B38985

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

ANNUAL FINANCIAL REPORT
2010

BLOOMINGTON PUBLIC
TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON

MONROE COUNTY, INDIANA

FILED
08/08/2011

Reissued 4-25-12 - 4th paragraph added on Pg 3.

TABLE OF CONTENTS

OFFICIALS

Office	Official	Term
General Manager	Lewis May	01-01-10 to 12-31-11
Controller	Christa Browning	01-01-10 to 12-31-11
Chairman of Board	Raymond McConn	01-01-10 to 12-31-11

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 (Corporation), a component unit of the City of Bloomington, as of and for the year ended December 31, 2010, which collectively comprise the Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over reporting. 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.

In accordance with Government Auditing Standards, we have also issued our report dated July 18, 2011, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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, 2010, 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.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis, and Schedule of Funding Progress, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

STATE BOARD OF ACCOUNTS

July 18, 2011

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

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

We have audited the financial statements of the business-type activities of the Bloomington Public Transportation Corporation (Corporation), as of and for the year ended December 31, 2010, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated July 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Corporation's management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 18, 2011

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, 2010. To gain a fair understanding of BPTC's financial position, this discussion and analysis should be read in conjunction with the basic financial statements, and the notes to the basic financial statements.

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

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

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

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

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

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

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

STATEMENT OF NET ASSETS

	2010	2009
Current and other assets	$ 2,981,979	$ 2,235,972
Non-current assets	14,182,140	15,232,377
Total assets	17,164,119	17,468,349
Long-term liabilities outstanding	-	-
Current liabilities	290,701	212,506
Total liabilities	290,701	215,506
Net Assets	$ 16,873,418	$ 17,255,843

Invested in capital assets, net

of related debt	$	13,572,202	$ 14,678,217
Restricted		65,632	-
Unrestricted		3,235,584	2,577,626
Total Net Assets	$	16,873,418	$ 17,255,843

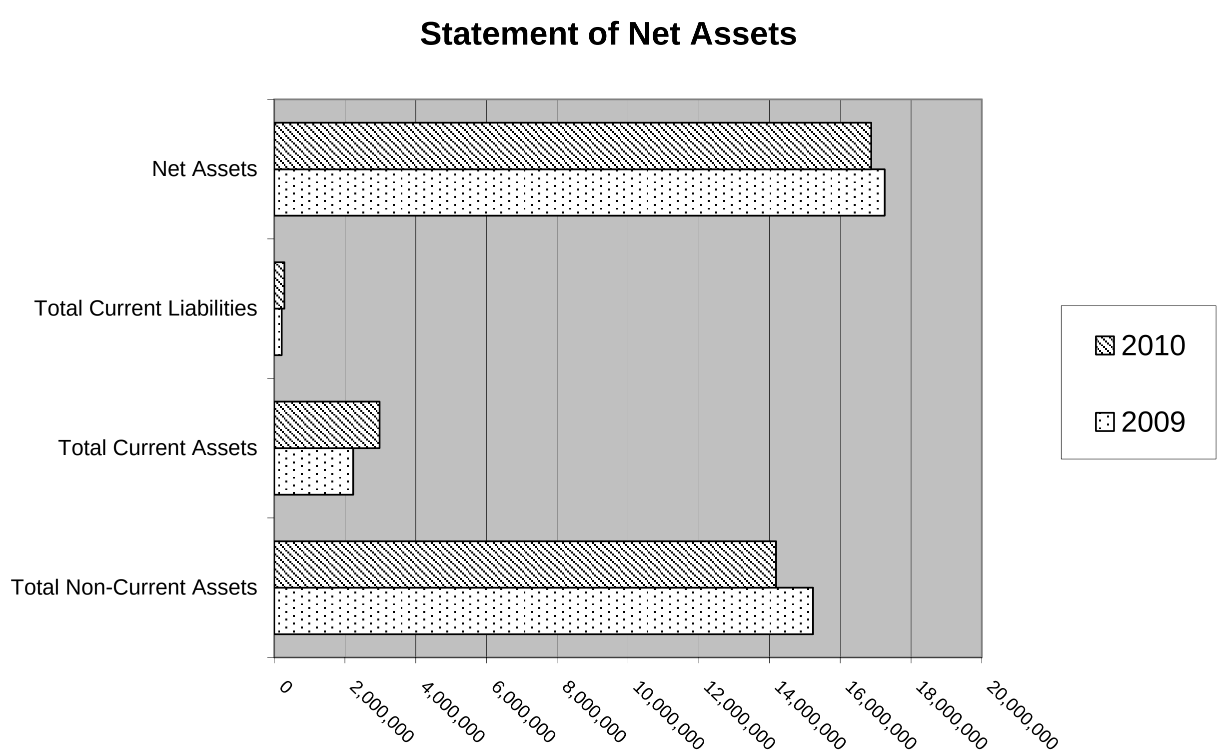
Total assets at December 31, 2010 were $17,164,119, a decrease of 2 percent from the prior year. Net capital assets comprised of $10,421,938 of the $13,572,202 in capital assets.

Total liabilities at December 31, 2010 were $290,701, compared to $212,506 from the prior year. BPTC had no long-term liabilities at year end.

Total net assets at December 31, 2010 were $16,873,418 a decrease of $382,425 from the prior year. The breakout of net assets is shown below:

Capital assets net of related debt	$ 13,572,202
Restricted net assets	65,632
Unrestricted net assets	3,235,584
Total net assets	**$ 16,873,418**

The composition of current and non-current assets and liabilities and net assets is displayed below for both the 2009 and 2010 calendar year ends:



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

	2010	2009
Operating Revenues:		
Fares/Advertising	$1,636,339	$ 1,576,419
Charges for services	98,232	-
Other	126,808	121,679
Total operating revenues	1,861,379	1,698,098
Operating Expenses:		
Operations and maintenance	149,027	124,887
Administration and general	78,838	83,109
Depreciation	1,295,184	1,101,203
Salaries and wages	3,097,825	2,691,078
Employee pensions and benefits	1,032,863	720,044
Materials and supplies	1,087,780	1,005,070
Contractual services	315,019	737,564
Advertising	36,352	31,404
Utilities	54,932	64,821
Insurance expense	236,386	247,103
Total operating expenses	7,384,206	6,806,283
Operating loss	(5,522,827)	(5,108,185)
Non-operating Revenues (Expenses):		
Interest and investment revenue	18,129	15,504
Local taxes	950,999	991,605
Intergovernmental revenue	3,997,400	3,842,804
Loss on disposal of assets	-	(32,840)
Total non-operating revenue	4,966,528	4,817,073
Loss before contributions	(556,299)	(291,112)
Capital Contributions	173,874	2,056,403
Change in net assets	(382,425)	1,765,291
Net Assets -- January 1st	17,255,843	15,490,552
Net Assets -- December 31st	$ 16,873,418	$17,255,843

REVENUES

Operating revenues at BPTC for December 31, 2010 year end increased 10% over the previous year end. The changes in revenues are as follows:

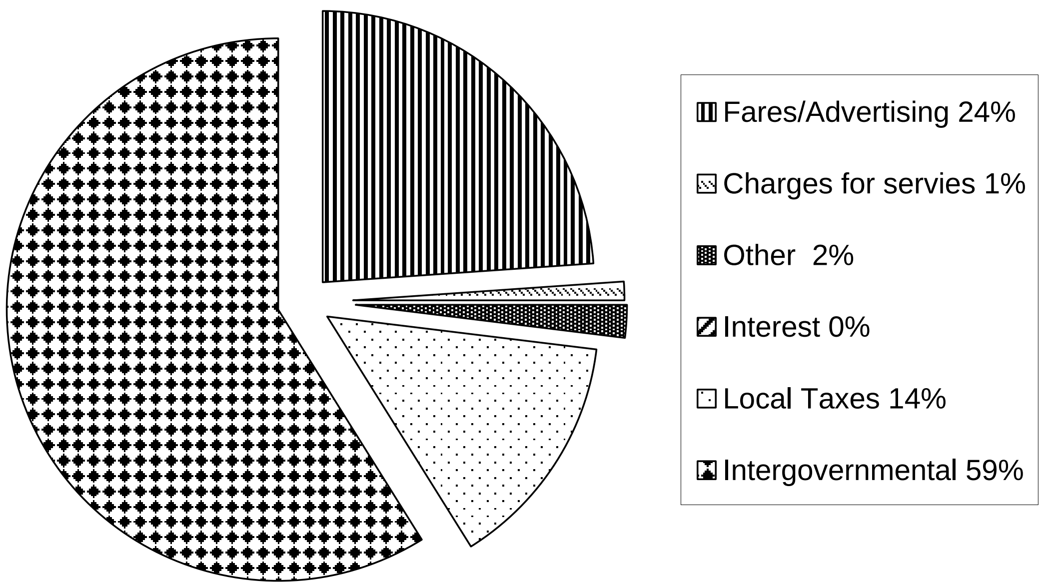
- Fare/Advertising revenues were $1,636,339 in 2010 compared to $1,576,419 in 2009, an overall increase of 4%.
- Charges for services represents the employees withholding for medical insurance. This is a new revenue category in 2010 due to BPTC becoming partially self-insured for medical insurance.
- Other revenue of $126,808 was an increase of 4% over the previous year of $121,679. Other revenue includes insurance, IU reimbursements and miscellaneous revenue.

Total non-operating revenues increased by 2% from December 31, 2009, from $4,849,913 to $4,966,528.

- Interest and investment revenue increased 17%, from $15,504 at December 31, 2009, to $18,129 at December 31, 2010. This was a result of both an increase in investment returns and in principal invested.
- Local taxes decreased from $991,605 to $950,999, or 4%.
- Intergovernmental revenues increased from $3,842,804 to $3,997,400 in 2010 an increase of 4%. This includes state funds through the Public Mass Transportation fund, the largest single source of non-operating revenue. These funds increased 2% in 2010 from $2,030,078 to $2,061,991.

In summary, total revenue of BPTC increased by $279,896, from $6,548,011 to $6,827,907, an overall increase of 4%. The composition of these revenues is displayed in this graph for 2010:

Total Revenues



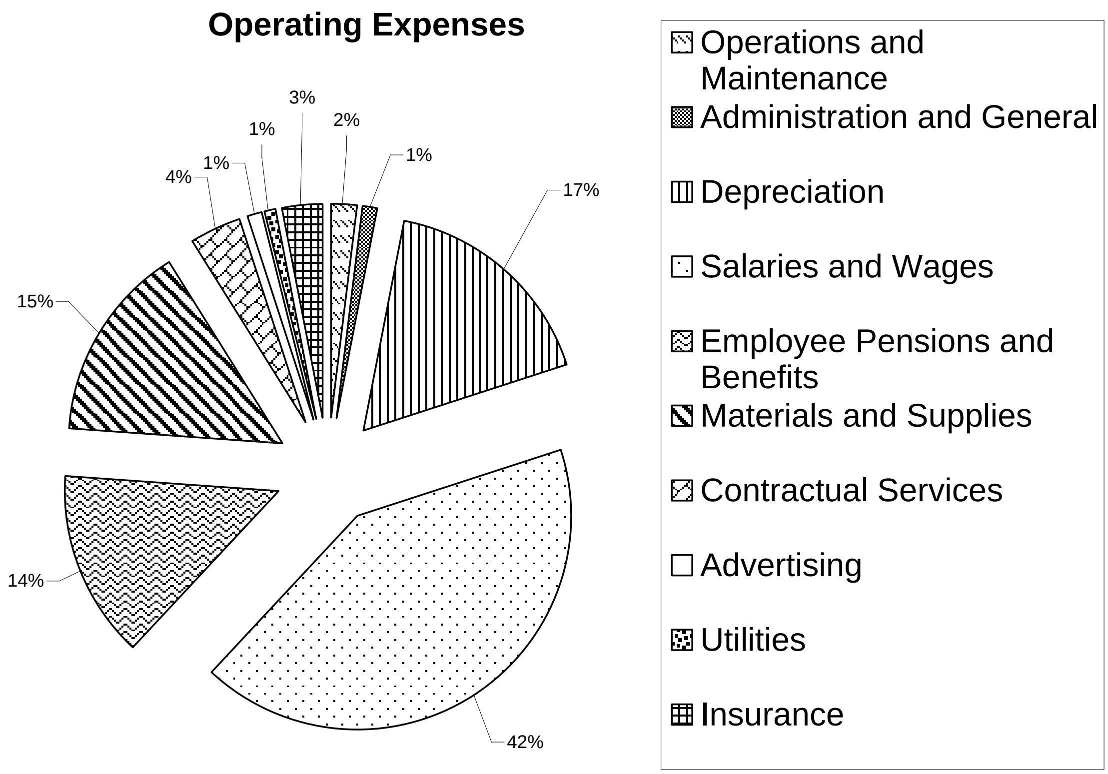
EXPENSES

Operating expenses were $7,384,206 for 2010. This was an increase over the previous year of $577,923. Changes in the major categories of expenses are as follows:

- Operations and maintenance expenses increased by $24,140, or 19% from 2009. This increase in expense is contributed to utilizing outside labor for repairs due primarily to an accident by which BT received insurance reimbursement in early 2011.
- Administration and general expenses decreased by 5% for 2010, from $83,109 to $78,838.
- Depreciation expense saw a net increase from 2009. Current depreciation expense of $1,295,184 is $193,981 more than 2009.
- Salaries and wages are comprised of salaried, full and part time employees. This category increased by 15% for 2010, from $2,691,078 to $3,097,825. This increase is mainly due to bringing the BT Access operations in-house in November 2009.
- Employee pensions and benefits increased by $312,819, or 43% from 2009. The main contributing factor for this increase was BPTC elected to become partially self insured in May of 2010. This category includes $382,240 which represents the netted medical expenses of the self insurance fund.
- Materials and supplies increased by $82,710, or 8%, from $1,005,070 to $1,087,780. Fuel cost was the major contributing factor to this increase. Due to the conditions of the global market of fuel prices, BPTC partnered with Indiana University for a fixed price contract for 2010 for the purchase of fuel.

- Contractual services decreased by $422,545 or 57% in 2010. BPTC contractual paratransit operations were ended in November 2009 and BT Access, our paratransit service, was brought in-house.
- Advertising expenses increased from $31,404 in 2009 to $36,352 in 2010.
- Utilities decreased by 15% from $64,821 in 2009 to $54,932 in 2010. This decrease is due to our long-distance rate declining.
- Insurance expense decreased in 2010 by 4% from the prior year.

The composition of operating expenses is displayed below by major category for 2010:



CAPITAL ITEMS

On the Statement of Revenues, Expenses, and Changes in Fund Net Assets, the net loss before contributions was $556,299. This was an increase of $265,187 from the prior year loss of $291,112.

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 decreased by $382,425 over the previous year end. The only decrease in operating and non-operating revenues was in local tax revenue which decreased by $40,606 from the prior year. The main contributing factor to the change in net assets was due to the increase in operating expenses of $577,923. Ending net assets were $16,873,418, compared to ending net assets in 2009 of $17,255,843. This was a 2% decrease 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, 2010	December 31, 2009
Net cash provided (used) by:		
Operating activities	$ (4,284,104)	$ (4,071,095)
Non-capital financing activities	5,225,960	4,989,202
Capital and related financing activities	(29,556)	(550,969)
Investing activities	18,129	16,227
Net increase in cash	930,429	383,365
Beginning cash and cash equivalents balances	2,085,851	1,702,486
Ending cash and cash equivalents balances	**$ 3,016,280**	**$ 2,085,851**

Cash used by operating activities increased by $213,009. The use of cash was impacted by a $576,113 increase from the previous year in payments to employees. This increase in cash outlay was offset some by a $284,305 decrease in outflows to suppliers and contractors.

Non-capital financing activities increased $236,758. The primary component of this increase was an increase in cash flow of $154,596 from federal operating assistance.

Cash flows from capital and related financing activities reflected an increase of $521,413 due to a net effect of a decrease in capital contribution of $1,899,102 and a decrease in the purchase of capital assets by $2,420,515. The primary factor in these changes is due to no major capital projects undertaken or completed in 2010.

Cash flows from investing activities saw a slight increase during 2010 of $1,902. Investing activities are still being impacted by the drastic decline in interest rates world-wide.

Cash flows for 2011 calendar year will be affected by the planning phase and then the start of construction of the new downtown transfer facility. Also, a challenge to the 2011 budget will be the rising fuel prices which will have a drastic effect on cash flows.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The BPTC's capital assets as of December 31, 2010, equal $13,572,202 (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 $1,106,015 or 8 percent.

BPTC is in the planning phase of a new downtown passenger transfer facility which will further enhance our mission of providing mobility to the community. This new facility will be located downtown Bloomington at the corner of 3rd and South Walnut Streets. The new facility will provide the space BPTC needs to expand transit services in the future and provide greatly improved amenities. The building will allow for space to almost double the number of buses operating as well as provide expanded passenger waiting areas and other important amenities such as public restrooms, and improved lighting and security. The estimated project cost is $6.5 million and will be funded 80% by Federal grants. Construction is set to begin in fall of 2011 with completion in summer 2012.

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

HEALTH INSURANCE

BPTC implemented a Self-Insurance Fund in May of 2010. BPTC maintains its own health insurance fund for the purpose of providing employee and dependent medical benefits. This fund is 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 pensions and benefits category. At the end of fiscal year 2010, the self-insurance fund closed with a restricted net asset balance of $65,632 equal to a few months of health claims coverage.

ECONOMIC OUTLOOK

The FY 2011 total budget increased from $6,764,761 in FY 2010 to $6,979,844 in FY 2011 primarily due to the increase in wages and benefits. Operating expenses are budgeted to increase from $6,630,241 in FY 2010 to $6,849,198 in FY 2011.

Notable revenue changes in the 2011 budget include a budgeted decrease in the state operating grant revenue which will see a decrease from $2,111,281 in 2010 to $2,000,132 in 2011. Whereas, fare revenue will see an increase of 6.67% over 2010 from $450,000 to $480,000 in 2011.

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 2011 beyond those unknown variations having a global effect on virtually all types of business operations.

Overall, the financial position of BPTC continues to be favorable in 2011 however, management will continue to monitor the state and national economic conditions as part of its financial decision making process. BPTC surpassed its goal of 3.2 million riders in 2010. This trend of increase ridership seemingly is continuing into 2011.

Request for Information

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	2010
Assets	
Current assets:	
Cash and cash equivalents	$ 2,406,342
Accounts receivable	146,879
Grants receivable	18,658
Taxes receivable	23,714
Inventories	368,435
Prepaid items	17,951
Total current assets	2,981,979
Non-current assets:	
Restricted cash, cash equivalents and investments:	
Capital improvement reserve	524,180
Self insurance reserve	85,758
Total restricted cash, cash equivalents and investments	609,938
Capital assets:	
Land	2,905,322
Capital assets (net of accumulated depreciation)	10,421,938
Construction Work in Progress	244,942
Total capital assets	13,572,202
Total non-current assets	14,182,140
Total assets	17,164,119
Liabilities	
Current liabilities:	
Accounts payable	204,796
Accrued payroll/withholdings payable	73,005
Deferred revenue - unearned	12,900
Total liabilities	290,701
Net Assets	
Invested in capital assets	13,572,202
Restricted	65,632
Unrestricted	3,235,584
Total net assets	$ 16,873,418

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010

	2010
Operating revenues:	
Fares/advertising	$ 1,636,339
Charges for services	98,232
Other	126,808
Total operating revenues	1,861,379
Operating expenses:	
Operations and maintenance	149,027
Administration and general	78,838
Depreciation	1,295,184
Salaries and wages	3,097,825
Employee pensions and benefits	1,032,863
Materials and supplies	1,087,780
Contractual services	315,019
Advertising	36,352
Utilities	54,932
Insurance expense	236,386
Total operating expenses	7,384,206
Operating loss	(5,522,827)
Nonoperating revenues:	
Interest and investment revenue	18,129
Local taxes	950,999
Intergovernmental revenue	3,997,400
Total nonoperating revenues	4,966,528
Loss before contributions	(556,299)
Capital contributions	173,874
Change in net assets	(382,425)
Total net assets - beginning	17,255,843
Total net assets - ending	$ 16,873,418

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
STATEMENT OF CASH FLOWS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010

	2010
Cash flows from operating activities:	
Receipts from customers and users	$ 1,665,875
Receipts from other funds	98,232
Payments to suppliers and contractors	(1,977,073)
Payments to employees	(4,071,138)
Net cash used by operating activities	(4,284,104)
Cash flows from non-capital financing activities:	
Taxes received	1,228,560
Operating grants received	3,997,400
Net cash provided by non-capital financing activities	5,225,960
Cash flows from capital and related financing activities:	
Capital contributions	159,613
Acquisition and construction of capital assets	(189,169)
Net cash used by capital and related financing activities	(29,556)
Cash flows from investing activities:	
Interest received	18,129
Net cash provided by investing activities	18,129
Net increase in cash and cash equivalents	930,429
Cash and cash equivalents, January 1	2,085,851
Cash and cash equivalents, December 31	$ 3,016,280
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	$ (5,522,827)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,295,184
Increase in assets:	
Accounts receivable	(107,622)
Inventories	(26,697)
Prepaid items	(337)
Increase in liabilities:	
Accounts payable	40,906
Accrued payroll/withholdings payable	26,939
Deferred revenue - unearned	10,350
Total adjustments	1,238,723
Net cash used by operating activities	$ (4,284,104)

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

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Bloomington Public Transportation Corporation (primary government) was established under the laws of the State of Indiana. The Bloomington Public Transportation Corporation is governed by a board of directors whose members are appointed by the mayor and city council of the city, and provides public transportation services to the residents of the City of Bloomington.

The accompanying financial statements present the activities of the Bloomington Public Transportation Corporation. There are no significant component units which require inclusion.

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.

Enterprise 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 Bloomington 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 Bloomington 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.

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 financial statements.

3. Restricted Assets

The Bloomington 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	3 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) – Bloomington Public Transportation Corporation 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 shall earn 13 to 26 hours of PTO each year. Each employee shall be entitled to carry over 48 hours. The employee may choose to send these 48 hours to their sick bank, carry over for future years PTO, or be paid for the hours at the current rate. Any PTO hour balance in excess of the 48 carry over hours will be sent to the employees' sick bank. Accumulated PTO is paid to employees through cash payments upon separation. 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.

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, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,905,322	$ -	$ -	$ 2,905,322
Construction in progress	95,040	149,902	-	244,942
				-
Total capital assets, not being depreciated	3,000,362	149,902	-	3,150,264
Capital assets, being depreciated:				
Buildings	6,470,107	-	-	6,470,107
Improvements other than buildings	10,250	-	-	10,250
Office equipment	126,154	7,024	7,893	125,285
Shop equipment	80,361	-	7,942	72,419
Bus/passenger equipment	621,927	11,429	-	633,356
Motor equipment	14,278,932	20,814	2,349,230	11,950,516
Totals	21,587,731	39,267	2,365,065	19,261,933
Less accumulated depreciation for:				
Buildings	2,526,089	221,817	-	2,747,906
Improvements other than buildings	538	1,797	-	2,335
Office equipment	97,015	8,354	7,893	97,476
Shop equipment	71,046	3,414	7,942	66,518
Bus/passenger equipment	270,265	76,896	-	347,161
Motor equipment	6,944,923	982,906	2,349,230	5,578,599
Totals	9,909,876	1,295,184	2,365,065	8,839,995
Total capital assets, being depreciated, net	11,677,855	(1,255,917)	-	10,421,938
Total capital assets, net	$ 14,678,217	$ (1,106,015)	$ -	$ 13,572,202

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2010	Committed
Downtown Transfer Facility	$ 638,340	$ 244,942	$ 393,398
Totals	$ 638,340	$ 244,942	$ 393,398

III. Other Information

A. Risk Management

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

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

Health Insurance

The Bloomington Public Transportation Corporation chose to establish a partially self-funded insurance fund associated with employee health claims beginning May of 2010. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of $25,000 per year. The amounts paid into the fund by all covered employees and by Bloomington Public Transportation Corporation are available to pay claims, and administrative costs of the program.

Balance of claim liability is as follows:	
Unpaid claims, beginning of year	$ -
Incurred claims	293,166
Claim payments	273,040
Unpaid claims, at December 31, 2010	$ 20,126

B. Rate Structure

The current rate structure was approved by the Bloomington 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
One North Capitol
Suite 001
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.

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.

Actuarial Information for the Above Plan

Annual required contribution	$ 1,808,232
Interest on net pension obligation	43,019
Adjustment to annual required contribution	- (49,024)
Annual pension cost	1,802,227
Contributions made	1,768,526
Increase (decrease) in net pension obligation	33,701
Net pension obligation, beginning of year	593,371
Net pension obligation, end of year	$ 627,072

	PERF
Contribution rates:	
Government	8.00%
Plan members	3%
Actuarial valuation date	06-30-10
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions	PERF
Investment rate of return	7.00%
Projected future salary increases:	
Total	4%
Attributed to inflation	3%
Attributed to merit/seniority	1%
Cost-of-living adjustments	1%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-08	$ 1,475,048	102%	$ 596,849
	06-30-09	1,627,757	100%	593,371
	06-30-10	1,802,227	98%	627,072

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

REQUIRED SUPPLEMENTARY INFORMATION

	Actuarial Value Of Assets	Actuarial Accrued Liability - AAL	Excess Of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess/ Unfunded AAL As A % Of Covered Payroll
6/30/08	$22,933,956	$27,618,408	($4,684,452)	83%	$20,422,444	23%
6/30/09	$23,367,796	$29,741,235	($6,373,439)	79%	$22,394,832	29%
6/30/10	$21,748,250	$33,217,361	($11,469,112)	65%	$23,317,703	49%

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Bloomington Public Transportation Corporation (Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2010. The Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

In our opinion, the Corporation complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control

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

This report is intended solely for the information and use of the Corporation's management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 18, 2011

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Grant			
Federal Transit Cluster			
Federal Transit - Capital Investment Grants	20.500	IN-04-0013-01	$ 119,920
Total for program			119,920
Federal Transit - Formula Grants	20.507	IN-90-X588	33,527
		IN-90-X562	5,199
		IN-90-X598	1,233,440
		IN-90-X551	15,228
Total for program			1,287,394
Total for cluster			1,407,314
Transit Services Programs Cluster			
Job Access - Reverse Commute Program	20.516	IN-37-X026	100,732
		IN-37-X017	89,450
Total for program			190,182
Total for cluster			190,182
Total for federal grantor agency			1,597,496
Total federal awards expended			$ 1,597,496

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bloomington Public Transportation Corporation and is presented in conformity with accounting principles generally accepted in the United States of America which is the basis of accounting used in the presentation of the financial statements. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	no

Identification of Major Programs:

Name of Federal Program or Cluster
Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee?	no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
CITY OF BLOOMINGTON
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2011, with Raymond McConn, Chairman of the Board; Lewis May, General Manager; and Christa Browning, Controller. Our audit disclosed no material items that warrant comment at this time.