

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION

MONROE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
09/25/2020

*Reissued on August 25, 2021, to  
correct the Schedule of Findings  
and Questioned Costs and related  
reports.*



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Lewis May	01-01-19 to 09-30-21
Chief Financial Officer/Controller	Christa Browning	01-01-19 to 12-31-21
Chair of the Board	Nancy Obermeyer	01-01-19 to 12-31-21



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE 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 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), as of and for the year ended December 31, 2019, 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 August 18, 2021.

***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 opinion 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, misstatements on a timely basis. A material weakness is a deficiency, or 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

***Bloomington Public Transportation Corporation's Response to Findings***

The Public Transportation Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Public Transportation Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

***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

August 18, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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, 2019. 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 programs.

***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, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(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 our 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 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 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities of the Public Transportation Corporation, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Public Transportation Corporation's basic financial statements. We issued our report thereon dated August 18, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

  
Paul D. Joyce, CPA  
State Examiner

August 18, 2021

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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, 2019

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	\$ -	\$ 35,458
		IN-95-X063	-	191,398
		IN-90-X739	-	2,361,352
		IN-90-X723	-	224,398
Total for program			-	2,812,606
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				
	20.526	IN-34-0034	-	175,200
		IN-34-0033	-	720,000
Total for program			-	895,200
Total for cluster			-	3,707,806
Transit Services Programs Cluster				
Job Access and Reverse Commute Program				
	20.516	IN-37-X043	-	43,944
Total for program			-	43,944
Enhanced Mobility of Seniors and Individuals with Disabilities				
	20.513	IN-16-X028	-	142,647
Total for program			-	142,647
Total for cluster			-	186,591
Pass-Through Bloomington/Monroe County Metropolitan Planning Organization				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
	20.505	DES#1601130	-	176,487
Total for Program			-	176,487
Total for federal grantor agency			-	4,070,884
Total federal awards expended			\$ -	\$ 4,070,884

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

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Public Transportation Corporation under programs of the federal government for the year ended December 31, 2019. The information in the SEFA is presented in accordance with the 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). Because the SEFA presents only a select portion of the operations of the Public Transportation Corporation, it is not intended to and does not present the financial position of the Public Transportation Corporation.

*B. Other 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-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Uniform Guidance, 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.

**Note 2. Indirect Cost Rate**

The Public Transportation Corporation has elected not to use the 10 percent de minimis 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:

Name of Opinion Unit	Opinion Issued
Business-Type Activities	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	yes

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?	no

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section II - Financial Statement Findings**

**FINDING 2019-001**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The Public Transportation Corporation contributed to a cost-sharing, multiple-employer defined-benefit pension plan. The Public Transportation Corporation was under the assumption they were part of another government's plan and did not hold the liability for this plan. Subsequently discovered facts revealed the Public Transportation Corporation is not under another government's plan, rather their own and should have been reporting the net pension liability and related note disclosures. Financial statements presented for audit for the period ended December 31, 2019, did not report the net pension liability and related note disclosures as required by the Governmental Accounting Standards Board (GASB). The Public Transportation Corporation revised their financial statements for the period ended December 31, 2019, to include the net pension liability of \$2,116,893; however, the revised financial statements accrued the entire liability in that period instead of presenting a prior period adjustment as required by GASB. This error inflated expenses by \$2,067,318 for 2019. Audit adjustments to properly report the prior period adjustment were proposed and approved by management.

The financial statements presented in this report include all adjustments to record the net pension liability, prior period adjustment and the related disclosures in the notes to the financial statements, Management's Discussion and Analysis (MD&A), and Required Supplementary Information (RSI) in accordance with GASB.

The Public Transportation Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, material errors and departures from GASB on the financial statements including the related note disclosures, MD&A and RSI.

*Criteria*

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

*Cause*

Management of the Public Transportation Corporation had not established a proper system of internal control related to financial transaction and reporting.

*Effect*

The failure to establish a system of internal controls enabled material misstatements or irregularities to remain undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

*Auditor's Response*

Management of the Public Transportation Corporation is responsible for the preparation and fair presentation of their financial statements as well as the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of their financial statements. Management accepted this responsibility in a letter dated August 18, 2021. Management did not have controls in place to ensure that current and relevant information was available when preparing financial statement. Had controls been in place, the material misstatement would have been prevented, or detected and corrected prior to the financial statements being submitted for audit.

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the Public Transportation Corporation.  
The document is presented as intended by the Public Transportation Corporation



# Bloomington Public Transportation Corporation

130 West Grimes Lane, Bloomington, Indiana 47403  
812.332.5688 Fax 812.332.3660

## CORRECTIVE ACTION PLAN

### **FINDING 2019-001**

Contact Person Responsible for Corrective Action: Christa Browning, Controller  
Contact Phone Number: 812-961-0524

#### Views of Responsible Official:

Bloomington Public Transportation Corporation (BPTC) concurs that the presented financial statements did not properly report the Net Pension Liability as required by Governmental Accounting Standards Board (GASB) 68 but it is our opinion that this was not due to an improper system of internal controls not being in place. At the very inception of GASB 68, BPTC consulted with the auditors as to the applicability of GASB 68 on BPTC's financial statements and notes disclosures. At this time, it was deemed nonapplicable to BPTC since BPTC was considered a subsidiary of the City of Bloomington PERF plan. Thus, BPTC operated under this assumption and prepared and presented its financial statements and notes based upon this guidance until the 2020 audit was being conducted and the current auditors in 2021 questioned this presentation. Once presented with the questioned issue, BPTC researched and discovered that indeed BPTC was identified as a separate entity within the PERF system and thus GASB 68 presentation did apply. BPTC management then revised the financial statements based on guidance from the auditors to reflect the Net Pension liability and related expense. Upon review by State Board of Accounts, it was stated that a prior period adjustment was the correct method for correcting the issue which BPTC management also complied with and completed the necessary adjustments to reflect this change in the financial statements and note disclosures.

#### Description of Corrective Action Plan:

BPTC will take all the necessary steps to gather the needed information from PERF to properly report the Net Pension Liability and the necessary note disclosure information. The BPTC financials have been corrected by management for 2019 as well as the 2020 financial packet. Henceforth moving forward BPTC will recognize the Net Pension Liability and applicable note disclosures. BPTC will continue to take all necessary steps such as consultation with professional auditors, training, as well as performing its own research on accounting issues and standards in the future to ensure financial statements are in compliance.

Anticipated Completion Date: Currently, as of August 2021.

[www.bloomingtontransit.com](http://www.bloomingtontransit.com)

#### 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/>.