B40445

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

ANNUAL FINANCIAL REPORT

2011

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION

A COMPONENT UNIT OF THE CITY OF BLOOMINGTON

MONROE COUNTY, INDIANA

FILED
05/30/2012

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OFFICIALS

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

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited the accompanying financial statements of the Bloomington Public Transportation Corporation (Corporation), a component unit of the City of Bloomington, as of and for the year ended December 31, 2011, 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. Accordingly, we express no such opinion. 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bloomington Public Transportation Corporation, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 11, 2012, on our consideration of the Corporation's internal control over financial reporting and on 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.

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 a required part 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

April 11, 2012

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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, MONROE COUNTY, INDIANA

We have audited the financial statements of the Bloomington Public Transportation Corporation (Corporation), a component unit of the City of Bloomington, as of and for the year ended December 31, 2011, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated April 11, 2012. 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 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 grant 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, 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

April 11, 2012

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, 2011. 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 the accrual basis of accounting. 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

	2011	2010
Current assets	$ 3,798,998	$ 2,981,979
Non-current assets	13,133,622	14,182,140
Total assets	16,932,620	17,164,119
Long-term liabilities outstanding	-	-
Current liabilities	384,144	290,701
Total liabilities	384,144	290,701
Net Assets	$ 16,548,476	$ 16,873,418
Invested in capital assets, net of related debt	$ 12,451,798	$ 13,572,202
Restricted	164,544	65,632
Unrestricted	3,932,134	3,235,584
Total Net Assets	$ 16,548,476	$ 16,873,418

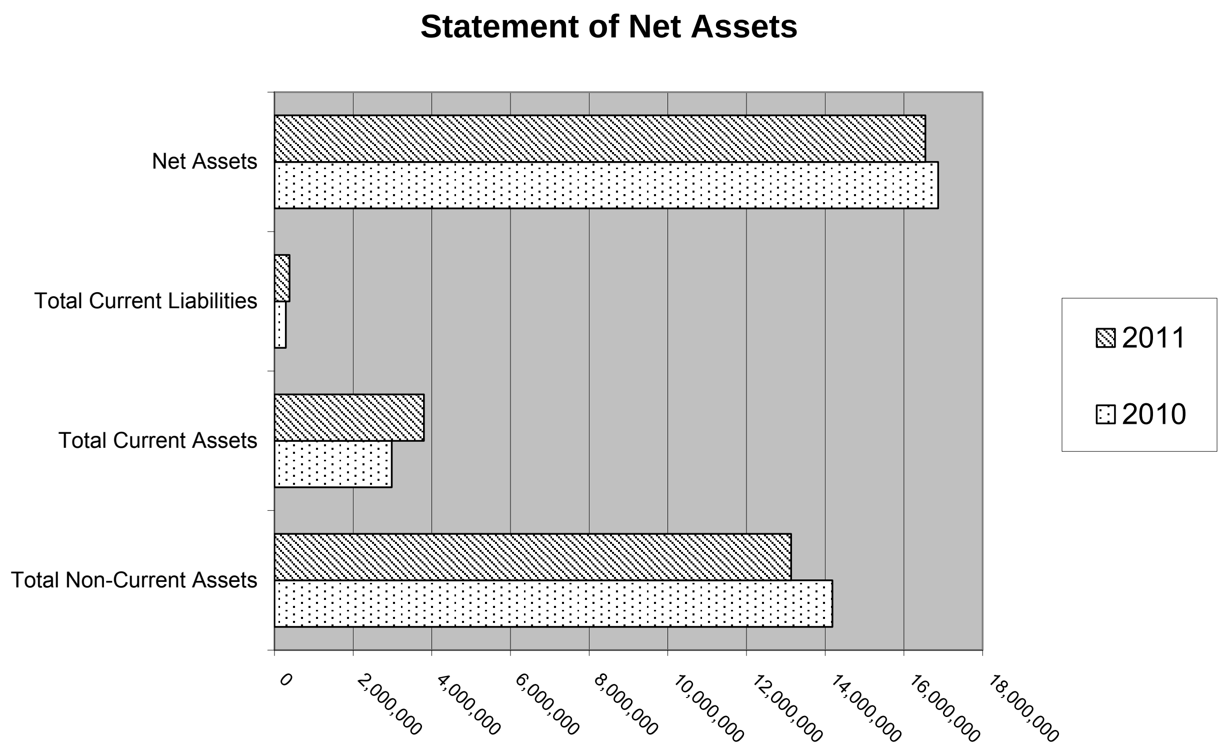
Total assets at December 31, 2011 were $16,932,620, a decrease of 1 percent from the prior year. Net capital assets comprised of $9,287,710 of the $12,451,798 in capital assets.

Total liabilities at December 31, 2011 were $384,144, compared to $290,701 from the prior year. BPTC had no long-term liabilities at year end.

Total net assets at December 31, 2011 were $16,548,476 a decrease of $324,942 from the prior year. The breakout of net assets is shown below:

Capital assets net of related debt	$ 12,451,798
Restricted net assets	164,544
Unrestricted net assets	3,932,134
Total net assets	**$ 16,548,476**

The composition of current and non-current assets and liabilities and net assets is displayed below for both the 2010 and 2011 calendar year ends:



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

	2011	2010
Operating Revenues:		
Fares/Advertising	$1,679,869	$ 1,636,339
Charges for services	140,245	98,232
Other	125,644	126,808
Total operating revenues	1,945,758	1,861,379
Operating Expenses:		
Operations and maintenance	188,023	149,027
Administration and general	51,914	78,838
Depreciation	1,221,932	1,295,184
Salaries and wages	3,207,455	3,097,825
Employee pensions and benefits	935,000	1,032,863
Materials and supplies	1,467,556	1,087,780
Contractual services	293,830	315,019
Advertising	28,108	36,352
Utilities	59,322	54,932
Insurance expense	235,886	236,386
Total operating expenses	7,689,026	7,384,206
Operating loss	(5,743,268)	(5,522,827)
Non-operating Revenues (Expenses):		
Interest and investment revenue	8,683	18,129
Local taxes	1,013,650	950,999
Intergovernmental revenue	4,260,984	3,997,400
Total non-operating revenue	5,283,317	4,966,528
Loss before contributions	(459,951)	(556,299)
Capital Contributions	135,009	173,874
Change in net assets	(324,942)	(382,425)
Net Assets -- January 1st	16,873,418	17,255,843
Net Assets -- December 31st	$ 16,548,476	$16,873,418

REVENUES

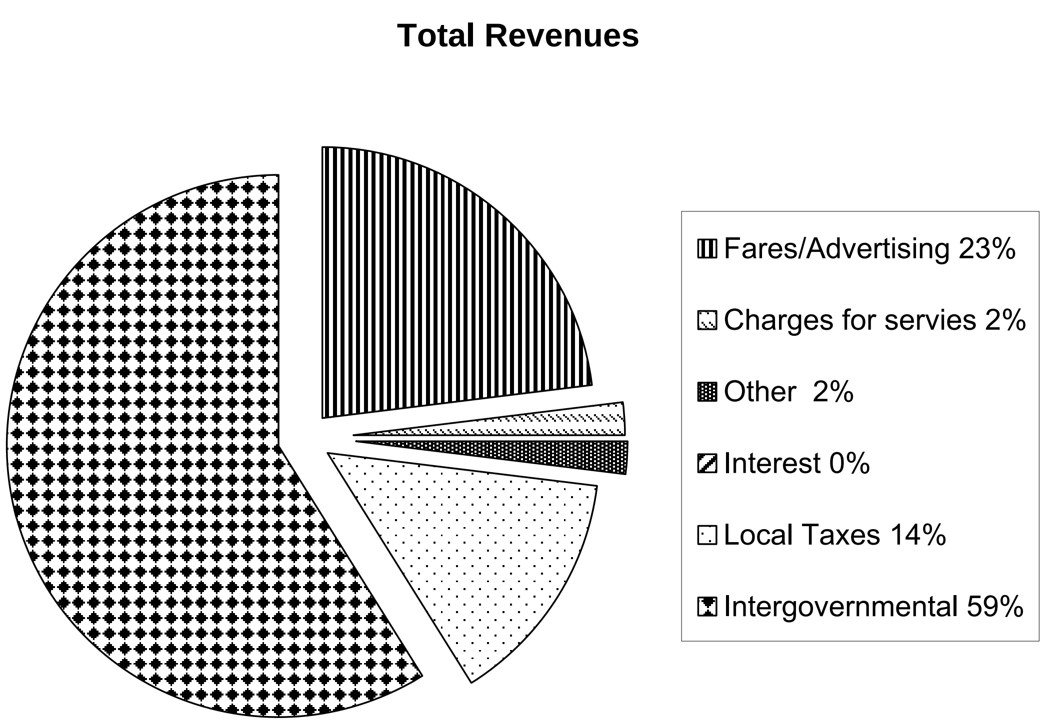
Operating revenues at BPTC for December 31, 2011 year end increased 5% over the previous year end. The changes in revenues are as follows:

- Fare/Advertising revenues were $1,679,869 in 2011, compared to $1,636,339 in 2010, an overall increase of 3%.
- Charges for services represents the employees withholding for medical insurance which for 2011 equaled $140,245.
- Other revenue of $125,644 was a decrease over the previous year of $1,164. Other revenue includes insurance, IU reimbursements and miscellaneous revenue.

Total non-operating revenues increased by 6% from December 31, 2010, from $4,966,528 to $5,283,317.

- Interest and investment revenue decreased 52%, from $18,129 at December 31, 2010, to $8,683 at December 31, 2011. This was a result of both a decrease in investment returns and in principal invested.
- Local taxes increased from $950,999 to $1,013,650, or 7%.
- Intergovernmental revenues increased from $3,997,400 to $4,260,984 in 2011 an increase of 7%. This includes state funds through the Public Mass Transportation fund, the largest single source of non-operating revenue. These funds increased 10% in 2011 from $2,061,991 to $2,263,594.

In summary, total revenue of BPTC increased by $401,168, from $6,827,907 to $7,229,075, an overall increase of 6%. The composition of these revenues is displayed in this graph for 2011:

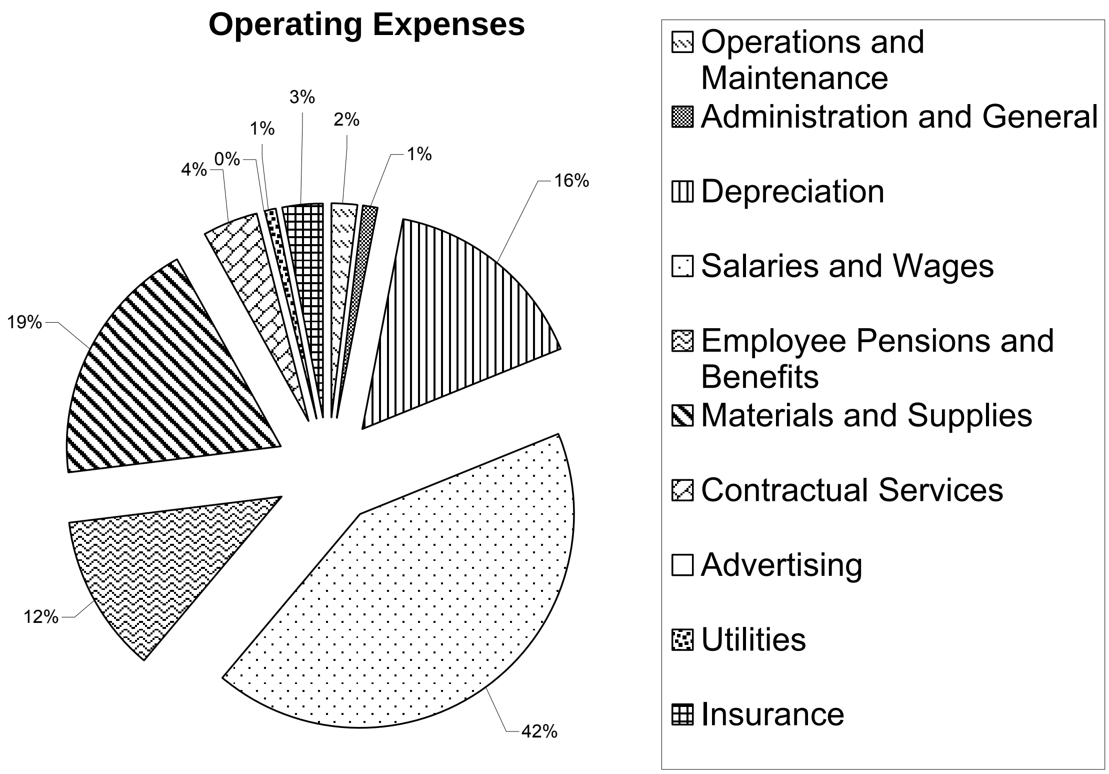


EXPENSES

Operating expenses were $7,689,026 for 2011. This was an increase over the previous year of $304,820. Changes in the major categories of expenses are as follows:

- Operations and maintenance expenses increased by $38,996, or 26% from 2010. This increase in expense is contributed to utilizing outside labor for repairs due primarily to an accident by which BT received insurance reimbursement.
- Administration and general expenses decreased by 34% for 2011, from $78,838 to $51,914. The main contributing factor was the termination of our contract with Appian for the Indiana Transit Consortium.
- Depreciation expense saw a net decrease from 2010. Current depreciation expense of $1,221,932 is $73,252 less than 2010.
- Salaries and wages are comprised of salaried, full and part time employees. This category increased by 3.5% for 2011, from $3,097,825 to $3,207,455.
- Employee pensions and benefits decreased by $97,863, or 9% from 2010. The main contributing factor for this decrease was BPTC elected to become partially self insured in May of 2010. This resulted in a decreased of $120,000 in health insurance cost from 2010.
- Materials and supplies increased by $379,776, or 35%, from $1,087,780 to $1,467,556. 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 2012 for the purchase of fuel.
- Contractual services decreased by $21,189 or 7% in 2011.
- Advertising expenses decreased from $36,352 in 2010 to $28,108 in 2011.
- Utilities increased by 8% from $54,932 in 2010 to $59,322 in 2011.
- Insurance expense decreased in 2011 by $500 from the prior year.

The composition of operating expenses is displayed below by major category for 2011:



CAPITAL ITEMS

On the Statement of Revenues, Expenses, and Changes in Fund Net Assets, the net loss before contributions was $459,951. This was an decrease of $96,348 from the prior year loss of $556,299.

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 $324,942 over the previous year end. Ending net assets were $16,548,476, compared to ending net assets in 2010 of $16,873,418. 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, 2011	December 31, 2010
Net cash provided (used) by:		
Operating activities	$ (4,426,308)	$ (4,284,104)
Non-capital financing activities	5,298,348	5,225,960
Capital and related financing activities	41,149	(29,556)
Investing activities	8,683	18,129
Net increase in cash	921,872	930,429
Beginning cash and cash equivalents balances	3,016,280	2,085,851
Ending cash and cash equivalents balances	**$ 3,938,152**	**$ 3,016,280**

Cash used by operating activities increased by $142,204. The use of cash was impacted by a $614,845 increase from the previous year in payments to employees. This increase in cash outlay was offset some by a $262,275 decrease in outflows to suppliers and contractors.

Non-capital financing activities increased $72,388. The primary component of this increase was an increase in cash flow from federal operating assistance.

Cash flows from capital and related financing activities reflected an increase of $70,705 due to a net effect of a decrease in capital contribution and a decrease in the purchase of capital assets. The primary factor in these changes is due to no major capital projects undertaken or completed in 2011.

Cash flows from investing activities saw a major decline during 2011. Investing activities are still being impacted by the drastic decline in interest rates world-wide.

Cash flows for 2012 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 2012 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, 2011, equal $12,451,798 (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 $1,120,404 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 $8.8 million and will be funded 80% by Federal grants. Construction is set to begin late 2012 or early 2013 with completion in fall 2013.

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 2011, the self-insurance fund closed with a restricted net asset balance of $164,544 equal to several months of health claims coverage.

ECONOMIC OUTLOOK

The FY 2012 total budget increased from $6,979,844 in FY 2011 to $7,456,797 in FY 2012 primarily due to the increase in fuel costs. Operating expenses are budgeted to increase from $6,849,198 in FY 2011 to $7,147,904 in FY 2012.

Notable revenue changes in the 2012 budget include a budgeted increase in the state operating grant revenue from $2,000,132 in 2011 to $2,354,138 in 2012. Whereas, IU contract revenue seen a decrease of 9.14% over 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 2012 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 2012 however, management will continue to monitor the state and national economic conditions as part of its financial decision making process. BPTC surpassed its prior ridership and ended the year with 3.38 million riders in 2011. This trend of increase ridership seemingly is continuing into 2012.

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, 2011

	2011
Assets	
Current assets:	
Cash and cash equivalents	$ 3,256,328
Accounts receivable	117,914
Grants receivable	10,990
Inventories	397,224
Prepaid items	16,542
Total current assets	3,798,998
Non-current assets:	
Restricted cash and cash equivalents:	
Capital improvement reserve	510,356
Self insurance reserve	171,468
Total restricted cash and cash equivalents	681,824
Capital assets:	
Land	2,905,322
Capital assets (net of accumulated depreciation)	9,287,710
Construction work in progress	258,766
Total capital assets	12,451,798
Total non-current assets	13,133,622
Total assets	16,932,620
Liabilities	
Current liabilities:	
Accounts payable	311,811
Accrued payroll/withholdings payable	62,033
Deferred revenue - unearned	10,300
Total liabilities	384,144
Net Assets	
Invested in capital assets	12,451,798
Restricted	164,544
Unrestricted	3,932,134
Total net assets	$ 16,548,476

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

	2011
Operating revenues:	
Fares/advertising	$ 1,679,869
Charges for services	140,245
Other	125,644
Total operating revenues	1,945,758
Operating expenses:	
Operations and maintenance	188,023
Administration and general	51,914
Depreciation	1,221,932
Salaries and wages	3,207,455
Employee pensions and benefits	935,000
Materials and supplies	1,467,556
Contractual services	293,830
Advertising	28,108
Utilities	59,322
Insurance expense	235,886
Total operating expenses	7,689,026
Operating loss	(5,743,268)
Nonoperating revenues:	
Interest and investment revenue	8,683
Local taxes	1,013,650
Intergovernmental revenue	4,260,984
Total nonoperating revenues	5,283,317
Loss before contributions	(459,951)
Capital contributions	135,009
Change in net assets	(324,942)
Total net assets - beginning	16,873,418
Total net assets - ending	$ 16,548,476

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
STATEMENT OF CASH FLOWS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

	2011
Cash flows from operating activities:	
Receipts from customers and users	$ 1,834,228
Receipts from other funds	140,245
Payments to suppliers and contractors	(1,714,798)
Payments to employees	(4,685,983)
Net cash used by operating activities	(4,426,308)
Cash flows from noncapital financing activities:	
Taxes received	1,037,364
Operating grants received	4,260,984
Net cash provided by noncapital financing activities	5,298,348
Cash flows from capital and related financing activities:	
Capital contributions	94,805
Acquisition and construction of capital assets	(53,656)
Net cash provided by capital and related financing activities	41,149
Cash flows from investing activities:	
Interest received	8,683
Net cash provided by investing activities	8,683
Net increase in cash and cash equivalents	921,872
Cash and cash equivalents, January 1 (including $524,180 and $85,758 for the capital improvement reserve cash and cash equivalents and self-insurance reserve cash and cash equivalents, respectively, reported in restricted accounts)	3,016,280
Cash and cash equivalents, December 31 (including $510,356 and $171,468 for the capital improvement reserve cash and cash equivalents and self-insurance reserve cash and cash equivalents, respectively, reported in restricted accounts)	$ 3,938,152
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	$ (5,743,268)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,221,932
Increase in assets:	
Accounts receivable	28,965
Inventories	(28,789)
Prepaid items	1,409
Increase in liabilities:	
Accounts payable	107,015
Accrued payroll/withholdings payable	(10,972)
Deferred revenue - unearned	(2,600)
Total adjustments	1,316,960
Net cash used by operating activities	$ (4,426,308)

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) is a component unit of the City of Bloomington. 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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Bloomington Public Transportation Corporation has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, the Bloomington Public Transportation Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed, when expenses are incurred for purposes for which both restricted and unrestricted net assets are available.

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.

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

3. Restricted Assets/Net 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.

The financial statements report $164,544 of restricted net assets, none of which is restricted by enabling legislation.

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 percent of the value of the accrued sick leave.

No liability is reported for PTO or sick leave.

II. Detailed Notes on All Funds

A. Deposits and Investments

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 Bloomington Public Transportation Corporation does not have a formal policy for custodial credit risk.

B. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,905,322	$ -	$ -	$ 2,905,322
Construction in progress	244,942	13,824	-	258,766
Total capital assets, not being depreciated	3,150,264	13,824	-	3,164,088

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	6,470,107	-	-	6,470,107
Improvements other than buildings	10,250	-	-	10,250
Office equipment	125,285	-	-	125,285
Shop equipment	72,419	1,121	-	73,540
Bus/passenger equipment	633,356	27,710	-	661,066
Motor equipment	11,950,516	58,873	-	12,009,389
Totals	19,261,933	87,704	-	19,349,637
Less accumulated depreciation for:				
Buildings	2,747,906	221,817	-	2,969,723
Improvements other than buildings	2,335	1,797	-	4,132
Office equipment	97,476	10,837	-	108,313
Shop equipment	66,518	2,973	-	69,491
Bus/passenger equipment	347,161	77,938	-	425,099
Motor equipment	5,578,599	906,570	-	6,485,169
Totals	8,839,995	1,221,932	-	10,061,927
Total capital assets, being depreciated, net	10,421,938	(1,134,228)	-	9,287,710
Total capital assets, net	$ 13,572,202	$ (1,120,404)	$ -	$ 12,451,798

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2011	Committed
Downtown Transfer Facility	$ 642,140	$ 258,766	$ 383,374
Totals	$ 642,140	$ 258,766	$ 383,374

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 $30,000 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	$ 20,126
Incurred claims	304,681
Claim payments	315,533
Unpaid claims, at December 31, 2011	$ 9,274

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 Bloomington 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system and give the Public Transportation Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3 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.

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 may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of INPRS

The Bloomington Public Transportation Corporation is included in the City of Bloomington PERF plan; information to segregate the assets/liabilities is not available. Therefore, the liability for the Net Pension Obligation (NPO) is considered an obligation of the City as a whole.

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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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION, 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 could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2011. 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 could have a direct and material effect on its major federal program for the year ended December 31, 2011.

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 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 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.

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

This report is intended solely for the information and use of the Corporation's management, Board of Directors, 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

April 11, 2012

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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	$ 11,056
Total for program			11,056
Federal Transit - Formula Grants	20.507	IN-90-X588	27,865
		IN-90-X598	48,215
		IN-90-X614	1,513,350
Total for program			1,589,430
Total for cluster			1,600,486
Transit Services Programs Cluster			
Job Access - Reverse Commute Program	20.516	IN-37-X026	102,165
Total for program			102,165
New Freedom Program	20.521	IN-57-X005	398
Total for program			398
Total for cluster			102,563
Total for federal grantor agency			1,703,049
Total federal awards expended			$ 1,703,049

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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
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?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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 OMB 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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2012, 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.