primarily attributable to an increase in net pension liability of \$426,670 which was offset by a decrease in accounts payable of \$263,639. The decrease in accounts payable was primarily driven by the timing of payables realization as well as operational needs.

Deferred inflows of resources represent an acquisition of net position applicable to a future reporting period and so will not be recognized as revenue until then. The amount recorded are related to the net pension liability (see Note 1) and unavailable property tax revenue (see Note 3).

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into two categories. The largest portion of net position represents BPTC's investment in capital assets such as land, buildings, improvements, and equipment net of accumulated depreciation. Unrestricted net position are resources available for ongoing operational needs and for funding ongoing obligations, as well as providing flexibility to support the BPTC's mission. The BPTC's net investment in capital assets represented 51% and 58%, in 2023 and 2022, respectively of the total net position. Unrestricted net position increased 23% and 17%, 2023 and 2022, respectively. Total net position at December 31, 2023 was \$30,268,754 an increase of 5% from the prior year.

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Revenues and expenses are classified as either operating or non-operating, in accordance with GASB principles for classification into these categories. Trends in the relationship between operating revenues and expenses are important indicators of financial condition. Generally, operating revenues are received for providing goods and services while operating expenses are those incurred to carry out the normal operations of the BPTC. Non-operating revenues include state Public Mass Transportation Funds, federal grants, local taxes, and investment income.

A summarized comparison of BPTC's revenues, expenses, and changes in net position is presented below:

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Operating Revenues:			
Fares/Advertising	\$ 2,349,981	\$ 1,926,651	\$ 423,330
Charges for services	44,079	118,541	(74,462)
Other	<u>203,801</u>	<u>393,058</u>	<u>(189,257)</u>
Total operating revenues	<u>2,597,861</u>	<u>2,438,250</u>	<u>159,611</u>
Operating Expenses:			
Operations and maintenance	167,182	258,108	(90,926)
Administration and general	64,906	73,709	(8,803)
Depreciation	1,663,658	1,551,098	112,560
Salaries and wages	4,959,062	4,413,089	545,973
Employee pensions and benefits	1,544,216	1,643,211	(98,995)
Materials and supplies	1,512,722	1,587,505	(74,783)
Contractual services	1,636,167	1,005,426	630,741
Advertising	19,533	37,252	(17,719)
Utilities	86,807	97,045	(10,238)
Insurance expense	<u>213,863</u>	<u>260,836</u>	<u>(46,973)</u>
Total operating expenses	<u>11,868,116</u>	<u>10,927,279</u>	<u>940,837</u>
Operating loss	(9,270,255)	(8,489,029)	(781,226)
Non-operating Revenues:			
Interest Income	463,803	70,025	393,778
Interest Expense	(1,013)	-	(1,013)
Local taxes	1,532,812	1,471,567	61,245
Operating grants	3,848,935	6,373,410	(2,524,475)
Gain on disposal of assets	-	40,325	(40,325)
Intergovernmental revenue	<u>4,556,862</u>	<u>770,959</u>	<u>3,785,903</u>
Total non-operating revenue	<u>10,401,399</u>	<u>8,726,286</u>	<u>1,675,113</u>
Gain before contributions	1,131,144	237,257	893,887
Capital Contributions	<u>280,569</u>	<u>252,374</u>	<u>28,195</u>
Change in net position	1,411,713	489,631	922,082
Net Position - January 1st	<u>28,857,041</u>	<u>28,367,410</u>	<u>489,631</u>
Net Position - December 31st	<u>\$ 30,268,754</u>	<u>\$ 28,857,041</u>	<u>\$ 1,411,713</u>

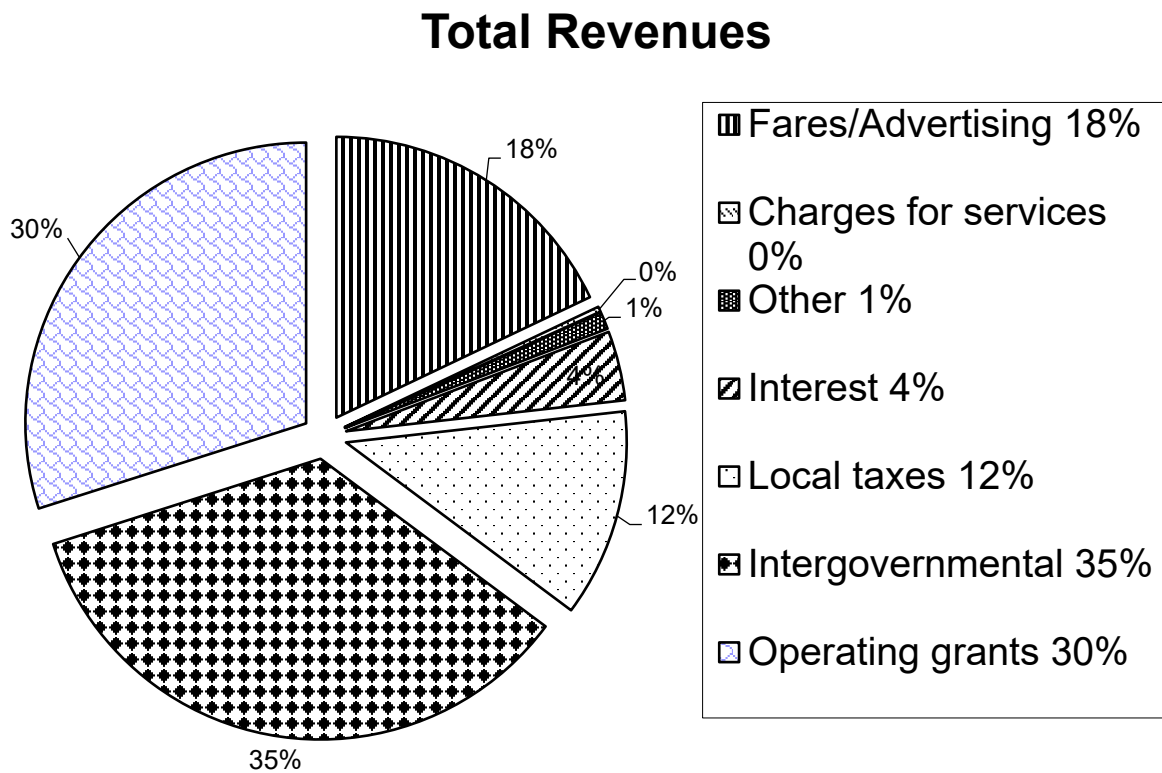
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REVENUES

Operating revenues at BPTC for December 31, 2023 year end were \$2,597,861, yielding a 7% increase over the previous year end. The largest single source of operating revenue is fares/advertising which saw an increase of 22% during 2023. This resulted from a two-fold issue: 1) increasing levels of ridership since the pandemic, and 2) a new partnership contract for transportation services. Non-operating revenue consists primarily of property taxes levied by BPTC, federal and state (PMTF) grants. Non-operating revenue increased 19% over 2022 mostly due to City of Bloomington dedicating \$3.8 million of the newly approved Economic Development Income Tax (EDIT) to BPTC to promote transportation within the City of Bloomington. This increase was offset by a decrease in operating grants due to the completion of CARES/ARPA grant funds during 2022.

In summary, total revenue of BPTC increased by \$1,835,737, from \$11,164,536 to \$13,000,273, an overall increase of 16% in 2023.

The following chart represents revenues by source for 2023:



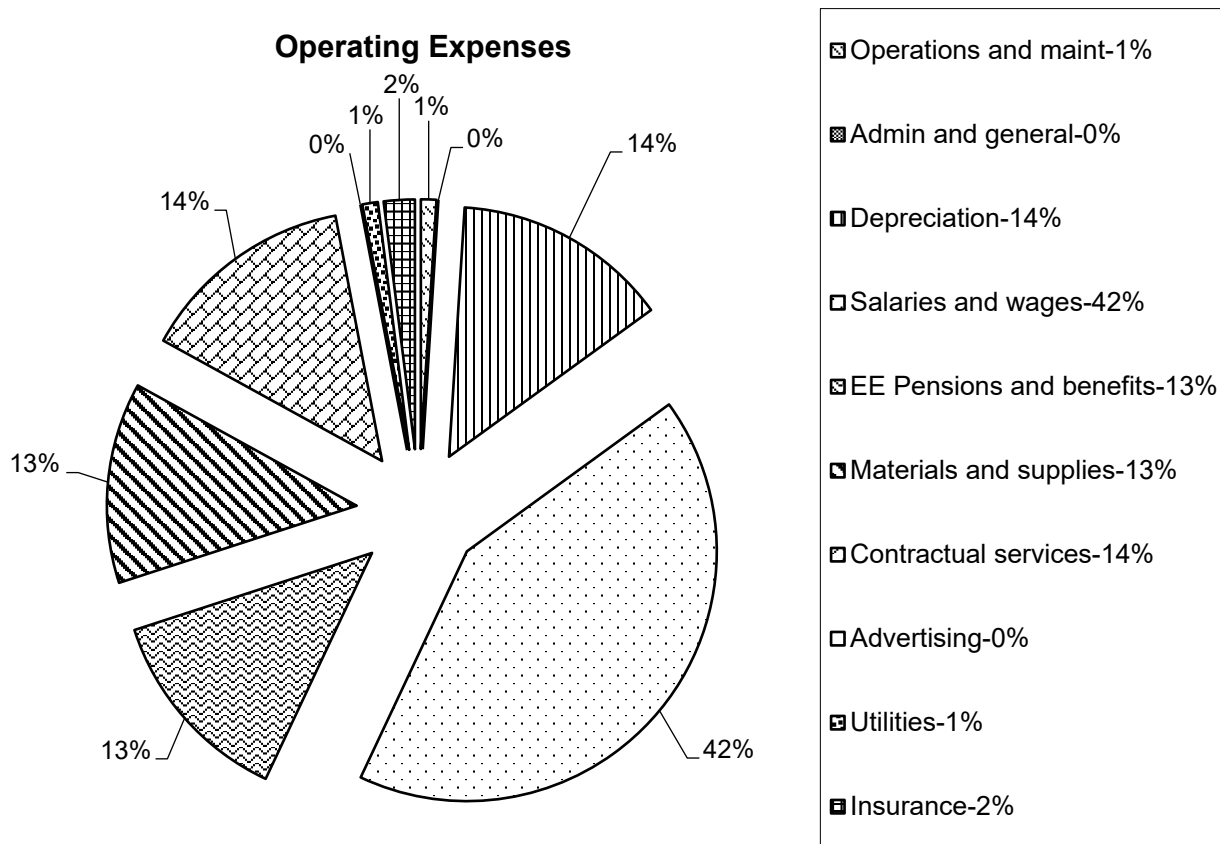
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BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2023

EXPENSES

Operating expenses were \$11,868,116 for 2023. This was an increase over the previous year of \$940,837, or 9%. The combination of wages and benefits, at 55% of total operating expenses in 2023, represents the largest BPTC expense. Wages and benefits expense increased \$446,978, or 7% from 2022. This increase is primarily attributable to attempting to maintain competitive wages and the addition of two administrative staff position to adhere to the Transform BT strategic plan. Contractual services increased \$630,741, or 63% due to multiple contributing factors: professional services for developing and completing the strategic study (Transform BT), Uber and Lyft microtransit late night contractual services, and for consulting IT professional services during 2023.

The composition of operating expenses is displayed below by major categories for 2023:



(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

STATEMENT OF CASH FLOWS

The statement of cash flows provides a means to assess the health of BPTC by providing relevant information concerning the major sources and uses of cash 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. The statement is divided into four sections based on major activity: operating, non-capital financing, capital and related financing, and investing. A fifth section reconciles the operating income (loss) on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash provided (used) in operations.

A summarized comparison of BPTC's changes in cash and cash equivalents is presented below:

	December 31, <u>2023</u>	December 31, <u>2022</u>
Net cash provided (used) by:		
Operating activities	\$ (7,927,907)	\$ (6,691,486)
Non-capital financing activities	10,464,092	8,705,615
Capital and related financing activities	58,075	(23,701)
Investing activities	<u>463,803</u>	<u>70,025</u>
Net increase in cash	3,058,063	2,060,453
Beginning cash and cash equivalents balance	<u>12,993,625</u>	<u>10,933,172</u>
Ending cash and cash equivalents balance	<u>\$ 16,051,688</u>	<u>\$ 12,993,625</u>

The BPTC's cash and cash equivalents increased \$3,058,063 in 2023. Net cash flows from operating activities consists primarily of fares, IU and partnership fare monies. Payments to employees represent the largest use of cash for operations. Main sources of cash provided by non-capital financing activities include local taxes, state Public Mass Transportation Fund (PMTF), and Federal Section 5307 operating assistance funds. Fluctuations in capital and related financing activities reflect BPTC's decisions made relative to capital projects and improvements. Cash flows from investing activities revealed an incline in investment returns.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The BPTC's capital assets as of December 31, 2023 equal \$15,302,816 (net of accumulated depreciation). Capital assets include land, buildings, improvements-other than buildings, shop and office equipment, bus/passenger equipment, motor equipment, and construction work in progress. The total decrease in the BPTC's capital assets for the current fiscal year was \$1,327,360 (see Note 4).

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

(Continued)

HEALTH INSURANCE

BPTC administered a partially self-funded insurance program through May of 2023 at which time BPTC switched to a fully insured program with IU Health. Through May, BPTC maintained its own health insurance account for the purpose of providing employee and dependent medical benefits. The self-insurance program was funded with a combination of employee premiums and employer contributions. For reporting purposes, only the net medical expenses for the employee and their dependents are represented in the Employee (EE) pensions and benefits category. At the end of 2023, the self-funded health insurance fund had a balance of \$270,584 to cover all run-out claims through May of 2024.

ECONOMIC OUTLOOK

For 2023 revenues increased due to the City of Bloomington allocating Economic development local income tax (EDIT) to further public transit initiatives for the next five years. For 2024, projected revenues will continue the trend with an increase due to continue ridership recovery, EDIT funds, and implementation of new contracted services. As of the end of 2023, BPTC cash reserves and overall financial position remained strong looking forward to 2024 due to the on-going efforts to reduce costs and increase operating efficiency as well as leverage local and federal funds.

During 2023 BPTC adopted Transform BT, a 10-year strategic plan based on five primary agency goals-serving customers, innovation, finance and management, employees, and community and equity. While BPTC faces a variety of challenges as an agency such as attracting and retaining employees, increasing operational costs, and expansion of services, new local and federal resources are enabling BPTC to continue to transform. BPTC is presented with the opportunity to transform into an agency that will serve as a model for small-mid-size transit agencies in adapting to new technologies and a changing mobility landscape. Management will still continue to monitor the state and national economic conditions and revise as needed throughout 2024 and beyond to ensure that the citizens of the City of Bloomington, Indiana are provided with dependable and efficient public transportation services.

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
STATEMENT OF NET POSITION
December 31, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 16,051,688
Accounts receivable	297,669
Grants receivable	222,861
Property tax receivable	1,641,998
Inventories	325,573
Prepaid assets	<u>35,972</u>
Total current assets	<u>18,575,761</u>

Non-current assets:

Capital assets:

Land (non-depreciable)	2,905,322
Subscription assets, net of accumulated amortization	97,996
Capital assets, net of accumulated depreciation	<u>12,397,494</u>
Total non-current assets	<u>15,400,812</u>

Total assets 33,976,573

Deferred outflows of resources

Pension 1,061,549

Total assets and deferred outflows of resources \$ 35,038,122

Liabilities

Current liabilities:

Accounts payable	\$ 210,253
Accrued payroll/withholdings payable	165,515
Interest payable	1,013
Subscription liability	33,917
Compensated absence payable	<u>343,199</u>
Total current liabilities	<u>753,897</u>

Non-current liabilities:

Subscription liability	37,384
Net pension liability	<u>2,324,419</u>
Total non-current liabilities	<u>2,361,803</u>

Total liabilities 3,115,700

Deferred inflows of resources

Pension	11,670
Unavailable revenue – property taxes	<u>1,641,998</u>
Total deferred inflows of resources	<u>1,653,668</u>

Total liabilities and deferred inflows of resources 4,769,368

Net position

Net investment in capital assets	15,400,812
Unrestricted	<u>14,867,942</u>

Total net position 30,268,754

Total liabilities, deferred inflows of resources and net position \$ 35,038,122

See accompanying notes to financial statements.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended December 31, 2023

Operating revenues:	
Fares/advertising	\$ 2,349,981
Charges for services	44,079
Other	<u>203,801</u>
Total operating revenues	<u>2,597,861</u>
Operating expenses:	
Operations and maintenance	167,182
Administration and general	64,906
Depreciation and amortization	1,663,658
Salaries and wages	4,959,062
Employee pension and benefits	1,544,216
Materials and supplies	1,512,722
Contractual services	1,636,167
Advertising	19,533
Utilities	86,807
Insurance expense	<u>213,863</u>
Total operating expenses	<u>11,868,116</u>
Operating loss	<u>(9,270,255)</u>
Non-operating revenues (expenses):	
Interest income	463,803
Interest expense	(1,013)
Local taxes	1,532,812
Operating grants	3,848,935
Intergovernmental revenue	<u>4,556,862</u>
Total non-operating revenues	<u>10,401,399</u>
Gain before contributions	1,131,144
Capital contributions	<u>280,569</u>
Change in net position	1,411,713
Total net position – beginning of year	<u>28,857,041</u>
Total net position – ending of year	<u>\$ 30,268,754</u>

See accompanying notes to financial statements.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

Cash flows from operating activities:	
Receipts from customers and users	\$ 2,262,066
Receipts from other	44,079
Payments to suppliers and contractors	(3,850,203)
Payments to employees and for benefits	<u>(6,383,849)</u>
Net cash used by operating activities	<u>(7,927,907)</u>
Cash flows from non-capital financing activities:	
Taxes	1,532,812
Intergovernmental	4,556,862
Operating grants	<u>4,374,418</u>
Net cash provided by non-capital financing activities	<u>10,464,092</u>
Cash flows from capital and related financing activities:	
Capital contributions	280,569
Acquisition and construction of capital assets	<u>(222,494)</u>
Net cash provided by capital and related financing activities	<u>58,075</u>
Cash flows from investing activities:	
Interest received	<u>463,803</u>
Net cash provided by investing activities	<u>463,803</u>
Net increase in cash and cash equivalents	3,058,063
Cash and cash equivalents, January 1	<u>12,993,625</u>
Cash and cash equivalents, December 31	<u>\$ 16,051,688</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (9,270,255)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	1,663,658
(Increase) Decrease in assets and deferred outflows:	
Accounts receivable	(54,237)
Inventories	575
Prepaid assets	5,733
Subscription asset	(113,801)
Deferred outflows of resources	(171,711)
Increase (Decrease) in liabilities and deferred inflows:	
Accounts payable	(263,639)
Accrued payroll/withholdings payable	29,153
Compensated absence payable	(11,290)
Subscription liability and interest payable	71,301
Net pension liability	328,674
Deferred inflows of resources	<u>(142,068)</u>
Total adjustments	<u>1,342,348</u>
Net cash used by operating activities	<u>\$ (7,927,907)</u>

See accompanying notes to financial statements.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Bloomington Public Transportation Corporation (BPTC) is a component unit of the City of Bloomington, Indiana. The BPTC is governed by a board of directors whose members are appointed by the Mayor and City Council and provides public transportation services to the residents of the City of Bloomington, Indiana (City).

The financial statements reflect only the activity of the BPTC and the results of its operations and cash flows of its proprietary fund and are not intended to present fairly the position of the City. The BPTC, whose operations are controlled by the Transit authority, represents a portion of the City's proprietary fund.

The accompanying financial statements present the activities of the BPTC. There are no significant component units which require inclusion.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The accounts of the BPTC are maintained as business-type activity and a proprietary enterprise fund. 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.

Enterprise funds distinguish operating revenues from non-operating 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, the BPTC's policy is to use restricted resources first, then unrestricted resources as it is needed.

Assets and Liabilities:

Deposits and Investments: The BPTC'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 BPTC 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.

Accounts Receivable: Accounts receivable represents amounts due from various organizations for contracted services provided by BPTC. Management reviewed the accounts and determined that no allowance for doubtful accounts was necessary.

Inventories and Prepaid Assets: All inventories are valued at cost using the first in/first out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in financial statements.

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.

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	\$ 5,000	Straight-line	2 to 40 years
Improvements other than buildings	5,000	Straight-line	5 to 30 years
Office equipment	5,000	Straight-line	2 to 10 years
Shop equipment	5,000	Straight-line	2 to 10 years
Bus/passenger equipment	5,000	Straight-line	2 to 10 years
Motor equipment	5,000	Straight-line	2 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.

Subscription Assets and Subscription Liabilities: The BPTC recognizes a subscription liability for Subscription-Based Information Technology Arrangements (SBITAs) with an initial, individual value of \$5,000 or more. At the commencement of the contract, the BPTC initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for any payments made to the SBITA vendor before commencement of the subscription term and any capitalizable implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the asset's useful life.

Key estimates and judgments related to SBITAs include how BPTC determines (a) the discount rate it uses to discount the expected subscription payments to present value, (b) subscription term, and (c) subscription payments. The BPTC uses the interest rate charge by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the BPTC generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the contract. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The BPTC monitors changes in circumstances that would require a remeasurement of its subscription liability and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Compensated Absences: Paid Time Off (PTO) –BPTC full-time employees earn PTO at rates from 5 days to 25 days per year based upon the number of years of service. Full-time employees who normally work 70 hours each pay period may earn an additional 13 days of PTO each year. Part-time employees who have at least one year of service may earn up to 39 hours of PTO each year. Each employee shall be entitled to carry over 60 hours. The employee may choose to send these 60 hours to their sick bank, carry over for future years PTO, or be paid for 60 hours at the current rate. Any PTO hour balance in excess of the 60 carry over hours will be sent to the employees' sick bank. Accumulated PTO is paid to employees through cash payments upon separation at their current rate. Unused sick leave may accumulate to a maximum of 112 days.

Accumulated sick leave is not paid upon separation. Employees eligible for retirement will be paid 60% of the value of the accrued sick leave at their current rate.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BPTC books a liability for the outstanding balance of PTO and sick time at the end of the year based on the current rate of pay.

Deferred Outflows of Resources and Deferred Inflows of Resources and Net Pension Liability: A deferred outflow of resources is a consumption of net position by the BPTC that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the BPTC that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statement of Net Position but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

The BPTC has deferred outflow and deferred inflow of resources relating to the recording of changes to its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of being recognized in the year of occurrence. Experience gains or losses result from the INPRS actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience gains and losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members.

Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is recorded as deferred inflow of resources and amortized against pension expense over a five-year period. Additionally, any contributions made by the BPTC to the pension plan before year end but subsequent to the measurement date are reported as deferred outflows of resources.

In addition to the deferred inflows related to the recording of changes to its net pension liability, The BPTC has a deferred inflow of resources relating to unavailable revenue related to taxes receivable.

Net Position: In the financial statements, the components of net position are categorized as follows:

- Net investment in Capital Assets - This category is comprised of capital assets, net of accumulated depreciation.
- Unrestricted - This category represents resources of the BPTC that are not subject to externally imposed restrictions and may be used to meet the ongoing obligations to the public and creditors.

Pension: For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Indiana Public Employees' Retirement Fund ("the plan"), and additions to and deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Pension investments are reported at fair value.

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncements: For the year ended December 31, 2023, the BPTC adopted the following accounting pronouncement. There was no impact on the financial statements upon adoption of this pronouncement.

- GASB issued Statement No. 94, PublicPrivate and “PublicPublic” Partnerships and Availability Payment Arrangements. This Statement defines publicprivate and “publicpublic” partnership arrangements (PPPs) and a service concession arrangement (SCA). The new Statement provides accounting and financial reporting requirements for PPPs that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). This Statement also defines availability payment arrangements (APAs) and provides guidance for accounting and financial reporting for APAs. There was no impact on the BPTC as a result of the implementation of this standard.
- GASB issued Statement No. 96, Subscription Based Information Technology Arrangements. This Statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right to use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation did not have an impact on beginning net position.
- GASB Statement No. 99, Omnibus 2022, effective for periods beginning after June 15, 2022. There was no impact on the BPTC’s financial statements as a result of the implementation of this standard.

NOTE 2 - BUDGETS

The operating budget is initially prepared by BPTC controller and approved by the BPTC board. The fiscal officer of the BPTC then submits a proposed operating budget to the City Common Council for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the Common Council conducts a public hearing and obtains taxpayer comments. Prior to November 1, the Common Council approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

NOTE 3 - PROPERTY TAXES

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Special District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31. These rates were based upon the preceding year’s lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively. Property taxes are levied as of January 1, but not distributed until the next calendar year. As of December 31, 2023, there was a receivable and deferred inflow for the \$1,641,998 property taxes levied January 1, 2023, but that will not be received until June and December 2024.

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The BPTC follows state investment policies, addressing various investment risks. No additional investment policy exist for the BPTC related to investments.

At December 31, 2023 the BPTC only held demand deposits. The bank balance was \$15,838,344, with the difference from the book balance being outstanding checks and deposits in transit.

Capital Assets: Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,905,322	\$ -	\$ -	\$ 2,905,322
Construction in progress	<u>33,750</u>	<u>145,373</u>	<u>179,123</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,939,072</u>	<u>145,373</u>	<u>179,123</u>	<u>2,905,322</u>
Capital assets, being depreciated/ amortized:				
Buildings	13,121,526	-	-	13,121,526
Improvements other than buildings	362,803	-	-	362,803
Office equipment	262,743	-	13,373	249,370
Shop equipment	149,588	-	1,324	148,264
Bus/passenger equipment	1,631,843	179,123	-	1,810,966
Subscription Assets	-	113,801	-	113,801
Motor equipment	<u>18,025,416</u>	<u>77,124</u>	<u>317,513</u>	<u>17,785,027</u>
Totals	<u>33,553,919</u>	<u>370,048</u>	<u>332,210</u>	<u>33,591,757</u>
Less accumulated depreciation/ amortization for:				
Buildings	6,562,717	400,098	-	6,962,815
Improvements other than buildings	78,765	46,127	-	124,892
Office equipment	258,781	3,280	13,373	248,688
Shop equipment	145,986	3,599	1,324	148,261
Bus/passenger equipment	1,142,367	174,641	-	1,317,008
Subscription Assets	-	15,805	-	15,805
Motor equipment	<u>11,576,203</u>	<u>1,020,108</u>	<u>317,513</u>	<u>12,278,798</u>
Totals	<u>19,764,819</u>	<u>1,663,658</u>	<u>332,210</u>	<u>21,096,267</u>
Total capital assets, being depreciated/ amortized, net	<u>13,789,100</u>	<u>(1,293,610)</u>	<u>-</u>	<u>12,495,490</u>
Total capital assets, net	<u>\$ 16,728,172</u>	<u>\$ (1,148,237)</u>	<u>\$ 179,123</u>	<u>\$ 15,400,812</u>

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Non-current Liabilities:

Non-current liability activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Subscription Liability	\$ -	\$ 71,301	\$ -	\$ 71,301	\$ 33,917
Net pension liability	<u>1,995,745</u>	<u>847,858</u>	<u>519,184</u>	<u>2,324,419</u>	<u>-</u>
Total long-term liabilities	<u>\$ 1,995,745</u>	<u>\$ 919,159</u>	<u>\$ 519,184</u>	<u>\$ 2,395,720</u>	<u>\$ 33,917</u>

Subscription Liability – With the implementation of GASB 96, the BPTC recognized one subscription liability in the amount of \$71,301 for the year ended December 31, 2023. The subscription recorded was for an agreement signed during 2023, thus there was liability or asset to record as of January 1, 2023. Associated interest expense was \$1,013 for the year ended December 31, 2023. The subscription liability is calculated at the present value of the subscription payments, with a discount rate of 4.24%.

The principal maturities and interest repayment requirements on the subscription liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending December 31,			
2024	\$ 33,917	\$ 3,083	\$ 37,000
2025	<u>37,384</u>	<u>1,616</u>	<u>39,000</u>
	<u>\$ 71,301</u>	<u>\$ 4,699</u>	<u>\$ 76,000</u>

NOTE 5 - OTHER NOTES

Risk Management: The BPTC 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.

Health Insurance: The BPTC chose to establish a partially self-funded insurance fund associated with employee health claims beginning May of 2010. The risk is accounted for with self-insurance, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$40,000 per year. The amounts paid into the health insurance account by all covered employees and by BPTC are available to pay claims, and administrative costs of the program. This partially self-insured policy with SIHO expired as of April 30, 2023. The self-insurance fund will be held open for a year to account for any run-out claims. Beginning in May, BPTC entered into an agreement for a fully health insured group health plan with IU Health through April 2025.

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 - OTHER NOTES (Continued)

	<u>2023</u>	<u>2022</u>
Balance of claim liability is as follows:		
Unpaid claims, beginning of year	\$ 90,421	\$ 9,022
Incurred claims	389,560	772,660
Claim payments	<u>(479,981)</u>	<u>(691,261)</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ 90,421</u>

Fare Revenue Rate Structure: The current fare revenue rate structure was approved by the BPTC on November 27, 2007.

NOTE 6 - RELATED PARTY TRANSACTIONS

The BPTC has entered into transactions with the City of Bloomington, Indiana which has been determined to be a related-party of the BPTC. The BPTC reimburses the City for certain expenses provided by the City, such as IT, legal, and utility expenses. The BPTC paid the City \$33,885 for services provided in 2023.

NOTE 7 - PENSION PLAN

Cost Sharing Multiple-Employer Defined Benefit Pension Plan

The BPTC contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS).

Public Employees' Retirement System - Defined Benefit Plan

Plan Description: PERF Defined Benefit (DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits to full time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, and 35 IAC 1.2. and other Indiana pension law. PERF DB is a component of the Public Employees Hybrid plan (PERF Hybrid).

PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, along with the Public Employees' Hybrid Members Defined Contribution Account (see Defined Contribution Plans section), a member-funded account.

INPRS 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 is available online at <http://www.inprs.in.gov> or may be obtained by contacting:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 - PENSION PLAN (Continued)

Retirement Benefits Provided: A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 with sum of age and vesting service equal to 85 or more, 4) at age 55 with 20 years of creditable service and active as an elected official in a PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in a PERF-covered position. A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is reduced to 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

Disability and Survivor Benefits Provided: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month). If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joints with Two-Thirds Benefits, or Joint with One-Half Survivor Benefits.

The lifetime annual benefit equals years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Contributions: Contributions are determined by the INPRS Board of Trustees based on an actuarial valuation. During fiscal year 2023, all participating employers were required to contribute 11.2 percent of covered payroll for Hybrid members, with 0.66 percent funding a supplemental reserve account for postretirement benefits. No member contributions are required for the defined benefit plan.

The employer contribution requirement, which was made by the BPTC, was \$467,024 for 2023 which represents the required 11.2% of covered payroll for 2023.

The following represents the BPTC's annual required contributions for the last two years:

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2023	\$ 467,024	100%
2022	427,911	100%

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 - PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Measurement date – June 30, 2023
- Asset valuation date – June 30, 2023
- Liability valuation date – June 30, 2022 – Member census data as of June 30, 2022 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2022 and June 30, 2023. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2022 to the June 30, 2023 measurement date.
- Inflation – 2.00%
- Future salary increases, including inflation – 2.65% - 8.65%
- Investment rate of return – 6.25%, net of investment expenses
- COLA – As of June 30, 2023: Members in pay status were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 2023. Therefore, the COLA assumption will be 0.4% beginning on January 1, 2026, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using the SOA Scale MP-2019.

The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019 was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal market rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real market rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return. This range, along with a reasonable alpha assumption from manager selection, ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 - PENSION PLAN (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Asset Allocation</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return*</u>
Public Equity	20.0%	3.7%
Private Equity	15.0%	6.4%
Fixed Income – Ex Inflation-Linked	20.0%	2.2%
Fixed Income – Inflation-Linked	15.0%	0.5%
Commodities	10.0%	1.1%
Real Assets	10.0%	3.4%
Absolute Return	5.0%	1.6%
Risk Parity	20.0%	5.9%
Cash and Cash Overlay	(15.0)%	-

*The defined benefit plan's target allocation for total exposure is 115%. For the long-term expected rate of return calculation, an additional -15% is allocated to the cash and cash overlay global asset class.

Changes in Assumptions from the Prior Year: There were no changes in actuarial assumptions from the prior year.

Discount Rate: The Total Pension Liability (TPL) for each defined benefit pension plan was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from the members, would at the minimum be made at the actuarially determined required rates, computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana (the non-employer contributing entity) would be made as stipulated by Indiana statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.25 percent). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the plan.

Sensitivity of the BPTC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the BPTC's share of the net pension liability calculated using the discount rate of 6.25% percent for 2023, as well as what the BPTC's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%), or one percentage point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Proportionate share of the Collective Net Pension Liability	\$ 3,788,065	\$ 2,324,419	\$ 1,104,027

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 - PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2023, the BPTC reported a liability of \$2,324,419 for their proportionate share of the net pension liability. The BPTC's proportionate share of the net pension liability was based on wages reported by employers relative to the collective wages of the plan. At June 30, 2023, the BPTC's portion was .066%, which was an increase of .003% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the BPTC recognized pension expense of \$482,287. At June 30, 2023, the BPTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 47,557	\$ -
Net difference between projected and actual earnings on pension plan investments	532,763	-
Changes in assumptions	126,755	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>120,819</u>	<u>11,670</u>
Total that will be recognized in pension expense (income) based on table below	827,894	11,670
Pension contributions subsequent to measurement date	<u>233,655</u>	-
Total	<u>\$ 1,061,549</u>	<u>\$ 11,670</u>

(Continued)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

NOTE 7 - PENSION PLAN (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2023 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2023. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date, which is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 293,145
2025	87,872
2026	362,641
2027	<u>72,566</u>
Total	<u>\$ 816,224</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Public Employees' Retirement Fund - Defined Contribution Plan

PERF DC is a multiple-employer defined contribution plan providing retirement benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the account is in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2 and other Indiana pension law. The plan provides supplemental defined contribution benefits under the PERF Hybrid plan.

The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined contribution component of the Public Employees' Hybrid Plan. The Public Employees' Defined Benefit Account (see Defined Benefit Plans section) is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at three percent of compensation, and the employer may choose to make these contributions on behalf of the member. Members are 100 percent vested in their account balance, which includes all contributions and earnings.

REQUIRED SUPPLEMENTARY INFORMATION

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.066%	0.063%	0.058%	0.060%	0.064%	0.061%	0.060%	0.058%	0.055%	0.056%
Proportionate share of the net pension Liability	\$ 2,324,419	\$ 1,995,745	\$ 768,718	\$ 1,805,592	\$ 2,116,893	\$ 2,074,576	\$ 2,662,649	\$ 2,638,198	\$ 2,249,057	\$ 1,462,183
Covered payroll	\$ 4,140,305	\$ 3,641,609	\$ 3,220,770	\$ 3,227,298	\$ 3,337,046	\$ 3,116,334	\$ 2,960,974	\$ 2,785,884	\$ 2,644,976	\$ 2,716,549
Proportionate share of the net pension liability as a percentage of covered payroll	56.1%	54.8%	23.9%	55.9%	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%
Plan fiduciary net position as a percentage of the total pension liability	80.8%	82.5%	92.5%	81.4%	80.1%	78.9%	76.6%	75.3%	-	-

Notes: The amounts presented for each calendar year were determined as of the June 30 fiscal year-end that occurred within the calendar year.

- Asset valuation date – June 30, 2023
- Liability valuation date – June 30, 2022 – The TPL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 rolled forward one year to June 30, 2022, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.25%
- COLA – Members in pay status were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 2023. Therefore, the COLA assumption will be 0.4% beginning on January 1, 2026, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Inflation – 2.00%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Corporation is presenting information for those years for which information is available.

Measurement Date: Actuarial valuation reports from the prior fiscal year.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	2016	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 467,024	\$ 427,911	\$ 372,273	\$ 371,701	\$ 368,374	\$ 370,059	\$ 334,829	\$ 322,369	\$ 301,061	\$ 300,490
Contributions in relation to the actuarially determined contributions	<u>(467,024)</u>	<u>(427,911)</u>	<u>(372,273)</u>	<u>(371,701)</u>	<u>(368,374)</u>	<u>(370,059)</u>	<u>(334,829)</u>	<u>(322,369)</u>	<u>(301,061)</u>	<u>(300,490)</u>
Annual contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Covered payroll	\$ 4,169,857	\$ 3,820,639	\$ 3,323,866	\$ 3,318,754	\$ 3,290,659	\$ 3,304,101	\$ 2,989,564	\$ 2,878,450	\$ 2,688,039	\$ 2,682,921
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

- Valuation date – Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
- Actuarial cost method – Entry age normal (Level Percent of Payroll)
- Amortization method: Level dollar
- Remaining amortization period – 20 years, closed
- Asset valuation method – 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.
- Inflation – 2.0%
- Salary increases – 2.65% - 8.65% based on service
- Investment rate of return – 6.25%
- Mortality – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
- Other information – The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The employer contribution rate for the year ended June 30, 2023 was 11.20%.

SUPPLEMENTARY INFORMATION

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2023

<u>Federal Grantor Agency Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Assistance Listing Number</u>	<u>Identifying Number</u>	<u>Awards Expended</u>	<u>Pass Through to Subrecipient</u>
<u>Department of Transportation</u>					
Federal Transit Cluster					
Federal Transit Formula Grant	Direct Award				
		20.507	IN--90-X739	\$ 32,708	\$ -
		20.507	IN--90-X773	<u>1,327,489</u>	<u>-</u>
Total - Federal Transit Formula Grant/ Cluster				<u>1,360,197</u>	<u>-</u>
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	Direct Award				
		20.513	IN--16-X059	<u>145,372</u>	<u>-</u>
Total – Transit Services Program Cluster				<u>145,372</u>	<u>-</u>
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Bloomington Metropolitan Planning Organization				
		20.505	DES#2101665	<u>16,051</u>	<u>-</u>
Total federal awards expended – Department of Transportation				<u>\$ 1,521,620</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditure of federal awards.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the BPTC under programs of the federal government for the year ended December 31, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the BPTC, it is not intended to and does not present the financial position, changes in net position, or cash flows of the BPTC.

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

NOTE 2 - INDIRECT COST RATE

The BPTC has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Those Charged with Governance
Bloomington Public Transportation Corporation
Monroe County, Indiana

We have audited, in accordance with the 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, the financial statements of the Bloomington Public Transportation Corporation (BPTC) which comprise the business-type activities of the BPTC, a component unit of the City of Bloomington, Indiana, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the BPTC's financial statements, and have issued our report thereon dated June 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BPTC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BPTC's internal control. Accordingly, we do not express an opinion on the effectiveness of BPTC's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the BPTC's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BPTC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
June 26, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Those Charged with Governance
Bloomington Public Transportation Corporation
Monroe County, Indiana

Report on Compliance for Major Federal Program***Opinion on Major Federal Program***

We have audited Bloomington Public Transportation Corporation's (BPTC) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the BPTC's major federal program for the year ended December 31, 2023. The BPTC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the BPTC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Bloomington Public Transportation Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Bloomington Public Transportation Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the BPTC's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the BPTC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the BPTC's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the BPTC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of BPTC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the BPTC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
June 26, 2024

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2023

Section I – Summary of Auditor’s Results

Financial statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	_____ <u>X</u> _____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	_____ <u>X</u> _____	None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_____	Yes	_____ <u>X</u> _____	No
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Identification of major federal programs:

<u>Assistant Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____	Yes	_____	No
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Section II – Financial Statements Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

OTHER INFORMATION

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
STATE REPORTING INFORMATION (Unaudited)
December 31, 2023

The reports presented herein were prepared in addition to another official report prepared for the Bloomington Public Transportation Corporation as listed below:

Indiana State Board of Accounts Compliance Examination of the Bloomington Public Transportation Corporation.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.