

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
MONROE COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
09/06/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Lewis May	01-01-17 to 12-31-18
Chief Financial Officer/Controller	Christa Browning	01-01-17 to 12-31-18
Chair of the Board	Nancy Obermeyer	01-01-17 to 12-31-18



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 business-type activities of the Bloomington Public Transportation Corporation (Public Transportation Corporation), a component unit of the City of Bloomington, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Public Transportation 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 the 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 opinions on the 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 from 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 Public Transportation Corporation'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 Public Transportation Corporation's internal control. Accordingly, we express no such opinion. An audit also 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 statements.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Transportation Corporation, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 opinions on the financial statements that collectively comprise the Public Transportation Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.


The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 July 25, 2018, on our consideration of the Public Transportation 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide

INDEPENDENT AUDITOR'S REPORT
(Continued)

an opinion on the effectiveness of the Public Transportation Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Public Transportation Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

July 25, 2018



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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 the business-type activities of the Bloomington Public Transportation Corporation (Public Transportation Corporation), a component unit of the City of Bloomington, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Public Transportation Corporation's basic financial statements and have issued our report thereon dated July 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Public Transportation 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Public Transportation Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Transportation 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, misstatement 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 Public Transportation 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 Public Transportation 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 statements 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 Public Transportation Corporation'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 Public Transportation Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 25, 2018

**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, 2017. 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. The statement provides information about the adequacy of resources to meet current and future operating and capital needs.

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. This statement illustrates BPTC’s revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of improvement or decline in BPTC’s overall financial condition.

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

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

STATEMENT OF NET POSITION

A comparison of BPTC’s assets, liabilities, deferred outflows of resources and net position for both 2017 and 2016 year ends, is summarized as follows:

	2017	2016
Total assets	\$ 26,001,677	\$23,828,585
Deferred outflows	-	126,115
Total liabilities	567,637	585,390
Net position	25,434,040	23,369,310

Net investment in capital assets	\$ 17,682,702	\$ 16,614,033
Restricted	-	126,115
Unrestricted	7,751,338	6,629,162
Total Net Position	\$ 25,434,040	\$ 23,369,310

Total assets and deferred outflows include those that are used to support current operations and consist primarily of cash and cash equivalents, receivables, inventories, self-insurance claims, restricted capital purchases and capital assets, net of accumulated depreciation. Total assets and deferred outflows at December 31, 2017 were \$26,001,677, an increase of \$2,046,977 from the prior year. Net capital assets comprised \$14,675,217 of the \$17,682,702 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, 2017 were \$567,637, compared to \$585,390 from the prior year. 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 net of accumulated depreciation. Restricted net position includes funds restricted for capital asset purchases. This was established by SEA 67 and IC 6-3.6-9-17(h)(1)(A). Unrestricted are funds not designated for a specific use and may be used for general operating purposes. Total Net Position at December 31, 2017 was \$25,434,040 an increase of \$2,064,730 from the prior year.

The breakout of Net Position for 2017 is shown below:

Net Investment in capital assets	\$ 17,682,702
Unrestricted	7,751,338
Total Net Position	\$ 25,434,040

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:

	2017	2016
Operating Revenues:		
Fares/Advertising	\$1,749,574	\$ 1,729,575
Charges for services	123,959	124,985
Other	235,702	183,355
Total operating revenues	<u>2,109,235</u>	<u>2,037,915</u>
Operating Expenses:		

Operations and maintenance	157,896	159,950
Administration and general	59,571	47,601
Depreciation	1,504,786	1,289,045
Salaries and wages	3,798,893	3,766,461
Employee pensions and benefits	1,075,168	1,186,041
Materials and supplies	1,327,107	1,366,729
Contractual services	563,829	446,615
Advertising	24,082	22,440
Utilities	90,042	87,491
Insurance expense	175,749	238,533
	<hr/>	<hr/>
Total operating expenses	8,777,123	8,610,906
	<hr/>	<hr/>
Operating loss	(6,667,888)	(6,572,991)
Nonoperating Revenues:		
Interest and investment revenue	30,128	13,284
Local taxes	1,210,724	1,165,313
Operating Grants	4,625,361	4,590,307
Net gain on disposal of assets	3,394	3,804
Intergovernmental revenue	632,829	708,856
	<hr/>	<hr/>
Total nonoperating revenue	6,502,436	6,481,564
	<hr/>	<hr/>
Loss before contributions	(165,452)	(91,427)
	<hr/>	<hr/>
Capital Contributions	2,230,182	1,022,022
	<hr/>	<hr/>
Change in Net Position	2,064,730	930,595
	<hr/>	<hr/>
Net Position -- January 1 st	23,369,310	22,438,715
	<hr/>	<hr/>
Net Position -- December 31 st	\$ 25,434,040	\$23,369,310
	<hr/>	<hr/>

REVENUES

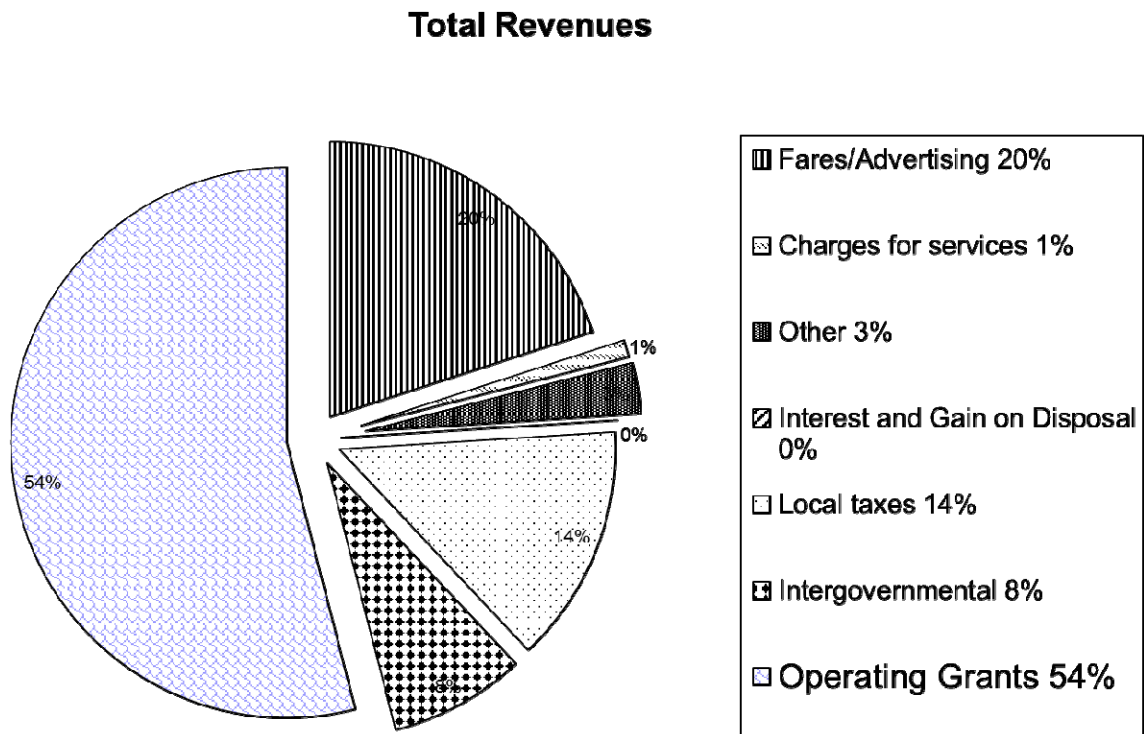
Operating revenues at BPTC for December 31, 2017 year end increased \$71,320 over the previous year end. The changes in revenues are as follows:

- Fare/Advertising revenues were \$1,749,574 in 2017, compared to \$1,729,575 in 2016, an overall \$19,999 increase from 2016. Fares are the largest single source of operating revenue for BPTC.
- Charges for services represent the employees withholding for medical insurance which for 2017 equaled \$123,959. This was a very immaterial decrease of only \$1,026 from 2016 due to employee health insurance cost unchanged from 2016.
- Other revenue of \$235,702 increased over the previous year by \$52,347. Other revenue includes insurance and IU reimbursements and miscellaneous revenue. The biggest contributor to this increase was Miller Transportation which is part of miscellaneous revenues for an increase of \$34,280.

Total nonoperating revenues increased by only \$20,872 from December 31, 2016, from \$6,481,564 to \$6,502,436.

- Interest revenue increased, by 127% from December 31, 2016, to \$30,128 at December 31, 2017 compared to \$13,284 in 2016. This increase is due to a switch in banks and receiving a better interest rate on all accounts.
- Gain of \$3,394 was made on auction of vehicles during 2017.
- Local taxes increased from \$1,165,313 to \$1,210,724, or 4%.
- Intergovernmental revenues and operating grants decreased from \$5,299,163 to \$5,258,190 in 2017 a decrease of \$40,973. This includes state funds through the Public Mass Transportation fund, the largest single source of nonoperating revenue, which for 2017 was \$2,459,467.

In summary, total revenue of BPTC increased by \$92,192, from \$8,519,479 to \$8,611,671, an overall increase of 1%. The composition of these revenues is displayed in this graph for 2017:



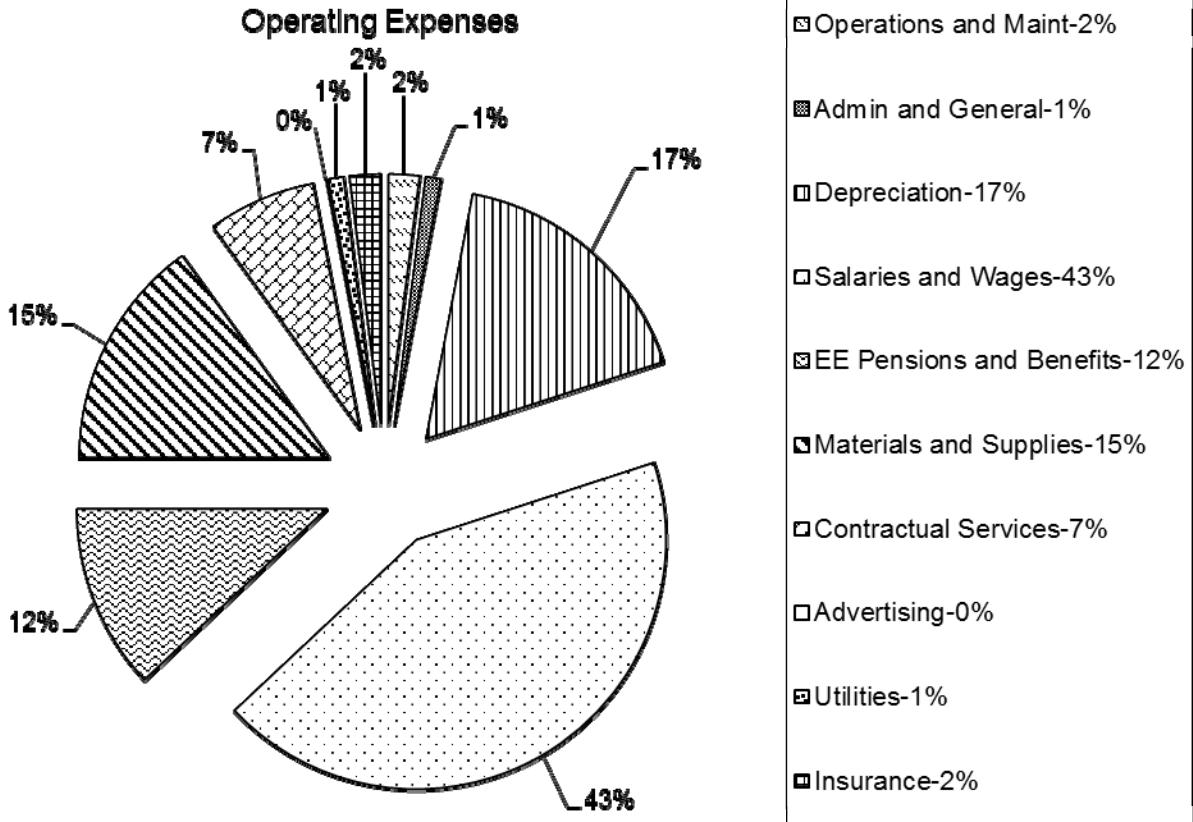
EXPENSES

Operating expenses were \$8,777,123 for 2017. This was an increase over the previous year of \$166,217, or 2%.

Changes in the major categories of expenses are as follows:

- Operations and maintenance expenses decreased by \$2,054 from 2016.
- Administration and general expenses increased from 2016, from \$47,601 to \$59,571.
- Depreciation expense saw a net increase from 2016. Current depreciation expense of \$1,504,786 is \$215,741 more 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 \$32,432 during 2017, from \$3,766,461 to \$3,798,893.
- Employee pensions and benefits decreased by \$110,873, or 9% from 2016.
- Materials and supplies decreased by \$39,622, or 3%, from \$1,366,729 to \$1,327,107. Fuel and vehicle parts are the major contributing factors to this expense category. For 2017, fuel cost decreased from \$1.799/gallon in 2016 to \$1.685/gallon in 2017.
- Contractual services increased by \$117,214 in 2017.
- Advertising expenses increased from \$22,440 in 2016 to \$24,082 in 2017.
- Utilities slightly increased by 3% from \$87,491 in 2016 to \$90,042 in 2017. This increase is due to an error by Duke Energy at the downtown facility on the metering between the City and Transit – which is being corrected in 2018.
- Insurance expense decreased in 2017 by \$62,784 or 26% from the prior year. This decrease is due to the City using a new more accurate formula to distribute liability insurance premiums among City departments.

The composition of operating expenses is displayed below by major categories for 2017:



CAPITAL ITEMS

On the Statement of Revenues, Expenses, and Changes in Net Position, the net loss before contributions was \$165,452. This was an increase of \$74,025 from the prior year loss of \$91,427.

Capital contributions are comprised of state capital funds and Federal Transit Administration capital monies received from Federal Transit Capital Formula grants and Federal Transit Capital Improvement Grants.

NET POSITION

Net Position increased by \$2,064,730 over the previous year end. Ending Net Position was \$25,434,040, compared to ending Net Position in 2016 of \$23,369,310. This was a 9% increase 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, non-capital 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, 2017	December 31, 2016
Net cash provided (used) by:		
Operating activities	\$ (5,356,834)	\$ (5,067,668)
Non-capital financing activities	6,468,914	6,464,476
Capital and related financing activities	(334,880)	151,728
Investing activities	<u>30,128</u>	<u>13,284</u>
Net increase in cash	807,328	1,561,820
Beginning cash and cash equivalents balances	<u>6,763,544</u>	<u>5,201,724</u>
Ending cash and cash equivalents balances	<u>\$ 7,570,872</u>	<u>\$ 6,763,544</u>

Cash received from operations consist primarily of fares and IU fare monies. BPTC's liquidity increased in 2017 with an increase in cash and cash equivalents of \$807,328. 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 was the purchase of five buses and two BT Access Vehicles and the receipt of federal monies for 80% of them. Cash flows from investing activities reveal a slight incline in investment returns but overall are still impacted by the drastic decline in interest rates world-wide.

Cash flows for 2018 calendar year will be affected by the various funding sources being utilized such as Federal Section 5310 and STP funds flexed to Section 5307 monies and various other capital projects to be completed during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The BPTC's capital assets as of December 31, 2017 equal \$17,682,702 (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 increase in the BPTC's capital assets for the current fiscal year was \$1,068,669.

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 partially self-funded insurance program in May of 2010. BPTC maintains its own health insurance account for the purpose of providing employee and dependent medical benefits. The Self-Insurance program 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 2017 the health insurance account had an internally restricted balance of \$746,278 equal to several months of health claims coverage.

ECONOMIC OUTLOOK

The FY 2018 total budget decreased from \$10,343,604 in 2017 to \$9,800,458 for 2018, an overall 5% decrease. Operating expenses are budgeted to increase from \$8,238,404 in 2017 to \$8,491,178 in FY 2018.

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 2018 beyond those unknown variations having a global effect on virtually all types of business operations.

BPTC experienced an increase in overall operating reserves for 2018. Overall, the financial position of BPTC continues to be favorable in 2018 however, management will continue to monitor the state and national economic conditions as part of its financial decision making process.

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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BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of the Public Transportation Corporation. The financial statements and notes are presented as intended by the Public Transportation Corporation.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>2017</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 7,570,872
Accounts receivable	258,024
Grants receivable	27,860
Inventories	430,279
Prepaid items	31,940
Capital assets:	
Land	2,905,322
Capital assets, net of accumulated depreciation	14,675,217
Construction work in progress	<u>102,163</u>
 Total capital assets	 <u>17,682,702</u>
 Total assets	 <u>26,001,677</u>
<u>LIABILITIES</u>	
Accounts payable	128,119
Accrued payroll/withholdings payable	160,907
Compensated absence payable	<u>278,611</u>
 Total liabilities	 <u>567,637</u>
<u>NET POSITION</u>	
Net Investment in capital assets	17,682,702
Unrestricted	<u>7,751,338</u>
 Total net position	 <u>\$ 25,434,040</u>

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, 2017

	<u>2017</u>
Operating revenues:	
Fares/advertising	\$ 1,749,574
Charges for services	123,959
Other	<u>235,702</u>
Total operating revenues	<u>2,109,235</u>
Operating expenses:	
Operations and maintenance	157,896
Administration and general	59,571
Depreciation	1,504,786
Salaries and wages	3,798,893
Employee pensions and benefits	1,075,168
Materials and supplies	1,327,107
Contractual services	563,829
Advertising	24,082
Utilities	90,042
Insurance expense	<u>175,749</u>
Total operating expenses	<u>8,777,123</u>
Operating loss	<u>(6,667,888)</u>
Nonoperating revenues:	
Interest and investment revenue	30,128
Local taxes	1,210,724
Operating Grants	4,625,361
Intergovernmental revenue	632,829
Gain on disposal of assets	<u>3,394</u>
Total nonoperating revenues	<u>6,502,436</u>
Loss before contributions	(165,452)
Capital contributions	<u>2,230,182</u>
Change in net position	2,064,730
Total net position - beginning	<u>23,369,310</u>
Total net position - ending	<u>\$ 25,434,040</u>

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, 2017

	<u>2017</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,865,433
Receipts from other	123,959
Payments to suppliers and contractors	(2,440,917)
Payments to employees	<u>(4,905,309)</u>
Net cash used by operating activities	<u>(5,356,834)</u>
Cash flows from non-capital financing activities:	
Taxes	1,210,724
Intergovernmental	632,829
Operating grants	<u>4,625,361</u>
Net cash provided by non-capital financing activities	<u>6,468,914</u>
Cash flows from capital and related financing activities:	
Capital contributions	2,235,181
Gain on disposal of assets	3,394
Acquisition and construction of capital assets	<u>(2,573,455)</u>
Net cash used by capital and related financing activities	<u>(334,880)</u>
Cash flows from investing activities:	
Interest received	<u>30,128</u>
Net cash provided by investing activities	<u>30,128</u>
Net increase in cash and cash equivalents	807,328
Cash and cash equivalents, January 1 (including \$126,115 for the rainy day cash and cash equivalents reported in deferred outflows)	<u>6,763,544</u>
Cash and cash equivalents, December 31	<u>\$ 7,570,872</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (6,667,888)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,504,786
(Increase) Decrease in assets:	
Accounts receivable	(119,843)
Inventories	(62,862)
Prepaid items	6,726
Increase(Decrease) in liabilities:	
Accounts payable	(41,968)
Accrued payroll/withholdings payable	(5,868)
Compensated absence payable	<u>30,083</u>
Total adjustments	<u>1,311,054</u>
Net cash used by operating activities	<u>\$ (5,356,834)</u>

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

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The 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 Statements 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 and Liabilities

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.

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

3. 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 40 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.

4. 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 60 hours. The employee may choose to send these 60 hours to their sick bank, carry over for future years PTO, or be paid for 48 of the 60 hours at the current rate. Any PTO hour balance in excess of the 60 carry over hours will be sent to the employees’ sick bank. Accumulated PTO is paid to employees through cash payments upon separation at their current rate. Unused sick leave may accumulate to a maximum of 112 days. Accumulated sick leave is not paid upon separation. Employees eligible for retirement will be paid 60% of the value of the accrued sick leave at their current rate.

Bloomington Public 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.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Special District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

III. 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, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,905,322	\$ -	\$ -	\$ 2,905,322
Construction in progress	79,661	22,502	-	102,163
 Total capital assets, not being depreciated	 2,984,983	 22,502	 -	 3,007,485
Capital assets, being depreciated:				
Buildings	12,799,929	83,109	-	12,883,038
Improvements other than buildings	9,300	-	-	9,300
Office equipment	186,736	10,089	44,805	152,020
Shop equipment	132,013	6,824	-	138,837
Bus/passenger equipment	1,152,382	-	-	1,152,382
Motor equipment	13,799,128	2,450,931	778,515	15,471,544
 Totals	 28,079,488	 2,550,953	 823,320	 29,807,121

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	4,190,437	379,350	-	4,569,787
Improvements other than buildings	8,732	32	-	8,764
Office equipment	132,945	17,806	44,805	105,946
Shop equipment	83,886	19,734	-	103,620
Bus/passenger equipment	682,471	158,984	-	841,455
Motor equipment	<u>9,351,967</u>	<u>928,880</u>	<u>778,515</u>	<u>9,502,332</u>
 Totals	 <u>14,450,438</u>	 <u>1,504,786</u>	 <u>823,320</u>	 <u>15,131,904</u>
 Total capital assets, being depreciated, net	 <u>13,629,050</u>	 <u>1,046,167</u>	 <u>-</u>	 <u>14,675,217</u>
 Total capital assets, net	 <u>\$ 16,614,033</u>	 <u>\$ 1,068,669</u>	 <u>\$ -</u>	 <u>\$ 17,682,702</u>

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2017	Committed
RTA Fleet Maintenance Software	20,585	9,744	10,841
HB Software Solutions	<u>\$ 102,766</u>	<u>\$ 92,419</u>	<u>\$ 10,347</u>
 Totals	 <u>\$ 123,351</u>	 <u>\$ 102,163</u>	 <u>\$ 21,188</u>

IV. 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 associated with employee health claims beginning May of 2010. The risk is accounted for with self-insurance, where assets are set aside for claim settlements. An excess policy through

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

commercial insurance covers individual claims in excess of \$30,000 per year. The amounts paid into the health insurance account 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	\$ 1,841
Incurred claims	232,634
Claim payments	<u>212,663</u>
 Unpaid claims, at December 31, 2017	 <u>\$ 21,812</u>

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 cost-sharing 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 Liability (NPL) is considered an obligation of the City as a whole. This liability can be obtained from the City of Bloomington.

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND 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's (Public Transportation Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2017. The Public Transportation 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Public Transportation 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Public Transportation 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 Public Transportation 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, 2017.

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


Report on Internal Control over Compliance

Management of the Public Transportation Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Public Transportation 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 the Uniform Guidance, 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 Public Transportation 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 25, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the Public Transportation Corporation. The schedule and notes are presented as intended by the Public Transportation Corporation.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2017

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through to Subrecipient	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Grant				
Federal Transit Cluster				
Federal Transit - Formula Grants				
	20.507	IN-90-X715	\$ -	\$ 2,102,906
		IN-95-0001	101,581	1,149,581
		IN-90-X693	-	180,953
		IN-90-X686	-	183,255
Total for program			<u>101,581</u>	<u>3,616,695</u>
Bus and Bus Facilities Formula Program				
	20.526	IN-34-0018	-	521,900
Total for program			<u>-</u>	<u>521,900</u>
Total for cluster			<u>101,581</u>	<u>4,138,595</u>
Transit Services Programs Cluster				
Job Access and Reverse Commute Program				
	20.516	IN-37-X043	-	98,881
Total for program			<u>-</u>	<u>98,881</u>
New Freedom Program				
	20.521	IN-57-X015	-	53,731
Total for program			<u>-</u>	<u>53,731</u>
Pass-Through Indiana Department of Transportation				
Enhanced Mobility of Seniors and Individuals with Disabilities				
	20.513	A249-16-G150182	-	100,571
Total for Program			<u>-</u>	<u>100,571</u>
Total for cluster			<u>-</u>	<u>253,183</u>
Pass-Through Bloomington/Monroe County Metropolitan Planning Organization				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
	20.505	DES#1601130	-	4,297
Total for Program			<u>-</u>	<u>4,297</u>
Total for federal grantor agency			<u>101,581</u>	<u>4,396,075</u>
Total federal awards expended			<u>\$ 101,581</u>	<u>\$ 4,396,075</u>

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

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

I. Basis of Presentation

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

II. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The Bloomington Public Transit Corporation has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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:	Unmodified
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 program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

Name of Federal Program or Cluster	Opinion Issued
Federal Transit Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statements Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

OTHER REPORTS

In addition to this report, other reports may have been issued for the Public Transportation Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.