

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

ANNUAL FINANCIAL REPORT

2008

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION

CITY OF BLOOMINGTON

MONROE COUNTY, INDIANA



**FILED**  
02/23/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Susan Clark Michael Trexler	01-01-08 to 05-04-08 05-05-08 to 12-31-10
Mayor	Mark Kruzan	01-01-04 to 12-31-10
General Manager	Lewis May	01-01-08 to 12-31-10
Bloomington Public Transportation Corporation Controller	Christa Browning	01-01-08 to 12-31-10
Chairman of the Bloomington Public Transportation Board	Raymond McConn	01-01-08 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, 2008. 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, 2008, 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, 2008, 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

December 21, 2009

## 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, 2008. To gain a fair understanding of BPTC's financial position, this discussion and analysis should be read in conjunction with the basic financial statements, and the notes to the basic financial statements.

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

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

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

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

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

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

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

### STATEMENT OF NET ASSETS

	2008	2007
Current and other assets	\$ 2,017,984	\$ 3,249,667
Noncurrent assets	13,775,743	11,375,784
Total assets	15,793,727	14,625,451
Long-term liabilities outstanding	-	-
Current liabilities	303,175	1,575,282
Total liabilities	303,175	1,575,282
Net Assets	\$ 15,490,552	\$ 13,050,169

Invested in capital assets, net

of related debt	\$ 13,202,575	\$ 10,221,428
Restricted	-	-
Unrestricted	2,287,977	2,828,741
<b>Total Net Assets</b>	<b>\$ 15,490,552</b>	<b>\$ 13,050,169</b>

Total assets at December 31, 2008 were \$15,793,727, an increase of 8 percent from the prior year. Net capital assets comprised of \$13,202,575 of the \$15,793,727 in assets.

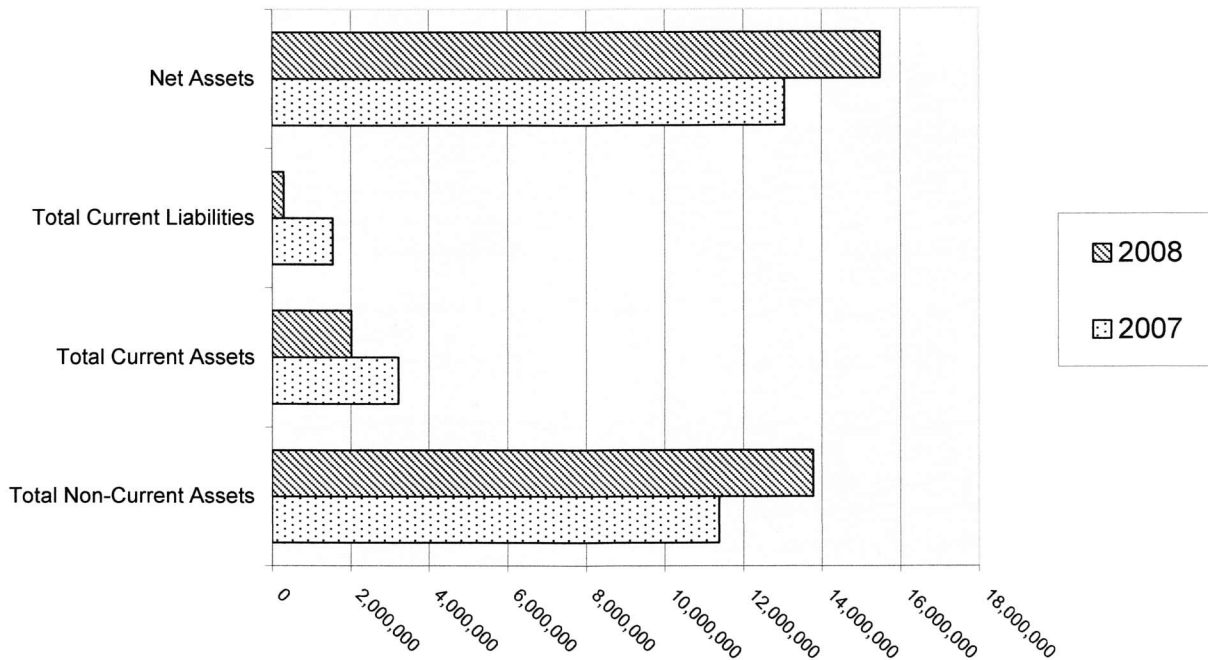
Total liabilities at December 31, 2008 were \$303,175, compared to \$1,575,282 from the prior year. BPTC had no long-term liabilities at year end.

Total net assets at December 31, 2008 were \$15,490,552 an increase of \$2,440,383 from the prior year. The breakout of net assets is shown below:

Capital assets net of related debt	\$ 13,202,575
Restricted net assets	-
Unrestricted net assets	2,287,977
<b>Total net assets</b>	<b>\$ 15,490,552</b>

The composition of current and non-current assets and liabilities and net assets is displayed below for both the 2007 and 2008 calendar year ends:

### Statement of Net Assets



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

	2008	2007
Operating Revenues:		
Fares/Advertising	\$1,566,377	\$ 1,269,954
Other	111,308	84,527
Total operating revenues	<u>1,677,685</u>	<u>1,354,481</u>
Operating Expenses:		
Operations and maintenance	130,207	112,161
Administration and general	80,606	65,052
Depreciation	1,030,449	1,058,178
Salaries and wages	2,508,182	2,297,897
Employee pensions and benefits	609,919	532,463
Materials and supplies	1,303,915	1,100,506
Contractual services	851,448	764,593
Advertising	32,104	39,688
Utilities	59,537	50,426
Insurance expense	199,256	210,147
Total operating expenses	<u>6,805,623</u>	<u>6,231,111</u>
Operating loss	(5,127,938)	(4,876,630)
Non-operating Revenues:		
Interest and investment revenue	55,027	114,087
Local taxes	889,348	895,278
Intergovernmental revenue	3,338,098	2,802,085
Total non-operating revenue	<u>4,282,473</u>	<u>3,811,450</u>
Loss before contributions	(845,465)	(1,065,180)
Capital Contributions	3,285,848	1,252,387
Change in net assets	2,440,383	187,207
Net Assets -- January 1 <sup>st</sup>	<u>13,050,169</u>	<u>12,862,962</u>
Net Assets -- December 31 <sup>st</sup>	<u>\$ 15,490,552</u>	<u>\$13,050,169</u>

*REVENUES*

Operating revenues at BPTC for December 31, 2008 year end increased 24% over the previous year end. The changes in revenues are as follows:

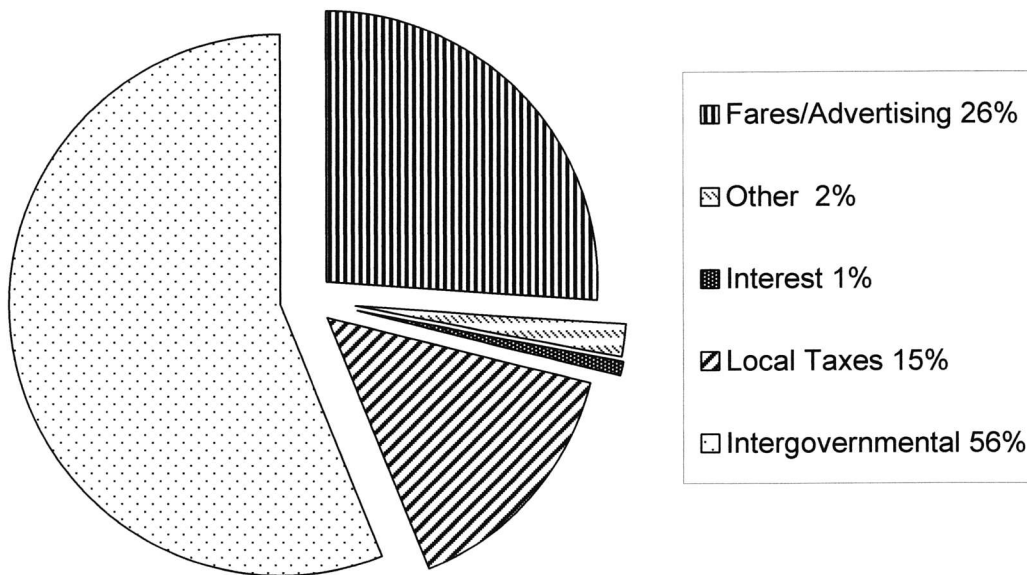
- Fare/Advertising revenues were \$1,566,377 in 2008 compared to \$1,269,954 in 2007, an overall increase of 23%. This increase was due partially to an increase in the Interlocal Cooperation Agreement with Indiana University for fares. Also, contributing to this increase was an implementation of a 33 percent increase in fares in January 2008.
- Other revenue of \$111,308 was an increase of 32% over the previous year of \$84,527. Other revenue includes insurance and IU reimbursements and miscellaneous revenue.

Total non-operating revenues increased by 12% from December 31, 2007, from \$3,811,450 to \$4,282,473.

- Interest and investment revenue decreased 52%, from \$114,087 at December 31, 2007, to \$55,027 at December 31, 2008. This was a result of both a decrease in investment returns and in principal invested.
- Local taxes decreased from \$895,278 to \$889,348, or .7%.
- Intergovernmental revenues increased from \$2,802,085 to \$3,338,098 in 2008 an increase of 19%. This includes state funds through the Public Mass Transportation fund, the largest single source of non-operating revenue. These funds increased 20% in 2008 from \$1,643,095 to \$1,973,358.

In summary, total revenue of BPTC increased by \$794,226, from \$5,165,931 to \$5,960,158, an overall increase of 15%. The composition of these revenues is displayed in this graph for 2008:

### Total Revenues

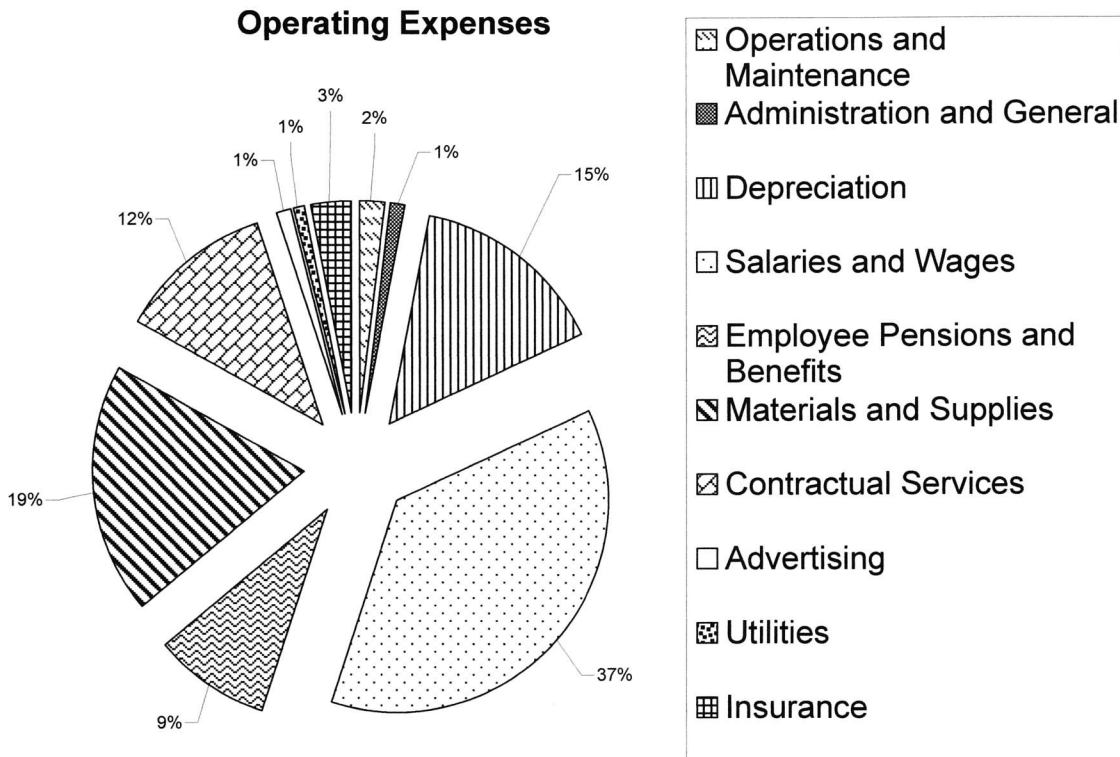


**EXPENSES**

Operating expenses were \$6,805,623 for 2008. This was an increase over the previous year of \$574,512, or 9%. Changes in the major categories of expenses are as follows:

- Operations and maintenance expenses increased by \$18,046, or 16% from 2007. This is the result of outside labor utilized for repairs of buses.
- Administration and general expenses increased by 24% for 2008, from \$65,052 to \$80,606. The major contributing factor for the increase was printing cost due to the fixed route service expansion implemented January 2008 which required the reprint of all schedules.
- Depreciation expense saw a net decrease from 2007. Current depreciation expense of \$1,030,449 is \$27,729 less than 2007.
- Salaries and wages are comprised of salaried, full and part time employees. This category increased by 9% for 2008, from \$2,297,897 to \$2,508,182.
- Employee pensions and benefits increased by \$77,456, or 15% from 2007. Health insurance expenses influenced the increase in this category with a 20% increase over prior year.
- Materials and supplies increased by \$203,409, or 18%, from \$1,100,506 to \$1,303,915. Fuel cost was the major contributing factor to this increase.
- Contractual services increased by \$86,855 or 11% in 2008. BPTC contractual paratransit operations are a major contributing factor in this category with an 18% increase over 2007.
- Advertising expenses decreased from \$39,688 in 2007 to \$32,104 in 2008.
- Utilities increased by 18% from \$50,426 in 2007 to \$59,537 in 2008.
- Insurance expense decreased in 2008 by 5% from the prior year.

The composition of total expenses is displayed below by major category for 2008:



## *CAPITAL ITEMS*

On the Statement of Revenues, Expenses, and Changes in Fund Net Assets, the net loss before contributions was \$845,465. This was a decrease of \$219,715 from the prior year loss of \$1,065,180.

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 \$2,440,383 over the previous year end. Although, an increase occurred in operating expenses, overall operating and non-operating revenues increased also, thus off-setting each other. Ending net assets were \$15,490,552, compared to ending net assets in 2007 of \$13,050,169. This was a 19% 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, 2008	December 31, 2007
Net cash provided (used) by:		
Operating activities	\$ (5,411,935)	\$ (2,572,417)
Noncapital financing activities	3,952,665	3,062,593
Capital and related financing activities	274,329	(212,905)
Investing activities	59,716	114,620
Net increase (decrease) in cash	(1,125,225)	391,891
Beginning cash and cash equivalents balances	<u>2,827,711</u>	<u>2,435,820</u>
<b>Ending cash and cash equivalents balances</b>	<b><u>\$ 1,702,486</u></b>	<b><u>\$ 2,827,711</u></b>

Cash used by operating activities increased by \$2,839,518. The use of cash was impacted by a \$2,823,872 increase from the previous year in payments to suppliers and contractors, and \$311,449 increase in payments to employees. These increases in cash outlay were slightly offset by a \$295,803 increase in inflows from customers and users.

Noncapital financing activities increased \$890,072. State funding for operating purposes through the Public Mass Transportation Fund (PMTF) is the largest component of this category which had an increase of 20% from 2007.

Cash flows from capital and related financing activities reflected an increase of \$487,234 due to an increase in capital contribution of \$3,033,539 and an increase in the purchase of capital assets by \$2,547,817. The primary factor in these changes is due to the purchase of land for our new downtown transfer facility which is funded in part by federal capital grants.

Cash flows from investing activities saw a decrease of \$54,904, impacted by the drastic decline in interest rates during 2008.

Cash flow for 2009 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, 2008, equal \$13,202,575 (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 \$2,981,147 or 29 percent. BPTC acquired land in the amount of \$2,905,321 at the strategically central location of 3<sup>rd</sup> Street and Walnut Street in downtown Bloomington for development and construction of a new downtown passenger terminal.

**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 2009 total budget increased from \$9,299,903 in FY 2008 to \$9,775,964 in FY 2009 primarily due to the increase in fuel cost and the downtown transfer facility project. Operating expenses are budgeted to increase from \$5,724,498 in FY 2008 to \$6,603,059 in FY 2009.

Notable revenue changes in the 2009 budget include a budgeted increase in the state operating grant revenue which seen an increase from \$1,718,095 in 2008 to \$2,052,272 in 2009. Also, fare revenue seen an increase of 12.56% over 2008 from \$373,140 to \$420,000 in 2009.

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 2009 beyond those unknown variations having a global effect on virtually all types of business operations.

Overall, the financial position of BPTC continues to be strong with 2009. BPTC implemented the first fare increase in eleven year in January 2008 and experienced a 10.1% increase in ridership. It is likely that BPTC will exceed the 3 million passenger mark in 2009 for the first time ever assuming our ridership continues to render an increase.

## **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 ASSETS  
December 31, 2008

	2008
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 1,129,318
Interest receivable	723
Accounts receivable	48,987
Grant receivable	6,709
Taxes receivable	456,068
Inventories	354,483
Prepaid items	21,696
Total current assets	2,017,984
Noncurrent assets:	
Restricted cash, cash equivalents and investments:	
Capital improvement reserve	573,168
Capital assets:	
Land	2,905,322
Capital assets (net of accumulated depreciation)	10,297,253
Total capital assets	13,202,575
Total noncurrent assets	13,775,743
Total assets	15,793,727
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	148,136
Accrued payroll/withholdings payable	129,969
Deferred revenue - unearned	1,500
Deferred revenue - unavailable	23,570
Total liabilities	303,175
<u>Net Assets</u>	
Invested in capital assets	13,202,575
Unrestricted	2,287,977
Total net assets	\$ 15,490,552

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS  
As Of And For The Year Ended December 31, 2008

	2008
Operating revenues:	
Fares/advertising	\$ 1,566,377
Other	111,308
Total operating revenues	1,677,685
Operating expenses:	
Operations and maintenance	130,207
Administration and general	80,606
Depreciation	1,030,449
Salaries and wages	2,508,182
Employee pensions and benefits	609,919
Materials and supplies	1,303,915
Contractual services	851,448
Advertising	32,104
Utilities	59,537
Insurance expense	199,256
Total operating expenses	6,805,623
Operating loss	(5,127,938)
Nonoperating revenues:	
Interest and investment revenue	55,027
Local taxes	889,348
Intergovernmental revenue	3,338,098
Total nonoperating revenues	4,282,473
Loss before contributions	(845,465)
Capital contributions	3,285,848
Change in net assets	2,440,383
Total net assets - beginning	13,050,169
Total net assets - ending	\$ 15,490,552

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
As Of And For The Year Ended December 31, 2008

	2008
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,630,292
Payments to suppliers and contractors	(3,910,178)
Payments to employees	(3,132,049)
Net cash used by operating activities	(5,411,935)
Cash flows from noncapital financing activities:	
Taxes received	614,567
Operating grants received	3,338,098
Net cash provided by noncapital financing activities	3,952,665
Cash flows from capital and related financing activities:	
Capital contributions	4,285,926
Acquisition and construction of capital assets	(4,013,109)
Disposal of capital assets	1,512
Net cash used by capital and related financing activities	274,329
Cash flows from investing activities:	
Interest received	59,716
Net cash provided by investing activities	59,716
Net decrease in cash and cash equivalents	(1,125,225)
Cash and cash equivalents, January 1	2,827,711
Cash and cash equivalents, December 31	\$ 1,702,486
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (5,127,938)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,030,449
(Increase) decrease in assets:	
Accounts receivable	(41,737)
Inventories	(461)
Prepaid items	(141)
Increase (decrease) in liabilities:	
Accounts payable	(1,252,503)
Accrued payroll/withholdings payable	(13,948)
Deferred revenue - unearned	(45)
Deferred revenue - unavailable	(5,611)
Total adjustments	(283,997)
Net cash used by operating activities	\$ (5,411,935)

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
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  
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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

year to year. Each employee shall be entitled to carry over 48 hours. These hours can be accumulated to be used no later than December 31<sup>st</sup> 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, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ 2,905,322	\$ -	\$ 2,905,322
Total capital assets, not being depreciated	<u>-</u>	<u>2,905,322</u>	<u>-</u>	<u>2,905,322</u>
Capital assets, being depreciated:				
Buildings	6,428,208	-	-	6,428,208
Improvements other than buildings	1,900	-	-	1,900
Office equipment	145,490	15,849	-	161,339
Shop equipment	77,424	2,937	-	80,361
Bus/passenger equipment	475,702	124,342	-	600,044
Motor equipment	<u>11,129,510</u>	<u>964,658</u>	<u>205,482</u>	<u>11,888,686</u>
Totals	<u>18,258,234</u>	<u>1,107,786</u>	<u>205,482</u>	<u>19,160,538</u>
Less accumulated depreciation for:				
Buildings	2,115,985	214,273	-	2,330,258
Improvements other than buildings	285	127	-	412
Office equipment	109,257	10,860	-	120,117
Shop equipment	62,113	4,629	-	66,742
Bus/passenger equipment	149,153	48,242	-	197,395
Motor equipment	<u>5,600,013</u>	<u>752,318</u>	<u>203,970</u>	<u>6,148,361</u>
Totals	<u>8,036,806</u>	<u>1,030,449</u>	<u>203,970</u>	<u>8,863,285</u>
Total capital assets, being depreciated, net	<u>10,221,428</u>	<u>77,337</u>	<u>1,512</u>	<u>10,297,253</u>
Total capital assets, net	<u>\$ 10,221,428</u>	<u>\$ 2,982,659</u>	<u>\$ 1,512</u>	<u>\$ 13,202,575</u>

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
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 four 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  
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	\$ 1,481,340
Interest on net pension obligation	45,075
Adjustment to annual required contribution	(51,367)
Annual pension cost	1,475,048
Contributions made	1,499,924
Decrease in net pension obligation	(24,876)
Net pension obligation, beginning of year	621,725
Net pension obligation, end of year	\$ 596,849

	PERF
Contribution rates:	
Government	7.50%
Plan members	3%
Actuarial valuation date	07-01-08
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

<u>Actuarial Assumptions</u>	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%

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-06	\$ 1,409,462	80%	\$ 534,772
	06-30-07	1,386,330	94%	621,725
	06-30-08	1,475,048	102%	596,849

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	18,933,429	22,771,367	\$ (3,837,938)	83%	19,091,718	(20%)
07-01-07	21,539,457	25,449,101	(3,909,644)	85%	19,975,017	(20%)
07-01-08	22,933,956	27,618,408	(4,684,452)	83%	20,422,444	(23%)

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 20, 2010, with Lewis May, General Manager; and Christa Browning, Bloomington Public Transportation Corporation Controller. Our audit disclosed no material items that warrant comment at this time.