B42413

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

FINANCIAL STATEMENTS AND
FEDERAL SINGLE AUDIT REPORT
BLOOMINGTON PUBLIC TRANSPORTATION
CORPORATION

A COMPONENT UNIT OF THE CITY OF BLOOMINGTON
MONROE COUNTY, INDIANA

January 1, 2012 to December 31, 2012

FILED
07/23/2013

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SCHEDULE OF OFFICIALS

Office	Official	Term
General Manager	Lewis May	01-01-12 to 12-31-13
Controller	Christa Browning	01-01-12 to 12-31-13
Chairman of the Board	Raymond McConn	01-01-12 to 12-31-13

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Bloomington Public Transportation Corporation (Corporation), a component unit of the City of Bloomington, Indiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, financial position of the Corporation as of December 31, 2012, and the changes in financial position and cash flows, thereof and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2013, 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, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Transportation Corporation's internal control over financial reporting and compliance.

Bruce Hartman
State Examiner

June 17, 2013

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INDEPENDENT AUDITOR'S 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bloomington Public Transportation Corporation (Corporation), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 17, 2013.

Internal Control Over Financial Reporting

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

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

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

INDEPENDENT AUDITOR'S 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of This Report

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

Bruce Hartman
State Examiner

June 17, 2013

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, 2012. To gain a fair understanding of BPTC's financial position, this discussion and analysis has been prepared by management and should be read in conjunction with the audited financial statements, and the notes to the audited financial statements.

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

BPTC's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and notes to the financial statements. These are all prepared in accordance with Government Accounting Standards Board (GASB) principles. The objective of the Management's Discussion and Analysis is to assist readers in understanding the financial report.

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

Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Revenues, Expenses, and Changes in Net Position reflect total revenues earned and expenses incurred by BPTC during the year.

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

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

STATEMENT OF NET POSITION

A comparison of BPTC's assets, liabilities, and Net Position for both 2012 and 2011 year ends, is summarized as follows:

	2012	2011
Total assets	$ 16,736,754	$ 16,761,152
Deferred outflows	149,317	171,468
Total liabilities	460,808	373,844
Deferred inflows	10,440	10,300
Net position	16,414,823	16,548,476

Net investment in capital assets	$ 11,827,431	$ 12,451,798
Restricted	183,965	164,544
Unrestricted	4,403,427	3,932,134
Total Net Position	$ 16,414,823	$ 16,548,476

Total assets include those that are used to support current operations and consist primarily of cash and cash equivalents, receivables, and inventories and capital assets, net of accumulated depreciation. Total assets at December 31, 2012 were $16,736,754, a decrease of $24,398 from the prior year. Net capital assets comprised of $8,204,951 of the $11,827,431 in capital assets.

Total liabilities are those that are expected to become due and are payable over the course of the next year. Total liabilities consist primarily of vendor payables, accrued wages and compensated absences. Total liabilities at December 31, 2012 were $460,808, compared to $373,844 from the prior year. The increase in liabilities is attributed to the recognizing of compensated absences payable in the amount of $174,618 in 2012 liabilities. BPTC had no long-term liabilities at year end.

Net Position is classified into three major categories. Net investment in capital assets represents BPTC's investment in capital assets such as land, buildings, improvements, equipment. Restricted includes funds restricted for medical expenses. Unrestricted are funds not designated for a specific use and may be used for general operating purposes. Total Net Position at December 31, 2012 was $16,414,823 a decrease of $133,653 from the prior year. The breakout of Net Position is shown below:

Net Investment in capital assets	$ 11,827,431
Restricted	183,965
Unrestricted	4,403,427
Total Net Position	**$ 16,414,823**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

	2012	2011
Operating Revenues:		
Fares/Advertising	$1,621,146	$ 1,679,869
Charges for services	130,652	140,245
Other	138,564	125,644
Total operating revenues	1,890,362	1,945,758
Operating Expenses:		
Operations and maintenance	213,357	188,023
Administration and general	52,389	51,914
Depreciation	1,211,651	1,221,932
Salaries and wages	3,525,968	3,207,455
Employee pensions and benefits	1,069,660	935,000
Materials and supplies	1,569,751	1,467,556

Contractual services	336,307	293,830
Advertising	28,033	28,108
Utilities	56,895	59,322
Insurance expense	264,073	235,886
Total operating expenses	8,328,084	7,689,026
Operating loss	(6,437,722)	(5,743,268)
Non-operating Revenues:		
Interest and investment revenue	299	8,683
Local taxes	1,037,059	1,013,650
Gain on disposal of assets	5,118	-
Intergovernmental revenue	4,736,884	4,260,984
Total non-operating revenue	5,779,360	5,283,317
Loss before contributions	(658,362)	(459,951)
Capital Contributions	524,709	135,009
Change in Net Position	(133,653)	(324,942)
Net Position -- January 1st	16,548,476	16,873,418
Net Position -- December 31st	$ 16,414,823	$16,548,476

REVENUES

Operating revenues at BPTC for December 31, 2012 year end decreased 3% over the previous year end. The changes in revenues are as follows:

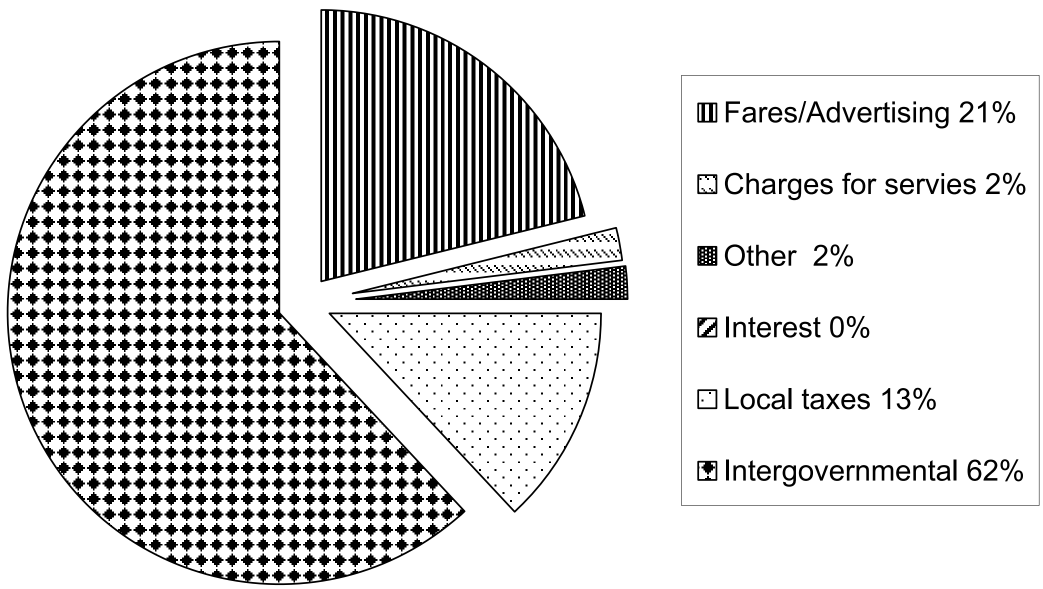
- Fare/Advertising revenues were $1,621,146 in 2012, compared to $1,679,869 in 2011, an overall decrease of 3%. Fares are the largest single source of operating revenue for BPTC.
- Charges for services represents the employees withholding for medical insurance which for 2012 equaled $130,652.
- Other revenue of $138,564 increased over the previous year by $12,920. Other revenue includes insurance, IU reimbursements and miscellaneous revenue.

Total non-operating revenues increased by 9% from December 31, 2011, from $5,283,317 to $5,779,360.

- Interest and investment revenue decreased drastically, from $8,683 at December 31, 2011, to $299 at December 31, 2012. This was a result of both a decrease in investment returns and in principal invested.
- Local taxes increased from $1,013,650 to $1,037,059, or 2%.
- Intergovernmental revenues increased from $4,260,984 to $4,736,884 in 2012 an increase of 11%. This includes state funds through the Public Mass Transportation fund, the largest single source of non-operating revenue. These funds increased 11% in 2012 from $2,263,594 to $2,513,792.

In summary, total revenue of BPTC increased by $440,647, from $7,229,075 to $7,669,722, an overall increase of 6%. The composition of these revenues is displayed in this graph for 2012:

Total Revenues



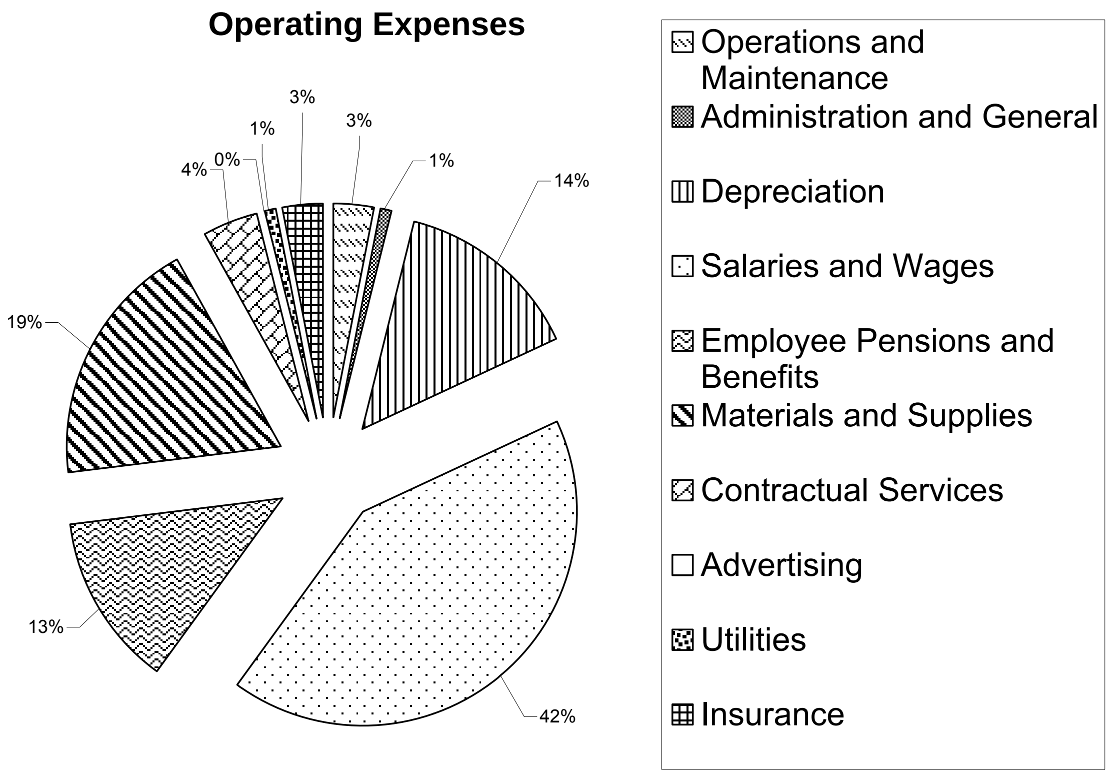
EXPENSES

Operating expenses were $8,328,084 for 2012. This was an increase over the previous year of $639,058. Changes in the major categories of expenses are as follows:

- Operations and maintenance expenses increased by $25,334, or 13% from 2012. This increase in expense is contributed to utilizing outside labor for vehicle repairs.
- Administration and general expenses increased by 1% for 2012, from $51,914 to $52,389.
- Depreciation expense saw a net decrease from 2011. Current depreciation expense of $1,211,651 is $10,281 less than prior year.
- Salaries and wages are comprised of salaried, full and part time employees. Salaries and wages represent the largest single BPTC expense. This category increased by 10% for 2012, from $3,207,455 to $3,525,968. This increase is contributed to overtime due to shortage of man-power to fulfill all runs.
- Employee pensions and benefits increased by $134,660, or 14% from 2011. Health insurance premiums alone increased 13% in 2012.
- Materials and supplies increased by $102,195, or 7%, from $1,467,556 to $1,569,751. Fuel and vehicle parts are the major contributing factors to this expense category.
- Contractual services increased by $42,477 or 14% in 2012. The development and implementation of a new website constituted the increase in contractual services during 2012.
- Advertising expenses decreased from $28,108 in 2011 to $28,033 in 2012.

- Utilities decreased by 4% from $59,322 in 2011 to $56,895 in 2012.
- Insurance expense increased in 2012 by $28,187 from the prior year.

The composition of operating expenses is displayed below by major categories for 2012:



CAPITAL ITEMS

On the Statement of Revenues, Expenses, and Changes in Net Position, the net loss before contributions was $658,362. This was an increase of $198,411 from the prior year loss of $459,951.

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 POSITION

Net Position decreased by $133,653 over the previous year end. Ending Net Position was $16,414,823, compared to ending Net Position in 2011 of $16,548,876. This was a 1% decrease in Net Position from prior year.

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. The statement is divided into four sections based on major activity: operating, noncapital financing, capital and related financing, and investing. A fifth section reconciles the operating income or loss on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash used in operations.

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

	December 31, 2012	December 31, 2011
Net cash provided (used) by:		
Operating activities	$ (5,231,260)	$ (4,426,308)
Non-capital financing activities	5,748,982	5,298,348
Capital and related financing activities	(108,472)	41,149
Investing activities	299	8,683
Net increase in cash	409,549	921,872
Beginning cash and cash equivalents balances	3,938,152	3,016,280
Ending cash and cash equivalents balances	**$ 4,347,701**	**$ 3,938,152**

Cash received from operations consist primarily of fares and IU fare monies. BPTC's liquidity increased in 2012, with an increase in cash and cash equivalents of $409,549. Payments to employees represent the largest use of cash for operations. Main sources of cash provided by non-capital financing activities are used to fund operating activities, these include local taxes, State Public Mass Transportation fund, and Federal Section 5307 operating assistance funds. Changes in capital and related financing activities reflect BPTC's decisions made relative to capital and financing plans. The main change in this category is the undertaking of our Downtown passenger transfer station. Cash flows from investing activities reveal the decline in investment returns which are still impacted by the drastic decline in interest rates world-wide.

Cash flows for 2013 calendar year will be affected by the construction of the new downtown passenger transfer facility and various other capital projects to be completed during the year. Also, a challenge to the 2013 budget will be the rising fuel prices which will have an effect on cash flows.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The BPTC's capital assets as of December 31, 2012, equal $11,827,431 (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 $624,367 or 5 percent.

BPTC is beginning the construction 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 by Federal grants. The facility is set to be completed early 2014.

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 2012, the self-insurance fund closed with a restricted net position of $183,965 equal to several months of health claims coverage.

ECONOMIC OUTLOOK

The FY 2013 total budget increased from $7,456,797 in FY 2012 to $8,057,188 in FY 2013 primarily due to capital projects scheduled for 2013. Operating expenses are budgeted to increase from $7,147,904 in FY 2012 to $7,527,796 in FY 2013.

Notable revenue changes in the 2013 budget include a 12% budgeted increase in the state operating grant –Public Mass Transportation Fund (PMTF).

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 2013 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 2013 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 3.43 million riders in 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.

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were prepared by management of the Corporation.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	2012
ASSETS	
Cash and cash equivalents	$ 4,198,384
Accounts receivable	195,039
Grants receivable	62,006
Taxes receivable	24,961
Inventories	406,783
Prepaid items	22,150
Capital assets:	
Land	2,905,322
Capital assets, net of accumulated depreciation	8,204,951
Construction work in progress	717,158
Total capital assets	11,827,431
Total assets	16,736,754
DEFERRED OUTFLOWS	
Self Insurance	149,317
LIABILITIES	
Accounts payable	215,843
Accrued payroll/withholdings payable	70,347
Compensated absence payable	174,618
Total liabilities	460,808
DEFERRED INFLOWS	
Bus passes unearned revenue	10,440
NET POSITION	
Net Investment in capital assets	11,827,431
Restricted	183,965
Unrestricted	4,403,427
Total net position	$ 16,414,823

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

	2012
Operating revenues:	
Fares/advertising	$ 1,621,146
Charges for services	130,652
Other	138,564
Total operating revenues	1,890,362
Operating expenses:	
Operations and maintenance	213,357
Administration and general	52,389
Depreciation	1,211,651
Salaries and wages	3,525,968
Employee pensions and benefits	1,069,660
Materials and supplies	1,569,751
Contractual services	336,307
Advertising	28,033
Utilities	56,895
Insurance expense	264,073
Total operating expenses	8,328,084
Operating loss	(6,437,722)
Nonoperating revenues:	
Interest and investment revenue	299
Local taxes	1,037,059
Gain on disposal of assets	5,118
Intergovernmental revenue	4,736,884
Total nonoperating revenues	5,779,360
Loss before contributions	(658,362)
Capital contributions	524,709
Change in net position	(133,653)
Total net position - beginning	16,548,476
Total net position - ending	$ 16,414,823

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, 2012

	2012
Cash flows from operating activities:	
Receipts from customers and users	$ 1,742,156
Receipts from other funds	130,652
Payments to suppliers and contractors	(2,802,692)
Payments to employees	(4,301,376)
Net cash used by operating activities	(5,231,260)
Cash flows from non-capital financing activities:	
Taxes received	1,012,098
Operating grants received	4,736,884
Net cash provided by non-capital financing activities	5,748,982
Cash flows from capital and related financing activities:	
Capital contributions	473,693
Gain on disposal of assets	5,118
Acquisition and construction of capital assets	(587,283)
Net cash used by capital and related financing activities	(108,472)
Cash flows from investing activities:	
Interest received	299
Net cash provided by investing activities	299
Net increase in cash and cash equivalents	409,549
Cash and cash equivalents, January 1 (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
Cash and cash equivalents, December 31 (including $71,534 and $149,317 for the capital improvement reserve cash and cash equivalents and self insurance reserve cash and cash equivalents, respectively, reported in restricted accounts)	$ 4,347,701
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (6,437,722)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,211,651
Increase in assets:	
Accounts receivable	(77,125)
Inventories	(9,559)
Prepaid items	(5,609)
Increase(Decrease) in liabilities:	
Accounts payable	(95,968)
Accrued payroll/withholdings payable	8,314
Compensated absence payable	174,618
Deferred revenue - unearned	140
Total adjustments	1,206,462
Net cash used by operating activities	$ (5,231,260)

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 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, 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 Position; Statement of Revenues, Expenses, and Changes in Net Position; 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.

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 it is needed.

D. Assets, Liabilities, and Net Position 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 position

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 $183,965 of restricted net position, 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	10 to 30 years
Improvements other than buildings	1,000	Straight-line	5 to 30 years
Office equipment	1,000	Straight-line	2 to 10 years
Shop equipment	1,000	Straight-line	2 to 10 years
Bus/passenger equipment	1,000	Straight-line	2 to 10 years
Motor equipment	1,000	Straight-line	2 to 12 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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 at their current rate. Unused sick leave may accumulate to a maximum of 112 days. Accumulated sick leave is not paid upon separation. Employees eligible for retirement will be paid 60 percent of the value of the accrued sick leave at their current rate.

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

II. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The 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, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,905,322	$ -	$ -	$ 2,905,322
Construction in progress	258,766	458,392	-	717,158
Total capital assets, not being depreciated	3,164,088	458,392	-	3,622,480
Capital assets, being depreciated:				
Buildings	6,470,107	-	-	6,470,107
Improvements other than buildings	10,250	-	-	10,250
Office equipment	125,285	2,993	-	128,278
Shop equipment	73,540	-	-	73,540
Bus/passenger equipment	661,066	18,243	-	679,309
Motor equipment	12,009,389	107,656	505,129	11,611,916
Totals	19,349,637	128,892	505,129	18,973,400

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	2,969,723	221,817	-	3,191,540
Improvements other than buildings	4,132	1,797	-	5,929
Office equipment	108,313	6,312	-	114,625
Shop equipment	69,491	2,951	-	72,442
Bus/passenger equipment	425,099	80,640	-	505,739
Motor equipment	6,485,169	898,134	505,129	6,878,174
Totals	10,061,927	1,211,651	505,129	10,768,449
Total capital assets, being depreciated, net	9,287,710	(1,082,759)	-	8,204,951
Total capital assets, net	$ 12,451,798	$ (624,367)	$ -	$ 11,827,431

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2012	Committed
Financial Management System	$ 50,000	$ 19,570	$ 30,430
Downtown Transfer Facility	5,655,009	697,588	4,957,421
Totals	$ 5,705,009	$ 717,158	$ 4,987,851

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	$	9,274
Incurred claims		427,490
Claim payments		409,631
Unpaid claims, at December 31, 2012	$	27,133

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 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.

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 a part of 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.

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 FOR THE MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for The Major Federal Program

We have audited the Bloomington Public Transportation Corporation (Corporation) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on The Major Federal Program

In our opinion, the Public Transportation Corporation complied in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose. 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.

Bruce Hartman
State Examiner

June 17, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were prepared by management of the Corporation.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

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	$ 181,934
Total for program			181,934
Federal Transit - Formula Grants	20.507	IN-90-X588	169,125
		IN-90-X598	31,293
		IN-90-X632	1,664,969
		IN-90-X614	51,276
Total for program			1,916,663
Total for cluster			2,098,597
Transit Services Programs Cluster			
Job Access - Reverse Commute Program	20.516	IN-37-X035	187,172
Total for program			187,172
New Freedom Program	20.521	IN-57-X005	928
Total for program			928
Total for cluster			188,100
Total for federal grantor agency			2,286,697
Total federal awards expended			$ 2,286,697

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 TRANSPORTAION 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:	Unmodified
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 Program:

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?	yes

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 June 17, 2013, 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.