



**Bloomington-Normal Public Transit
System
Normal, Illinois**

**Comprehensive Annual Financial Report
For the Fiscal Year
July 1, 2015 to June 30, 2016**



Bloomington Normal Public Transit System
Normal, Illinois
Comprehensive Annual Financial Report
For the Fiscal Year
July 1, 2015 to June 30, 2016

Prepared by:
Bloomington Normal Public Transit System
Finance Department
www.connect-transit.com

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November 16, 2016

Members of the Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

The Comprehensive Annual Financial Report (CAFR) of the Bloomington-Normal Public Transit System (Connect Transit) for the fiscal year ending June 30, 2016, is submitted herewith. This report provides a broad view of Connect Transit's financial activities for the 2016 fiscal year and its financial position at June 30, 2016. This report was prepared by Connect Transit's Finance Department. Responsibility for the accuracy of the presented data and the fairness of the presentation, including all disclosures, rest with Connect Transit. The organization and content of this report follows the standards for annual financial reporting under the Governmental Accounting Standards Board (GASB). We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth Connect Transit's financial position and results of operations as measured by financial activity, and that all disclosures necessary to enable the reader to gain the maximum understanding of Connect Transit's financial condition have been included contained.

Connect Transit financial statements have been audited by CliftonLarsonAllen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Connect Transit for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Connect Transit's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

As a recipient of various federal funding, Connect Transit is required under the Federal Single Audit Act, to have an annual audit, when applicable, of certain major federal grant programs performed. The audit contains information concerning whether grant activity is presented fairly in general purpose financial statements, whether internal controls are sufficient to provide reasonable assurance that the funds are managed properly, and whether material grant compliance requirements have been met. The auditor's reports relative to the Federal Single Audit Act are included in this report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis of the basic financial statements in the

Bloomington-Normal Public Transit System
Letter of Transmittal

form of a Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A. Connect Transit's MD&A can be found immediately following the report of the independent auditors. Connect Transit's operation is accounted for under a single enterprise fund, which uses the same accrual accounting method as private enterprise. Under revenue recognition and matching principles of the accrual accounting method, revenues are recorded when earned, and expenses are recorded when incurred. Note 2 to the financial statements provides further details of Connect Transit's accounting policies.

PROFILE OF THE AGENCY

In 1972, the City of Bloomington and Town of Normal, by intergovernmental agreement, established an intergovernmental agency known as the Bloomington Normal Public Transit System after the privately owned National City bus company left the Bloomington-Normal market. The transit system operates as an independent agency governed by a board appointed by both the City of Bloomington and Town of Normal. In 2012, the transit system rebranded as Connect Transit.

Connect Transit provides fixed route, and demand response services in a 46 square mile area located in the City of Bloomington and the Town of Normal with a combined population of approximately 133,000 residents. In FY 2016, combined ridership for all modes of service totaled 2,503,096. Connect Transit is governed by a Board of Directors. Four members appointed by the City of Bloomington, three members appointed by the Town of Normal, and two Ex officio members (the City Manager for the City of Bloomington and the Town Manager for the Town of Normal). The Board appoints a General Manager to implement policies authorized by the Board and oversee Connect Transit's daily operations as well as its approximately 124 employees. Connect Transit operates up to 27 buses on 14 fixed routes, including campus and late night service. Connect Transit, under the name of Connect Mobility, provides demand – response service to all paratransit eligible riders within the American with Disabilities Act guidelines.

Connect Transit maintains a fleet of 40 buses for its 14 fixed routes. Included in this fleet are (5) 2015 New Flyer 40' buses, (4) 2011 Gillig 35' buses, (1) 2010 Gillig 35' bus, (2) 2008 Gillig 30' buses, (6) 2005 Gillig 30' buses, (14) 2004 Gillig 30' buses, and (8) 1998 Gillig 40' buses. Connect Mobility's paratransit fleet includes (8) 2013 Chevy Senator vans, (3) 2011 Ford vans, (2) 2010 Ford vans (1) 2009 Ford van, (1) 2005 Ford van, and (1) 2003 Ford van.

In FY 2016, fixed route services carried 2,427,565 passengers. Connect Transit's demand response services total ridership was 75,531.

Bloomington-Normal Public Transit System
Letter of Transmittal

ECONOMIC IMPACT

The economic condition of Connect Transit is dependent on available state and federal funding. The City of Bloomington, Town of Normal, and advertising income support Connect Transit operations as well. New buses, improved routes, greater frequency and new bus shelters will have a significant impact on making public transportation a more attractive option for our riders.

LONG-TERM FINANCIAL and CAPITAL PLANNING APPROACH

Connect Transit's management has established a system of internal controls that is designed to help assure that the assets of Connect Transit are safeguarded against loss, theft, or misuse. The system of internal controls also helps assure that the accounting system compiles reliable financial data for the preparation of Connect Transit's financial statements. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that evaluation of the costs and benefits require estimates and judgments by management. In addition, Connect Transit maintains budgetary controls. Budgetary control is maintained by periodic review of year-to-date, actual vs. budgeted expenditures. Connect Transit's long-term planning processes are managed under a unified planning structure. This includes monitoring contracts and external agreements in a timely fashion, meeting required reporting deadlines to Connect Transit's funding sources, and establishing and enforcing best practices.

MAJOR INITIATIVES

The initiatives for FY 2016 were planned in accordance with Connect Transit's strategic goals; each initiative and/or project was carefully reviewed before implementation to ensure adherence to Connect Transit's strategic goals. Planned initiatives and capital projects for FY 2016 included:

- Acquired 5 new New Flyer buses as replacement vehicles
- Acquired automatic fare collection system
- Began a contract with Life-CIL to provide ADA paratransit certification and training
- Began planning stages of route restructure
- Began planning stages of new bus shelters

Bloomington-Normal Public Transit System
Letter of Transmittal

ACKNOWLEDGEMENTS

We would like to thank all members of Connect Transit who assisted and contributed to the preparation of this report, as well as members of the Connect Transit Board for their interest and continued support in the ongoing efforts of the agency. We are very excited about the role that we will play as transit initiatives move forward, and we will continue to rely on our resources and strengths to be successful.



Andrew Johnson
General Manager

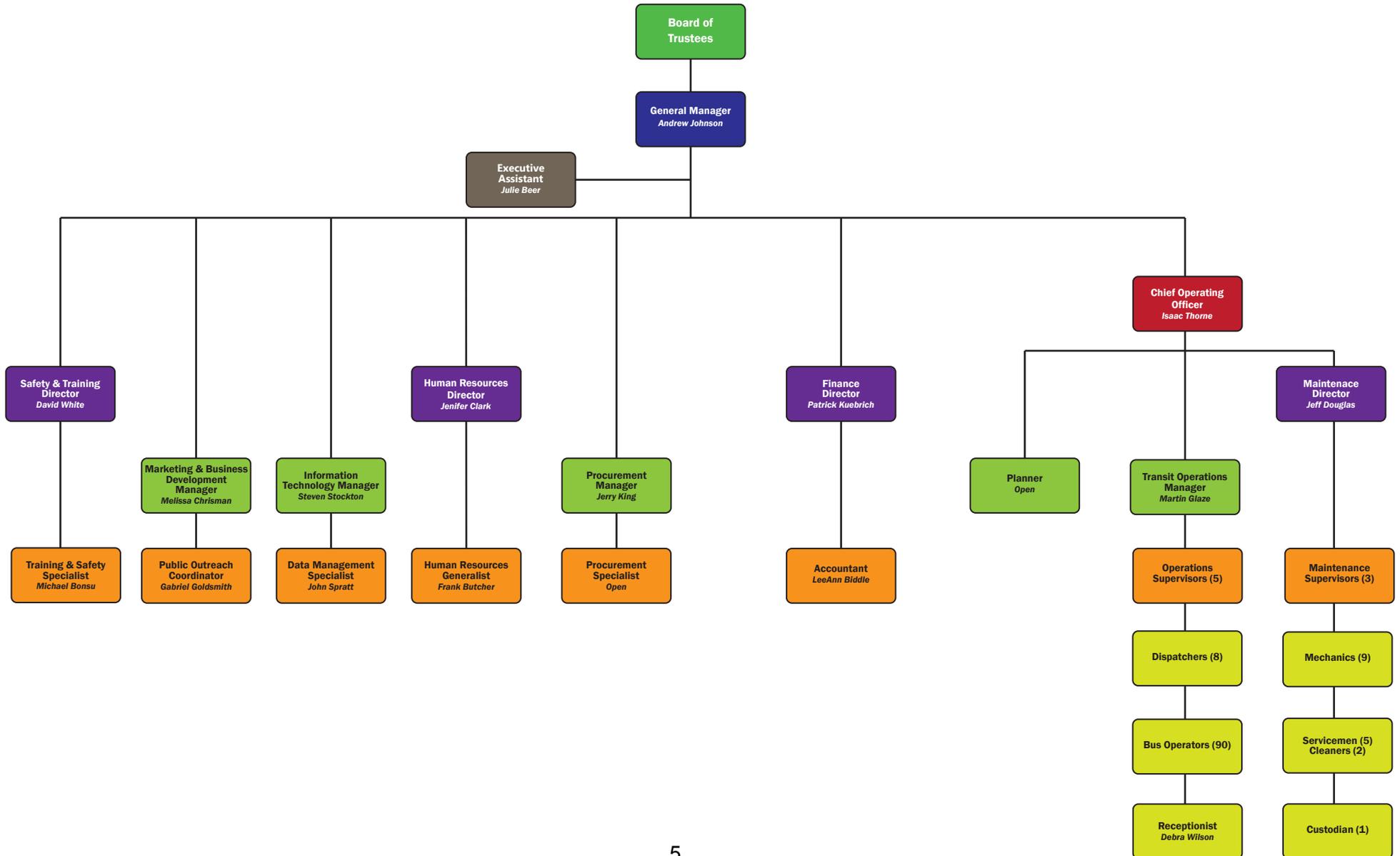


Patrick Kuebrich
Finance Director



Organization Chart

Revised October 25, 2016



Bloomington-Normal Public Transit System
Board of Trustees
For the Years Ended June 30, 2016 and 2015

<u>Name</u>	<u>Position</u>	<u>Appointed By</u>
Bill Wilson	Chairman	City of Bloomington
Mike McCurdy	Vice Chairman	Town of Normal
Ryan Whitehouse	Secretary	City of Bloomington
John Thomas	Trustee	Town of Normal
Judy Buchanan	Trustee	City of Bloomington
John Bowman	Trustee	City of Bloomington
Jennifer McDade	Trustee	Town of Normal
Mark Peterson	Ex Officio	Town of Normal
David Hales	Ex Officio	City of Bloomington

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Bloomington-Normal Public Transit System, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' 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 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 auditors' 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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bloomington-Normal Public Transit System as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years 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 on pages 4 through 10 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 financial statements that collectively comprise the Bloomington-Normal Public Transit System's basic financial statements. The introductory section, Schedule of Computation of Federal Operating Assistance Grant and Schedule of Computation of Amount Due Illinois State University, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Revenue and Expenses Under Downstate Operating Assistance Grant OP-16-07-IL is presented for purposes of additional analysis, as required by the Illinois Department of Transportation and is not a required part of the basic financial statements. The 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* (Uniform Guidance), is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Computation of Federal Operating Assistance Grant, Schedule of Revenue and Expenses under Downstate Operating Assistance Grant OP-16-07-IL, Schedule of Computation of Amount Due Illinois State University, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016, on our consideration of the Bloomington-Normal Public Transit System'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 result 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 the Bloomington-Normal Public Transit System's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Champaign, Illinois
November 16, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is an introduction to the basic financial statements and supplementary information of the Bloomington-Normal Public Transit System (System). The MD&A should be read in conjunction with the basic financial statements, notes to financial statements, supplementary information, and the statistical section. The MD&A provides management's perspective on the performance of the System in the current year and its financial condition at year-end.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Managing Director, Bloomington-Normal Public Transit System, 351 Wylie Drive, Normal, Illinois 61761.

Financial Highlights – Fiscal Year 2016

- State operating assistance increased in fiscal year 2016 to \$7,064,354 from \$6,721,529 in fiscal year 2015.
- Federal operating assistance increased in fiscal year 2016 to \$2,131,109 from \$2,025,608 in fiscal year 2015.
- The assets of the System exceeded its liabilities at the close of the most recent fiscal year by \$20,727,882 (net position).
- The System operated in fiscal year 2016 without incurring long-term debt.

Financial Highlights – Fiscal Year 2015

- State operating assistance increased in fiscal year 2015 to \$6,721,529 from \$6,378,435 in fiscal year 2014.
- Federal operating assistance increased in fiscal year 2015 to \$2,025,608 from \$2,024,376 in fiscal year 2014.
- The assets of the System exceeded its liabilities at the close of the most recent fiscal year by \$18,417,764 (net position).
- The System operated in fiscal year 2015 without incurring long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

The basic financial statements are the statements of net position, statements of revenues, expenses, and changes in net position, and the statements of cash flows. These financial statements were prepared using the full accrual accounting method used by businesses in the private sector.

The statements of net position present the financial position of the System on a full accrual historical cost basis. The statements of net position provide information on all the assets and liabilities of the System, with the difference between the two being the System's net position. Increases or decreases in net position are one indicator of whether the System's financial position is improving or deteriorating.

The statements of revenues, expenses, and changes in net position provide the performance of the System over its fiscal year, which is the twelve-month period ended June 30. These statements present the detail of how the net position presented on the statements of net position changed over the fiscal years. All activities that increase or decrease net position are reflected on these statements when they occur rather than when the related cash flow occurs.

The cash flow statements present the increase or decrease in cash and cash equivalents during the fiscal years resulting from the operating, financing, and investing activities of the System. These statements simply present the increases and decreases in cash and cash equivalents without regard to related revenues/receivables and expenses/liabilities.

The notes to financial statements provide further information on the items reported in the basic financial statements. This information is essential for the reader of this report to acquire a full understanding of the amounts in the financial statements and other commitments and events not reflected in the financial statements. The supplementary information also provides further detail on operating expenses, the state-operating grant of the System, the System's federal grants, and amounts owed to organizations with which the System has transportation contracts.

The System as a Whole

The System's net position increased from the prior year – increasing from \$18.42 million to \$20.73 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the System.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1
Net Position

	2016	2015	2014
Current and Other Assets	\$ 7,565,134	\$ 7,688,746	\$ 6,769,305
Capital Assets	14,665,222	12,014,623	12,866,086
Total Assets	<u>22,230,356</u>	<u>19,703,369</u>	<u>19,635,391</u>
Current and Other Liabilities	1,090,096	992,236	895,713
Noncurrent Liabilities	412,378	293,369	230,895
Total Liabilities	<u>1,502,474</u>	<u>1,285,605</u>	<u>1,126,608</u>
Net Position:			
Investment in Capital Assets	14,665,222	12,014,623	12,391,162
Unrestricted	6,062,660	6,403,141	6,117,621
Total Net Position	<u>\$ 20,727,882</u>	<u>\$ 18,417,764</u>	<u>\$ 18,508,783</u>

Fiscal Year 2016 - The System's net position increased by 12.5 percent (\$20.73 million compared to \$18.42 million) during fiscal year 2016. Capital assets increased by \$2,650,599 due to the addition of new buses.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements, decreased by \$.34 million (\$6.06 million compared to \$6.40 million). This decrease in unrestricted net position is due to the decrease in the fund balance of the Local Capital #2 fund. This fund is accumulating local contributions from the City of Bloomington and Town of Normal to fund the local share of current and future capital projects.

Fiscal Year 2015 – The System's net position remained relatively level decreasing by only .49 percent (\$18.42 million compared to \$18.51 million) during fiscal year 2015.

Capital assets decreased by \$851,463 during fiscal year 2015 due to depreciation of capital assets.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements, increased by \$.28 million (\$6.40 million compared to \$6.12 million). This increase in unrestricted net position is due to the increase in the fund balance of the Local Capital #2 fund. This fund is accumulating local contributions from the City of Bloomington and Town of Normal to fund the local share of current and future capital projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Position

	2016	2015	2014
Operating Revenues:			
Revenues from Transportation Services	\$ 1,413,686	\$ 1,433,468	\$ 1,371,605
Other Operating Revenues	151,208	119,683	16,257
Total Operating Revenues	<u>1,564,894</u>	<u>1,553,151</u>	<u>1,387,862</u>
Operating Expenses:			
Transportation Services	11,992,189	11,480,131	11,166,216
Operating Loss	<u>(10,427,295)</u>	<u>(9,926,980)</u>	<u>(9,778,354)</u>
Non-Operating Revenues:			
Operating Grants	9,195,463	8,747,137	8,402,811
Local Subsidies	1,205,110	986,934	928,820
Interest Income	4,157	5,023	4,133
Total Non-Operating Revenues	<u>10,404,730</u>	<u>9,739,094</u>	<u>9,335,764</u>
Loss Before			
Other Revenues	(22,565)	(187,886)	(442,590)
Other Revenues:			
Capital Grants	2,332,683	96,867	398,703
Change in Net Position	2,310,118	(91,019)	(43,887)
Net Position, Beginning of Year	<u>18,417,764</u>	<u>18,508,783</u>	<u>18,552,670</u>
Net Position, End of Year	<u>\$ 20,727,882</u>	<u>\$ 18,417,764</u>	<u>\$ 18,508,783</u>

Fiscal Year 2016 – The System’s operating revenues increased by \$11,743 or 0.76 percent in 2016 (\$1,564,894) compared to 2015 (\$1,553,151). Operating expenses increased 4.5 percent (\$512,058).

Factors that led to the increases included:

- Increase in advertising revenue
- Increased salaries and wages expense due to the addition of new positions
- Increased professional fees due to an increase in consulting fees
- Increased bus repair and maintenance expense

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2015 – The System's operating revenues increased by \$165,289 or 11.9 percent in 2015 (\$1,553,151) compared to 2014 (\$1,387,862). Operating expenses increased 2.8 percent (\$313,915).

Factors that led to the increases included:

- Increase in advertising revenue
- Began leasing Oakland Avenue property
- Increased salaries and wages expense due to the addition of new positions
- Increased employee health insurance and liability insurance rates
- Increased advertising expense
- Increased professional fee expense

Budgetary Highlights

Fiscal Year 2016 – The Board of Trustees approved the System's General Operating Fund budget for fiscal year 2016 on April 28, 2015. The budget included operating expenses of \$11,551,000 excluding depreciation.

- Operating revenue of \$1,564,894 was \$46,825 under budget.
- Operating expenses, less depreciation, totaled \$10,797,528 was \$753,472 under budget.

Fiscal Year 2015 – The Board of Trustees approved the System's General Operating Fund budget for fiscal year 2015 on April 22, 2014. The Board of Trustees approved an amendment to the System's General Operating Fund budget for fiscal year 2015 on July 22, 2014. The budget included operating expenses of \$10,504,000 excluding depreciation.

- Operating revenue of \$1,553,151 was \$66,501 over budget.
- Operating expenses, less depreciation, totaled \$10,358,660 was \$145,340 under budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset Administration

At the end of fiscal year 2016, the System had \$14.7 million invested in a broad range of capital assets (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$2,650,599 or 22.1% percent more than last year, due mainly to the addition of new revenue vehicles.

Table 3

	2016	2015	2014
Land and Improvements	\$ 1,220,018	\$ 1,283,618	\$ 1,220,018
Construction in Process	320,783	135,994	-
Facilities	8,819,832	8,931,759	8,521,650
Revenue Vehicles	12,954,145	10,061,730	10,035,480
Held for Sale	425,536	-	474,924
Other Equipment	1,174,438	1,052,013	943,034
Less: Accumulated Depreciation	<u>(10,249,530)</u>	<u>(9,450,491)</u>	<u>(8,329,020)</u>
Totals	<u>\$ 14,665,222</u>	<u>\$ 12,014,623</u>	<u>\$ 12,866,086</u>

This year's major additions included:

Construction in Process	\$ 320,783
Building Improvement	297,467
Revenue Vehicles	3,238,649
Other Equipment	124,355
	<u>\$ 3,981,254</u>

Fiscal Year 2015 Major Additions Include:

Construction in Process	\$ 135,994
Building Improvement	1,665
Support Vehicles	26,250
Other Equipment	106,099
	<u>\$ 270,008</u>

The System's fiscal year 2017 capital budget calls for \$0.98 million for capital expenditures.

Some of the more significant fiscal year 2017 capital projects include:

Revenue Vehicle Purchases	\$ 612,000
Bus Shelters	120,000
A/E for Transfer Center	250,000
	<u>\$ 982,000</u>

More detailed information about the System's capital assets is presented in Note 5 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget

- For fiscal year 2017, operating assistance from IDOT will again be 65 percent of allowable operating expenses. Because of the Illinois budget deficit, IDOT has been slow in making quarterly payments.
- The General Operating Fund budget contained a total of \$13,808,000 for operating expenses in fiscal year 2017.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF NET POSITION
June 30, 2016 and 2015**

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,809,217	\$ 6,581,988
Receivables	1,333,971	834,623
Inventory	229,981	272,135
Prepaid expenses	<u>191,965</u>	<u>-</u>
Total current assets	<u>7,565,134</u>	<u>7,688,746</u>
PROPERTY AND EQUIPMENT		
Land, assets held for sale, and construction in process, not being depreciated	1,966,337	1,419,612
Other property and equipment, net of depreciation	<u>12,698,885</u>	<u>10,595,011</u>
Total property and equipment	<u>14,665,222</u>	<u>12,014,623</u>
TOTAL ASSETS	<u>\$ 22,230,356</u>	<u>\$ 19,703,369</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	\$ 472,377	\$ 373,863
Accrued expenses	226,930	221,348
Unearned revenue	90,789	97,025
Compensated absences	<u>300,000</u>	<u>300,000</u>
Total current liabilities	<u>1,090,096</u>	<u>992,236</u>
NONCURRENT LIABILITIES		
Compensated absences, net of current portion	<u>412,378</u>	<u>293,369</u>
Total liabilities	<u>1,502,474</u>	<u>1,285,605</u>
NET POSITION		
Investment in capital assets	14,665,222	12,014,623
Unrestricted	<u>6,062,660</u>	<u>6,403,141</u>
Total net position	<u>20,727,882</u>	<u>18,417,764</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,230,356</u>	<u>\$ 19,703,369</u>

The accompanying notes are an integral part of the financial statements.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Passenger fares	\$ 893,936	\$ 938,468
Contract fares	519,750	495,000
Miscellaneous income	<u>151,208</u>	<u>119,683</u>
Total operating revenues	<u>1,564,894</u>	<u>1,553,151</u>
OPERATING EXPENSES		
Salaries and wages	6,397,683	6,170,601
Depreciation	1,194,661	1,121,471
Fuel and lubricants	861,354	1,126,709
Bus repair and maintenance	681,126	572,623
Group insurance	708,477	717,808
Insurance	473,071	411,638
Payroll taxes	471,485	452,265
Retirement plan	229,349	211,207
Professional fees	314,365	108,573
Supplies	163,364	92,560
Utilities and telephone	104,102	128,635
Other operating expenses	<u>393,152</u>	<u>366,041</u>
Total operating expenses	11,992,189	11,480,131
Operating loss	<u>(10,427,295)</u>	<u>(9,926,980)</u>
NON-OPERATING REVENUES		
State of Illinois operating assistance grant	7,064,354	6,721,529
Federal operating assistance grant	2,131,109	2,025,608
Local subsidies	1,205,110	986,934
Interest income	<u>4,157</u>	<u>5,023</u>
Total non-operating revenues	<u>10,404,730</u>	<u>9,739,094</u>
Loss before other revenues	(22,565)	(187,886)
OTHER REVENUES		
Federal capital grants	<u>2,332,683</u>	<u>96,867</u>
CHANGE IN NET POSITION	2,310,118	(91,019)
NET POSITION, BEGINNING OF YEAR	<u>18,417,764</u>	<u>18,508,783</u>
NET POSITION, END OF YEAR	<u>\$ 20,727,882</u>	<u>\$ 18,417,764</u>

The accompanying notes are an integral part of the financial statements.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,664,329	\$ 1,333,428
Payments to vendors	(4,451,142)	(3,940,509)
Payments to employees	<u>(6,273,092)</u>	<u>(6,088,629)</u>
Net cash used in operating activities	<u>(9,059,905)</u>	<u>(8,695,710)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
State operating assistance grant proceeds received	6,848,564	7,214,237
Federal operating assistance grant proceeds received	<u>1,741,880</u>	<u>2,184,667</u>
Net cash provided by non-capital and related financing activities	<u>8,590,444</u>	<u>9,398,904</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capital grant proceeds received	2,332,683	96,867
Local subsidies received	1,205,110	986,934
Purchases of property and equipment	<u>(3,845,260)</u>	<u>(270,008)</u>
Net cash provided by (used in) capital and related financing activities	<u>(307,467)</u>	<u>813,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>4,157</u>	<u>5,023</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(772,771)	1,522,010
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,581,988</u>	<u>5,059,978</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,809,217</u>	<u>\$ 6,581,988</u>

The accompanying notes are an integral part of the financial statements.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF CASH FLOWS (Continued)
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF OPERATING LOSS TO		
NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (10,427,295)	\$ (9,926,980)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,194,661	1,121,471
Effects of changes in operating assets and liabilities:		
Receivables	105,671	(221,931)
Inventory	42,154	(48,063)
Prepaid expenses	(191,965)	220,796
Accounts payable and accrued expenses	223,105	156,789
Unearned revenue	(6,236)	2,208
	1,367,390	1,231,270
Net adjustments	1,367,390	1,231,270
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (9,059,905)</u>	<u>\$ (8,695,710)</u>

The accompanying notes are an integral part of the financial statements.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 - NATURE OF THE OPERATIONS AND THE REPORTING ENTITY

The Bloomington-Normal Public Transit System (the System) was formed as an agency of the City of Bloomington (Bloomington) and the Town of Normal (Normal) in 1972. The purpose of the System is to provide transportation services within the City of Bloomington and the Town of Normal. The System is governed by a Board of Trustees appointed by the city and town councils of Bloomington and Normal, respectively. The System operates as an enterprise fund, which accounts for operation in a manner similar to private business enterprises – where the intent of the governing body (the Board of Trustees) is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Funding is provided primarily by annual grants from the Federal Transit Administration (FTA) (31 percent of 2016 revenues and 19 percent of 2015 revenues), the Illinois Department of Transportation (IDOT) (49 percent of 2016 revenues and 59 percent of 2015 revenues), and subsidies from Bloomington and Normal (8 percent of 2016 revenues and 9 percent of 2015 revenues).

The reporting entity of the System was determined based on the oversight responsibility and scope of the public services provided. Oversight responsibility is measured by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, there are no agencies or other units that have been or should be combined with the financial statements of the System.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the System are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the purposes of preparing the statement of cash flows, cash equivalents include demand deposits and funds held in money market accounts.

Receivables are reported at the estimated net realized amounts from third-party payers and others for services rendered. Receivables are stated at the amount management expects to collect or the outstanding balance. The allowance for doubtful receivables was \$-0- at June 30, 2016 and 2015.

Prepaid expenses, such as for insurance, are expensed over the term in which the services were received.

Inventories are stated at cost. Inventory consists of the value of on hand bus tokens, outstanding bus tokens, and replacement parts for bus repair.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purchased capital assets are valued at actual or estimated historical cost, while donated capital assets are valued at their fair market value at the time of donation. Assets are capitalized if they are valued at more than \$10,000 and have a useful life of more than 1 year. Depreciation is calculated on all capital assets other than land, works of art, and assets that appreciate in value using the straight-line method and the following useful lives:

Vehicles	3 - 12 Years
Furniture and Equipment	3 - 15 Years
Buildings and Improvements	10 - 50 Years

It is the System's policy to allow employees to accumulate unused compensated absences. The System calculates the liability for unused sick leave included in compensated absences using the vesting method. The cost of these benefits is recorded on the financial statements in the fiscal year earned by the employees.

The System reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. No deferred outflows of resources are reported in these financial statements.

The System's statements of net position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The System will not recognize the related revenue until a future event occurs. No deferred inflows of resources are reported in these financial statements.

Operating revenues include all revenues from the provision of a service by the System. These services consist of the provision of public transportation. All other revenues are considered non-operating or other revenues.

Operating grant revenue is recognized as it is earned. Capital grant revenue is recorded as capital grant expenditures are incurred. Receivables result principally from amounts due from FTA and IDOT.

The System's policy is to apply restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available.

A budget is adopted annually by the Board of Trustees, as required by ordinances enacted by Bloomington and Normal.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes authorize the System to invest in: direct obligations of federally insured banks and savings and loan associations; insured obligations of Illinois credit unions; securities issued or guaranteed by the U.S. Government; money market mutual funds investing only in U.S. Government based securities; commercial paper of U.S. corporations with assets over \$500 million; short-term obligations of the Federal National Mortgage Association; repurchase agreements; and the investment pools managed by the State Treasurer of Illinois.

The System currently deposits all funds in Commerce Bank. In fiscal year 2015, the System also had funds in the Illinois Funds Money Market and Prime funds. The Illinois Funds Money Market and Prime funds are external investment pools created by the Illinois General Assembly in 1975. The primary purpose is, according to Illinois Funds, “to provide custodians of public funds with an alternative investment vehicle which enables them to earn a competitive return on fully collateralized investments, while maintaining immediate access to investment funds”.

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the System’s deposits may not be returned to it. At June 30, 2016 and 2015, the System’s \$5,822,161 and \$5,333,567 bank balance, respectively, were fully insured or collateralized.

Interest Rate and Credit Risk – External Investment Pools

At June 30, 2016 and 2015 the System had a total of \$0 and \$1,262,488, respectively, in the Illinois Funds Money Market Fund and Prime Fund. The fair value of the System’s position in these portfolios is equal to the value of the System’s fund shares. The portfolios are regulated by oversight of the Treasurer of the state of Illinois and private rating agencies. The portfolios have AAAM ratings from Standard and Poor’s. The assets of the portfolios are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the funds not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in these external investment pools averages less than one year.

The System’s investment policy addresses interest rate risk by (a) structuring investment maturities to meet operating cash needs and (b) investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools with average maturities consistent with the policy. The System’s investment policy addresses credit risk by (a) limiting the types of investments allowed, (b) prequalifying financial institutions, brokers, and advisors, and (c) diversifying its portfolio.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 4 - RECEIVABLES

At June 30, 2016 and 2015, receivables were as follows:

	<u>2016</u>	<u>2015</u>
Federal Operating Assistance Grant	\$ 756,434	\$ 367,205
State of Illinois Operating Assistance Grant	434,558	218,768
Other	<u>142,979</u>	<u>248,650</u>
Totals	<u>\$ 1,333,971</u>	<u>\$ 834,623</u>

Operating Assistance Grants

The final estimated operating grant amounts from FTA and IDOT are subject to review and approval of the eligible expenses by IDOT. The receivable amounts above are based on eligible expenses as calculated by management and management is not aware of any potential changes to the eligible expenses as of the date of the auditors' report.

NOTE 5 - PROPERTY AND EQUIPMENT, NET

The changes in property and equipment for fiscal year 2016 were as follows:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2016</u>
Used in operations					
Not being depreciated:					
Land	\$ 1,283,618	\$ -	\$ -	\$ (63,600)	\$ 1,220,018
Construction in process	135,994	320,783	(135,994)	-	320,783
Being depreciated:					
Buildings and improvements	8,931,759	297,467	-	(409,394)	8,819,832
Vehicles	10,061,730	3,238,649	(346,234)	-	12,954,145
Furniture and equipment	<u>1,052,013</u>	<u>124,355</u>	<u>-</u>	<u>(1,930)</u>	<u>1,174,438</u>
	21,465,114	3,981,254	(482,228)	(474,924)	24,489,216
Less: accumulated depreciation	<u>(9,450,491)</u>	<u>(1,194,661)</u>	<u>346,234</u>	<u>49,388</u>	<u>(10,249,530)</u>
Total capital assets used in operations	<u>12,014,623</u>	<u>2,786,593</u>	<u>(135,994)</u>	<u>(425,536)</u>	<u>14,239,686</u>
Held for sale					
Land	-	-	-	63,600	63,600
Buildings and improvements	-	-	-	361,604	361,604
Furniture and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>332</u>	<u>332</u>
Total capital assets held for sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,536</u>	<u>425,536</u>
Total capital assets	<u>\$ 12,014,623</u>	<u>\$ 2,786,593</u>	<u>\$ (135,994)</u>	<u>\$ -</u>	<u>\$ 14,665,222</u>

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 5 - PROPERTY AND EQUIPMENT, NET (CONTINUED)

The changes in property and equipment for fiscal year 2015 were as follows:

	<u>June 30,</u> <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30,</u> <u>2015</u>
Used in operations					
Not being depreciated:					
Land	\$ 1,220,018	\$ -	\$ -	\$ 63,600	\$ 1,283,618
Construction in process	-	135,994	-	-	135,994
Being depreciated:					
Buildings and improvements	8,521,650	1,665	-	408,444	8,931,759
Vehicles	10,035,480	26,250	-	-	10,061,730
Furniture and equipment	<u>943,034</u>	<u>106,099</u>	<u>-</u>	<u>2,880</u>	<u>1,052,013</u>
	20,720,182	270,008	-	474,924	21,465,114
Less: accumulated depreciation	<u>(8,329,020)</u>	<u>(1,121,471)</u>	<u>-</u>	<u>-</u>	<u>(9,450,491)</u>
Total capital assets used in operations	<u>12,391,162</u>	<u>(851,463)</u>	<u>-</u>	<u>474,924</u>	<u>12,014,623</u>
Held for sale					
Land	63,600	-	-	(63,600)	-
Buildings and improvements	408,444	-	-	(408,444)	-
Furniture and equipment	<u>2,880</u>	<u>-</u>	<u>-</u>	<u>(2,880)</u>	<u>-</u>
Total capital assets held for sale	<u>474,924</u>	<u>-</u>	<u>-</u>	<u>(474,924)</u>	<u>-</u>
Total capital assets	<u>\$ 12,866,086</u>	<u>\$ (851,463)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,014,623</u>

Depreciation for transit operations for the years ended June 30, 2016 and 2015 was \$1,194,661 and \$1,121,471, respectively.

During fiscal year 2011, the System adopted a plan to dispose of the land, building, and office furniture located at 104 East Oakland Avenue in Bloomington, Illinois. The assets were considered held for sale as the System closed the building upon the completion of construction of new facilities. The property and equipment held for sale was deemed not to be impaired and was carried at net book value at the time of closure. During fiscal year 2015, the System began leasing this property so it was no longer considered assets held for sale during that fiscal year, per accounting standards. However, in fiscal year 2016, the lease was terminated and the property and equipment were deemed held for sale again.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 6 - NONCURRENT LIABILITIES

The following is a summary of changes in noncurrent liabilities for the year ended June 30, 2016:

	<u>June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
Accrued compensated absences	\$ 593,369	\$ 744,316	\$ (625,307)	\$ 712,378	\$ 300,000

The following is a summary of changes in noncurrent liabilities for the year ended June 30, 2015:

	<u>June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2015</u>	<u>Due Within One Year</u>
Accrued compensated absences	\$ 530,895	\$ 701,085	\$ (638,611)	\$ 593,369	\$ 300,000

NOTE 7 - DEFERRED COMPENSATION PLAN

The System offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, administered by the ICMA Retirement Corporation. Each participant has an individual account with ICMA into which all contributions flow. The participants are offered various investment options through the Plan and are allowed to invest funds in their account at their own discretion among the options. The System may amend, modify, or terminate the Plan provided it transmits such an amendment at least 30 days prior to the effective date of the amendment. The Plan is available to all employees who have completed twelve months of service. Deferred compensation is not available to employees until termination, death, or unusual emergency. A participant may contribute the lesser of \$7,500 adjusted annually for inflation or 33.33 percent of their includible compensation. The System contributes 5 percent of the participants' includible compensation in each year less an amount equal to the annual premium necessary to fund the primary death benefit for each employee (active employees only). Contributions to the Plan for the year ended June 30, 2016 totaled \$551,837, which consisted of \$322,488 contributed by the employees and \$229,349 contributed by the System. Contributions to the Plan for the year ended June 30, 2015 totaled \$503,864, which consisted of \$292,657 contributed by the employees and \$211,207 contributed by the System.

The System provides no other post-employment benefits.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 8 - INSURANCE COVERAGE

The System is exposed to various risks related to torts, theft or damage of capital assets, error or omissions and natural disasters for which the System carries insurance. There was no significant reduction in insurance coverage from the prior year. The System self-insures for physical damage to vehicles not covered by another party's insurance. There have been no settlement amounts that have exceeded insurance coverage in the past three years.

NOTE 9 - RELATED PARTY TRANSACTIONS

As described in Note 1, the System receives annual subsidies from the City of Bloomington and Town of Normal to provide for the operational expense and purchase of capital assets not funded by federal and state capital grants and for the Wheels to Work Program at the local YWCA. For the year ended June 30, 2016, payments received from the City of Bloomington and Town of Normal totaled \$676,717 and \$528,393, respectively. For the year ended June 30, 2015 payments received from the City of Bloomington and Town of Normal totaled \$576,514 and \$410,420, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

In April 2013 the System entered into a commitment to lease tires for its revenue vehicles. The contract was through March 2016 and then a new contract was signed in April 2016 that goes through March 2019 and covers the three major tire sizes utilized by the System. The lease amount is variable and is based upon the number of miles driven with fixed amounts based on tire tread wear measurements. The approximate per fiscal year cost related to this contract is estimated at \$100,000. The actual expense for fiscal years 2016 and 2015 was \$92,447 and \$78,947, respectively.

The System has entered into nine contracts totaling \$6,590,951 during the fiscal year. The actual expense related to these contracts during the fiscal year was \$751,109. The remaining balance on these contracts is \$5,839,842 at June 30, 2016. These contracts were for ADA paratransit eligibility services, construction of a vault room and propane stations, automatic ticketing system, tire lease, purchases of buses, various parts for buses, and the AVL systems.

The System entered into seven contracts after June 30, 2016. The total of these contracts is \$518,106. These contracts are for the purchase of bus parts, oils, lubricant, fuel, operator services, sign posts, temporary signs, cars, and lease of electronic cars.

These notes are an integral part of the financial statements.

SUPPLEMENTARY INFORMATION

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF COMPUTATION OF FEDERAL OPERATING ASSISTANCE GRANT
For the Year Ended June 30, 2016

Operating expenses, excluding depreciation	\$ 10,797,528
Less: ineligible expenses:	
APTA and IPTA dues	(1,700)
Miscellaneous revenue	(1,209)
YWCA passthrough	(12,000)
Advertising expenses	(69,039)
Illinois capital grant	<u>(145,154)</u>
Total eligible operating expenses	10,568,426
Less: offsets to total eligible operating expenses:	
Passenger fares	(1,413,686)
Interest income	(4,157)
Miscellaneous income	<u>(149,999)</u>
Federal project cost, net	9,000,584
Federal participation rate limit	50.00%
Federal participation limit	<u>\$ 4,500,292</u>
Actual federal participation:	
Federal project cost, net	\$ 9,000,584
State operating assistance	(6,914,354)
State operating assistance applied to costs ineligible for federal operating assistance	<u>44,879</u>
Calculated federal operating assistance	<u>2,131,109</u>
Maximum federal operating assistance	<u>2,131,109</u>
Actual federal operating assistance - lessor of calculated and maximum federal operating assistance	2,131,109
Payments received from FTA as of June 30, 2016	<u>1,374,675</u>
Due from FTA as of June 30, 2016	<u>\$ 756,434</u>

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF REVENUE AND EXPENSES
UNDER DOWNSTATE OPERATING ASSISTANCE GRANT OP-16-07-IL
Year Ended June 30, 2016**

OPERATING REVENUES AND INCOME

401	Passenger fares for transit services	764,523
402	Special transit fares	649,163
406	Auxiliary revenue	149,999
407	Non-transportation revenue	<u>4,157</u>
	Revenue recorded in fiscal year 2016	

Total operating revenue and income 1,567,842

OPERATING EXPENSES

501	Labor	6,397,683
502	Fringe benefits	937,826
503	Professional services	105,107
504	Materials and supplies consumed	1,853,040
505	Utilities	104,102
506	Casualty and liability	473,071
507	Taxes	471,485
509	Miscellaneous expense	432,902
512	Leases, rentals, and purchase-lease payments	<u>22,312</u>

Total operating expenses 10,797,528

Less: Ineligible expenses

Miscellaneous revenue	1,209
APTA and IPTA Dues, YWCA Passthrough	13,700
IL Capital Grant	<u>145,154</u>
Total ineligible expenses	<u>160,063</u>

Total eligible operating expenses \$ 10,637,465

Total eligible operating expenses \$ 10,637,465

Total operating revenue and income 1,567,842

Deficit (9,069,623)

65% of eligible expense 6,914,352

Maximum contract amount 8,624,900

Eligible Downstate Operating Assistance

(Deficit, 65% of eligible expense, or maximum contract amount, whichever is less) 6,914,352

FY16 Downstate Operating Assistance Received

(Through June 30, 2016) 6,605,581

FY16 Downstate Operating Assistance

Received (Subsequent to June 30, 2016) 157,766

FY16 Downstate Operating Assistance Under Paid \$ 151,005

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF COMPUTATION OF AMOUNT DUE
ILLINOIS STATE UNIVERSITY
Year Ended June 30, 2016**

Universal access service agreement	\$	519,750
Balance due from (to) ISU as of July 1, 2015		-
Service payments received from ISU during fiscal year 2016		<u>(519,750)</u>
Balance due from (to) ISU as of June 30, 2016	<u>\$</u>	<u>-</u>

Bloomington-Normal Public Transit System

Statistical Section

The following section of Bloomington-Normal Public Transit System's comprehensive annual financial report provides detailed statistical information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the system's overall health.

Contents	Page
Financial Trends	31-32
These schedules contain trend information to help the reader understand how the system's financial performance and well-being have changed over time.	
Revenue Capacity	33-34
These schedules contain information to help the reader assess the system's most significant revenue source.	
Demographic and Economic Information	35-36
These schedules offer demographic and economic indicators to help the reader understand the environment within which the system's financial activities take place.	
Operating Information	37-41
These schedules contain service and infrastructure data to help the reader understand how the information in the system's financial report relates to the services it provides and the activities it performs.	

Bloomington-Normal Public Transit System
Net Position by Component, Last Ten Fiscal Years
Unaudited

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Position										
Investment in capital assets	\$ 14,665,222	\$ 12,014,623	\$ 12,391,162	\$ 13,485,312	\$ 13,365,024	\$ 12,800,910	\$ 11,016,204	\$ 4,548,275	\$ 4,322,031	\$ 4,311,120
Unrestricted	6,062,660	6,403,141	6,117,621	5,067,358	4,348,134	5,553,098	6,432,886	6,959,367	6,746,549	5,773,207
Total Net Position	<u>\$ 20,727,882</u>	<u>\$ 18,417,764</u>	<u>\$ 18,508,783</u>	<u>\$ 18,552,670</u>	<u>\$ 17,713,158</u>	<u>\$ 18,354,008</u>	<u>\$ 17,449,090</u>	<u>\$ 11,507,642</u>	<u>\$ 11,068,580</u>	<u>\$ 10,084,327</u>

Notes:

1) Data source - Audited Financial Statements

Bloomington-Normal Public Transit System
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating Revenues										
Passenger and Contract Fares	\$ 1,413,686	\$ 1,433,468	\$ 1,371,605	\$ 1,356,584	\$ 1,186,308	\$ 1,034,840	\$ 975,866	\$ 973,470	\$ 983,281	\$ 908,888
Other Operating Revenue	151,208	119,683	16,257	16,411	21,524	12,034	17,906	3,769	3,581	3,363
Total Operating Revenues	<u>1,564,894</u>	<u>1,553,151</u>	<u>1,387,862</u>	<u>1,372,995</u>	<u>1,207,832</u>	<u>1,046,874</u>	<u>993,772</u>	<u>977,239</u>	<u>986,862</u>	<u>912,251</u>
Operating Expenses										
Salaries and Wages	6,397,683	6,170,601	5,695,108	5,016,369	5,012,670	4,660,768	4,004,861	3,717,602	3,473,942	3,168,593
Fuel and Lubricants	861,354	1,126,709	1,154,578	1,217,346	1,125,364	1,010,569	785,621	746,998	938,192	605,189
Bus Repair and Maintenance	681,126	572,623	596,531	808,975	378,001	531,994	414,012	367,360	274,471	290,431
Group Insurance	708,477	717,808	643,651	536,483	472,227	398,651	393,068	344,505	304,257	275,103
Insurance	473,071	411,638	457,147	484,561	445,380	405,671	310,584	273,285	258,923	254,425
Payroll Taxes	471,485	452,265	419,941	387,083	375,219	359,984	308,569	284,347	265,696	234,333
Retirement Plan	229,349	211,207	195,183	185,759	188,335	153,953	160,322	130,307	127,835	124,575
Professional Fees	314,365	108,573	83,241	163,027	53,577	121,338	139,578	47,089	-	-
Supplies	163,364	92,560	146,152	148,762	-	-	-	-	-	-
Utilities and Telephone	104,102	128,635	127,004	115,000	105,660	106,561	45,342	41,719	43,712	39,760
Other Operating Expenses	393,152	366,041	320,478	224,294	216,559	413,304	289,610	205,650	211,136	210,736
Depreciation	1,194,661	1,121,471	1,327,202	1,348,075	1,079,311	803,769	637,378	619,601	642,605	626,014
Total Operating Expenses	<u>11,992,189</u>	<u>11,480,131</u>	<u>11,166,216</u>	<u>10,635,734</u>	<u>9,452,303</u>	<u>8,966,562</u>	<u>7,488,945</u>	<u>6,778,463</u>	<u>6,540,769</u>	<u>5,829,159</u>
Operating Loss	<u>(10,427,295)</u>	<u>(9,926,980)</u>	<u>(9,778,354)</u>	<u>(9,262,739)</u>	<u>(8,244,471)</u>	<u>(7,919,688)</u>	<u>(6,495,173)</u>	<u>(5,801,224)</u>	<u>(5,553,907)</u>	<u>(4,916,908)</u>
Non-Operating Revenues										
State Operating Grants	7,064,354	6,721,529	6,378,435	6,029,509	5,437,594	5,158,043	4,372,037	3,976,276	3,745,005	2,779,777
Federal Operating Grants	2,131,109	2,025,608	2,024,376	1,868,335	1,107,464	1,742,042	1,362,514	1,161,256	1,127,166	1,375,883
Local Subsidies	1,205,110	986,934	928,820	901,946	866,025	821,130	863,010	865,197	827,632	767,690
Interest Income	4,157	5,023	4,133	3,026	2,622	6,167	6,777	64,750	233,605	264,915
Capital Grants	2,332,683	96,867	398,703	1,299,435	189,916	1,097,224	5,871,131	82,227	583,495	-
Other	-	-	-	-	-	-	-	-	-	19,461
Total Non-Operating Revenues	<u>12,737,413</u>	<u>9,835,961</u>	<u>9,734,467</u>	<u>10,102,251</u>	<u>7,603,621</u>	<u>8,824,606</u>	<u>12,475,469</u>	<u>6,149,706</u>	<u>6,516,903</u>	<u>5,207,726</u>
Prior Period Adjustment	-	-	-	-	-	-	-	117,140	-	-
Changes in Net Position	\$ 2,310,118	\$ (91,019)	\$ (43,887)	\$ 839,512	\$ (640,850)	\$ 904,918	\$ 5,980,296	\$ 348,482	\$ 962,996	\$ 290,818

Notes:

1) Data source - Audited Financial Statements

Bloomington-Normal Public Transit System
Revenue By Source, Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Federal and State Grants	Local Subsidies	Passenger and Contract Fares	Interest Income	Other Operating Revenue	Total
2016	\$ 11,528,146	\$ 1,205,110	\$ 1,413,686	\$ 4,157	\$ 151,208	\$ 14,302,307
2015	8,843,704	986,934	1,433,468	5,023	119,683	11,388,812
2014	8,801,514	928,820	1,371,605	4,133	16,257	11,122,329
2013	9,197,279	901,946	1,356,584	3,026	16,411	11,475,246
2012	6,734,974	866,025	1,186,308	2,622	21,524	8,811,453
2011	7,997,309	821,130	1,034,840	6,167	12,034	9,871,480
2010	11,605,682	863,010	975,866	6,777	17,906	13,469,241
2009	5,219,759	865,197	973,470	64,750	3,769	7,126,945
2008	5,455,666	827,632	983,281	233,605	3,581	7,503,765
2007	4,155,660	767,690	908,888	264,915	3,363	6,100,516

Notes:

1) Data source - Audited Financial Statements

Bloomington-Normal Public Transit System
Revenue Payers
Current Year and Nine Years Ago
Unaudited

	2016			2007		
	Total Revenue	Rank	Percentage of Total Revenue	Total Revenue	Rank	Percentage of Total Revenue
Illinois Department of Transportation	\$ 7,064,354	1	49.4%	\$ 2,779,777	1	45.4%
Federal Transit Administration	<u>4,463,792</u>	2	<u>31.2%</u>	<u>1,375,883</u>	2	<u>22.5%</u>
	\$ 11,528,146		80.6%	\$ 4,155,660		67.9%

Notes:

1) Data source - Audited Financial Statements

Bloomington-Normal Public Transit System
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population (1)	Per Capita Personal Income (2)	Personal Income (thousands)	Unemployment Rate (1)
2016	133,324	\$ 43,064	\$ 5,741,464,736	4.9%
2015	133,324	43,479	5,796,794,196	5.5%
2014	131,570	42,508	5,592,777,560	7.3%
2013	129,843	41,664	5,409,778,752	6.9%
2012	129,107	39,160	5,055,830,120	7.2%
2011	126,983	38,552	4,895,448,616	7.7%
2010	125,082	39,010	4,879,448,820	7.1%
2009	124,132	36,913	4,582,084,516	5.0%
2008	125,494	35,679	4,477,500,426	4.0%
2007	125,494	33,515	4,205,931,410	3.5%

Notes:

- 1) Data source - Bloomington-Normal Economic Development Council Demographic Profile
- 2) US Commerce Department - Bureau of Economic Analysis.

Bloomington-Normal Public Transit System
Principal Employers in the City of Bloomington and Town of Normal
Current Year and Nine Years Ago
Unaudited

Employer	2016			2007		
	Employees	Rank	Percentage of Total City and Town Employment	Employees	Rank	Percentage of Total City and Town Employment
State Farm Insurance	14,282	1	15.7%	14,653	1	16.5%
Illinois State University	3,320	2	3.6%	3,121	2	3.5%
Country Insurance and Financial Services	1,910	3	2.1%	2,158	3	2.4%
Unit 5 School District	1,654	4	1.8%	1,785	5	2.0%
Advocate BroMenn Medical Center	1,402	5	1.5%	1,514	6	1.7%
OSF - St. Joseph Medical Center	1,364	6	1.5%	956	8	1.1%
McLean County	829	7	0.9%	870	9	1.0%
District 87 Schools	657	8	0.7%	675	10	0.8%
Afni, Inc.	765	9	0.8%	1,217	7	1.4%
Heritage Enterprises	596	10	0.7%	420	16	0.5%
Mitsubishi Motor Manufacturing				1,800	4	2.0%
Total Principal Employees	26,779		29.4%	29,169		32.8%
Total Bloomington-Normal Labor Force	91,110			88,931		

Notes:

1) Data source - Bloomington-Normal Economic Development Council Demographic Profile

Bloomington-Normal Public Transit System
 Full-Time Equivalent Employees by Function, Last Ten Fiscal Years
 Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Transit Operations	89.0	81.0	82.0	82.0	97.4	92.6	58.3	67.0	62.7	60.0
Maintenance	17.0	16.0	15.0	12.1	16.2	16.9	10.9	10.8	10.8	11.0
Administration	18.0	13.0	13.0	11.0	8.5	5.8	4.4	4.0	4.0	4.0
Total	124.0	110.0	110.0	105.1	122.1	115.3	73.6	81.8	77.5	75.0

Notes:

- 1) 2016 data source - Bloomington-Normal Public Transit System
- 2) 2015 and years prior - National Transit Database data

Bloomington-Normal Public Transit System
Selected Operating Information, Last Ten Fiscal Years
Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Unlinked Passenger Trips										
A. Fixed Route	2,427,565	2,654,677	2,521,963	2,009,241	2,033,698	1,807,676	1,227,183	1,609,081	1,704,594	1,399,293
B. Demand Response	75,531	74,134	65,382	58,035	50,249	41,558	34,191	34,111	27,563	19,394
Total	<u>2,503,096</u>	<u>2,728,811</u>	<u>2,587,345</u>	<u>2,067,276</u>	<u>2,083,947</u>	<u>1,849,234</u>	<u>1,261,374</u>	<u>1,643,192</u>	<u>1,732,157</u>	<u>1,418,687</u>
Passenger Miles										
A. Fixed Route	7,354,690	7,436,845	7,767,646	6,228,647	6,304,134	5,595,838	3,424,263	4,424,809	4,642,550	5,193,683
B. Demand Response	428,400	398,609	372,205	342,753	250,107	250,102	198,414	192,727	155,758	93,515
Total	<u>7,783,090</u>	<u>7,835,454</u>	<u>8,139,851</u>	<u>6,571,400</u>	<u>6,554,241</u>	<u>5,845,940</u>	<u>3,622,677</u>	<u>4,617,536</u>	<u>4,798,308</u>	<u>5,287,198</u>
Total Actual Miles										
A. Fixed Route	1,334,158	1,310,106	1,312,781	1,347,599	1,363,483	1,325,020	1,401,989	1,329,670	1,113,264	1,058,188
B. Demand Response	406,455	385,865	353,422	291,905	319,696	299,418	219,119	201,854	156,726	112,781
Total	<u>1,740,613</u>	<u>1,695,971</u>	<u>1,666,203</u>	<u>1,639,504</u>	<u>1,683,179</u>	<u>1,624,438</u>	<u>1,621,108</u>	<u>1,531,524</u>	<u>1,269,990</u>	<u>1,170,969</u>
Total Actual Hours										
A. Fixed Route	94,575	93,933	93,148	93,566	93,478	93,238	96,336	89,837	83,927	72,090
B. Demand Response	30,847	30,266	28,953	21,795	21,470	21,462	17,556	15,731	12,463	9,397
Total	<u>125,422</u>	<u>124,199</u>	<u>122,101</u>	<u>115,361</u>	<u>114,948</u>	<u>114,700</u>	<u>113,892</u>	<u>105,568</u>	<u>96,390</u>	<u>81,487</u>

Notes:

- 1) 2016 data source - Bloomington-Normal Public Transit System
- 2) 2015 and years prior - National Transit Database data

Bloomington-Normal Public Transit System
Selected Operating Information (continued), Last Ten Fiscal Years
Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Vehicle Revenue Miles										
A. Fixed Route	1,287,354	1,266,037	1,266,588	1,303,831	1,319,705	1,282,627	1,371,209	1,302,772	1,083,044	1,031,877
B. Demand Response	353,935	341,637	292,029	252,160	272,245	249,544	188,256	175,544	131,837	111,863
Total	<u>1,641,289</u>	<u>1,607,674</u>	<u>1,558,617</u>	<u>1,555,991</u>	<u>1,591,950</u>	<u>1,532,171</u>	<u>1,559,465</u>	<u>1,478,316</u>	<u>1,214,881</u>	<u>1,143,740</u>
Vehicle Revenue Hours										
A. Fixed Route	92,315	91,253	90,579	90,913	91,302	90,826	92,860	87,403	82,107	70,477
B. Demand Response	26,755	26,078	24,591	19,486	19,834	19,230	16,737	14,914	11,646	9,091
Total	<u>119,070</u>	<u>117,331</u>	<u>115,170</u>	<u>110,399</u>	<u>111,136</u>	<u>110,056</u>	<u>109,597</u>	<u>102,317</u>	<u>93,753</u>	<u>79,568</u>
Total Operating Expenses										
A. Fixed Route	8,209,286	7,891,011	7,691,160	7,548,159	6,753,206	6,448,625	5,619,022	5,254,894	5,056,085	4,640,766
B. Demand Response	2,588,244	2,467,647	2,129,852	1,739,500	1,522,250	1,213,754	1,121,624	913,788	823,257	523,959
Total	<u>10,797,530</u>	<u>10,358,658</u>	<u>9,821,012</u>	<u>9,287,659</u>	<u>8,275,456</u>	<u>7,662,379</u>	<u>6,740,646</u>	<u>6,168,682</u>	<u>5,879,342</u>	<u>5,164,725</u>
Fare Revenue										
A. Fixed Route	1,280,909	1,303,049	1,252,642	1,248,514	1,079,540	944,518	922,362	911,634	920,628	875,853
B. Demand Response	132,776	130,418	118,962	108,070	106,768	90,314	56,504	61,838	62,653	33,035
Total	<u>1,413,685</u>	<u>1,433,467</u>	<u>1,371,604</u>	<u>1,356,584</u>	<u>1,186,308</u>	<u>1,034,832</u>	<u>978,866</u>	<u>973,472</u>	<u>983,281</u>	<u>908,888</u>

Notes:

- 1) 2016 data source - Bloomington-Normal Public Transit System
- 2) 2015 and years prior - National Transit Database data

Bloomington-Normal Public Transit System
Selected Operating Information (continued), Last Ten Fiscal Years
Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Cost per Passenger Mile										
A. Fixed Route	1.12	1.06	0.99	1.21	1.07	1.15	1.64	1.19	1.09	0.89
B. Demand Response	6.04	6.19	5.72	5.08	6.09	4.85	5.65	4.74	5.29	5.60
Cost per Total Actual Mile										
A. Fixed Route	6.15	6.02	5.86	5.60	4.95	4.87	4.01	3.95	4.54	4.39
B. Demand Response	6.37	6.40	6.03	5.96	4.76	4.05	5.12	4.53	5.25	4.65
Cost per Unlinked Passenger Trip										
A. Fixed Route	3.38	2.97	3.05	3.76	3.32	3.57	4.58	3.27	2.97	3.32
B. Demand Response	34.27	33.29	32.58	29.97	30.29	29.21	32.80	26.79	29.87	27.02
Cost per Total Actual Hour										
A. Fixed Route	86.80	84.01	82.57	80.67	72.24	69.16	58.33	58.49	60.24	64.37
B. Demand Response	83.91	81.53	73.56	79.81	70.90	56.55	63.89	58.09	66.06	55.76
Fare Revenue per Passenger Trip										
A. Fixed Route	0.53	0.49	0.50	0.62	0.50	0.50	0.80	0.60	0.50	0.60
B. Demand Response	1.76	1.76	1.82	1.86	2.10	2.20	1.60	1.80	2.30	1.70

Notes:

- 1) 2016 data source - Bloomington-Normal Public Transit System
- 2) 2015 and years prior - National Transit Database data

Bloomington-Normal Public Transit System
 Selected Operating Information (continued), Last Ten Fiscal Years
 Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Full-Time Equivalent Employees										
A. Fixed Route	98.86	88.14	88.10	84.30	97.10	93.60	60.70	67.50	63.30	64.50
B. Demand Response	25.14	21.86	21.90	20.80	25.00	21.70	12.90	14.30	14.20	10.50
Total	<u>124.00</u>	<u>110.00</u>	<u>110.00</u>	<u>105.10</u>	<u>122.10</u>	<u>115.30</u>	<u>73.60</u>	<u>81.80</u>	<u>77.50</u>	<u>75.00</u>
Capital Assets - Revenue Vehicles										
A. Fixed Route	40.00	35.00	35.00	29.00	29.00	32.00	32.00	31.00	31.00	29.00
B. Demand Response	16.00	21.00	21.00	21.00	13.00	13.00	8.00	6.00	6.00	6.00
Total	<u>56.00</u>	<u>56.00</u>	<u>56.00</u>	<u>50.00</u>	<u>42.00</u>	<u>45.00</u>	<u>40.00</u>	<u>37.00</u>	<u>37.00</u>	<u>35.00</u>

Notes:

- 1) 2016 data source - Bloomington-Normal Public Transit System
- 2) 2015 and years prior - National Transit Database data

SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' 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

Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

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 Bloomington-Normal Public Transit System (the System), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated November 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 result 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Champaign, Illinois
November 16, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Bloomington-Normal Public Transit System's (the System) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the System's major federal programs for the year ended June 30, 2016. The System's major federal programs are identified in the summary of auditors' 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 federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the System's major federal programs 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 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 System'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 each major federal program. However, our audit does not provide a legal determination of the System's compliance.

Opinion on Each Major Federal Program

In our opinion, the System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the System 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 System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB 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 System'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 result of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Champaign, Illinois
November 16, 2016

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>		<u>Grant Number</u>	<u>Total Awards Expended</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Transportation -					
Federal Transit Administration Direct:					
Urbanized Area Formula Grants:					
Used for Operations	20.507	*	IL-90-X684-03	\$ 756,434	\$ -
	20.507	*	IL-90-X716-00	1,741,880	-
Used for Capital Additions	20.507	*	IL-90-X640-01	50,221	-
	20.507	*	IL-90-X716-00	642,462	-
	20.507	*	IL-90-X684-03	<u>1,640,000</u>	<u>-</u>
TOTAL FEDERAL TRANSIT CLUSTER				<u>\$ 4,830,997</u>	<u>\$ -</u>

* Denotes a major program

Notes to Schedule of Expenditures of Federal Awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Bloomington-Normal Transit System's programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with 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). Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net position, or cash flows of the System.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The System has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Nonmonetary Assistance

The System did not receive any federal awards in the form of non-cash assistance for insurance in effect during the year, loans, or loan guarantees during the fiscal year ended June 30, 2016.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes x no

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes x no

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? x yes no

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

Section II – Financial Statement Findings

NONE

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

Section III – Federal Award Findings and Questioned Costs

NONE

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ended June 30, 2016**

YEAR ENDED JUNE 30, 2015

FINDING NO. 2015-001 – PAYROLL RATES

Condition

During our testing, we noted transactions in which the wages paid to employees were not based on approved pay rates.

Condition was not found in current year testing.