



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

**Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2017 and 2016**



Bloomington Normal Public Transit System
Normal, Illinois
Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2017 and 2016

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

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
ORGANIZATIONAL CHART	5
LIST OF ELECTED AND APPOINTED OFFICIALS	6
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	7

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	8
MANAGEMENT'S DISCUSSION AND ANALYSIS	11
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	17
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	18
STATEMENTS OF CASH FLOWS	19
NOTES TO BASIC FINANCIAL STATEMENTS	21

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPUTATION OF FEDERAL OPERATING ASSISTANCE GRANT	28
SCHEDULE OF REVENUE AND EXPENSES UNDER DOWNSTATE OPERATING ASSISTANCE GRANT OP-16-07-IL	29
SCHEDULE OF COMPUTATION OF AMOUNT DUE ILLINOIS STATE UNIVERSITY	30

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

STATISTICAL SECTION

NET POSITION BY COMPONENT	31
CHANGES IN NET POSITION	32
REVENUE BY SOURCE	33
REVENUE PAYERS	34
DEMOGRAPHIC AND ECONOMIC STATISTICS	35
PRINCIPAL EMPLOYERS	36
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION	37
SELECTED OPERATING INFORMATION	38

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 <i>GOVERNMENT AUDITING STANDARDS</i>	42
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	44
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	47



October 17, 2017

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 years ending June 30, 2017 and 2016, is submitted herewith. This report provides a broad view of Connect Transit's financial activities for the 2017 and 2016 fiscal years and its financial position at June 30, 2017 and 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 years ended June 30, 2017 and 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 years ended June 30, 2017 and 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.

Bloomington-Normal Public Transit System
Letter of Transmittal

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis of the basic financial statements in the 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 1 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 132,000 residents. In FY 2017, combined ridership for all modes of service totaled 2,301,007. 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 128 employees. Connect Transit operates up to 31 buses on 15 fixed routes. 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 42 buses for its 15 fixed routes. Included in this fleet are (7) 2016 New Flyer 40' buses, (5) 2015 New Flyer 40' buses, (4) 2011 Gillig 35' buses, (1) 2010 Gillig 35' bus, (2) 2008 Gillig 30' buses, (4) 2005 Gillig 30' buses, (12) 2004 Gillig 30' buses, and (7) 1998 Gillig 40' buses. Connect Mobility's paratransit fleet includes (8) 2013 Chevy Senator vans, (3) 2011 Ford vans, and (2) 2010 Ford vans.

In FY 2017, fixed route services carried 2,217,641 passengers. Connect Transit's demand response services total ridership was 83,366.

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 2017 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 2017 included:

- Acquired 7 new New Flyer buses as replacement vehicles
- Acquired 11 used New Flyer buses as replacement vehicles
- Implemented a route restructure
- Installed a propane fueling station
- Installed a farebox vault room
- Began installation 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.



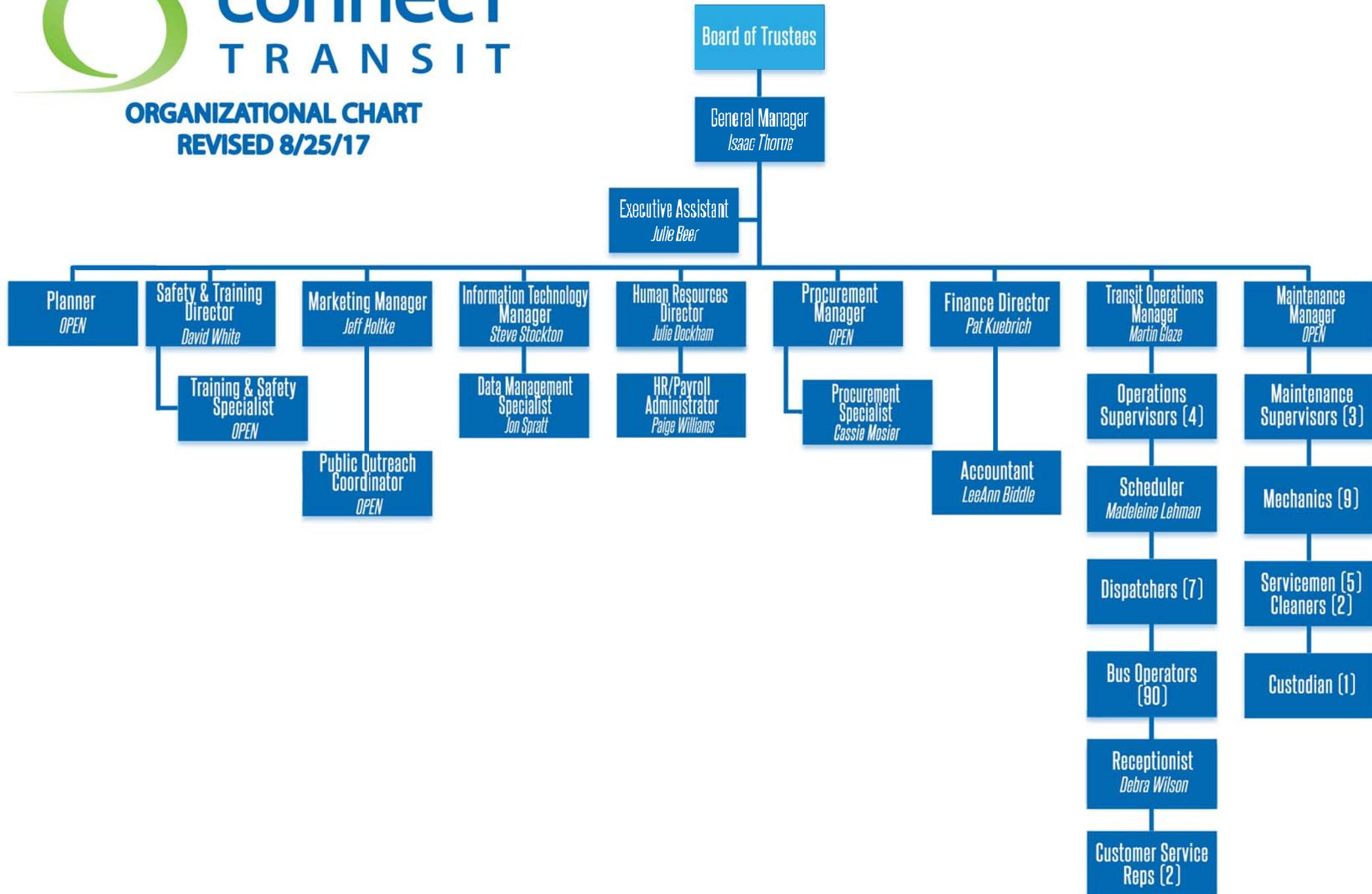
Isaac Thorne
General Manager



Patrick Kuebrich
Finance Director



ORGANIZATIONAL CHART REVISED 8/25/17



Bloomington-Normal Public Transit System
Board of Trustees
For the Years Ended June 30, 2017 and 2016

<u>Name</u>	<u>Position</u>	<u>Appointed By</u>
Mike McCurdy	Chairman	City of Bloomington
Ryan Whitehouse	Vice Chairman	Town of Normal
Lauren Lacy	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



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Public Transit System
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

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, 2017 and 2016, 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, 2017 and 2016, 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 11 through 16 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, 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-17-07-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-17-07-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 October 17, 2017, 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 solely 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 the effectiveness of the Bloomington-Normal Public Transit System’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bloomington-Normal Public Transit System’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Champaign, Illinois
October 17, 2017

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. 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 General Manager, Bloomington-Normal Public Transit System, 351 Wylie Drive, Normal, Illinois 61761.

Financial Highlights – Fiscal Year 2017

- State operating assistance increased in fiscal year 2017 to \$7,681,950 from \$7,064,354 in fiscal year 2016.
- Federal operating assistance decreased in fiscal year 2017 to \$1,739,100 from \$2,131,109 in fiscal year 2016.
- The assets of the System exceeded its liabilities at the close of the most recent fiscal year by \$22,878,645 (net position).
- The System operated in fiscal year 2017 without incurring long-term debt.

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.

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 \$20.73 million to \$22.88 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

	2017	2016	2015
Current and Other Assets	\$ 7,006,293	\$ 7,565,134	\$ 7,688,746
Capital Assets	17,277,960	14,665,222	12,014,623
Total Assets	<u>24,284,253</u>	<u>22,230,356</u>	<u>19,703,369</u>
Current and Other Liabilities	926,663	1,090,096	992,236
Noncurrent Liabilities	478,945	412,378	293,369
Total Liabilities	<u>1,405,608</u>	<u>1,502,474</u>	<u>1,285,605</u>
Net Position:			
Net Investment in Capital Assets	16,819,419	14,665,222	12,014,623
Unrestricted	6,059,226	6,062,660	6,403,141
Total Net Position	<u>\$ 22,878,645</u>	<u>\$ 20,727,882</u>	<u>\$ 18,417,764</u>

Fiscal Year 2017 – The System’s net position increased by 10.4 percent (\$22.88 million compared to \$20.73 million) during fiscal year 2017.

Capital assets increased by \$2,612,738 during fiscal year 2017 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 \$3,434 (\$6.059 million compared to \$6.063 million). This decrease in unrestricted net position is due to an increase in capital projects from local contributions from the City of Bloomington and Town of Normal.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Position

	2017	2016	2015
Operating Revenues:			
Revenues from Transportation Services	\$ 1,251,585	\$ 1,413,686	\$ 1,433,468
Other Operating Revenues	121,139	151,208	119,683
Total Operating Revenues	1,372,724	1,564,894	1,553,151
Operating Expenses:			
Transportation Services	13,413,346	11,992,189	11,480,131
Operating Loss	(12,040,622)	(10,427,295)	(9,926,980)
Non-Operating Revenues:			
Operating Grants	9,421,050	9,195,463	8,747,137
Local Subsidies	2,165,624	1,205,110	986,934
Interest Income	2,057	4,157	5,023
Total Non-Operating Revenues	11,588,731	10,404,730	9,739,094
Income/Loss Before			
Other Revenues	(451,891)	(22,565)	(187,886)
Other Revenues:			
Capital Grants	2,602,654	2,332,683	96,867
Change in Net Position	2,150,763	2,310,118	(91,019)
Net Position, Beginning of Year	20,727,882	18,417,764	18,508,783
Net Position, End of Year	\$ 22,878,645	\$ 20,727,882	\$ 18,417,764

Fiscal Year 2017 – The System’s operating revenues decreased by \$192,170 or 12.3 percent in 2017 (\$1,372,724) compared to 2016 (\$1,564,894). Operating expenses increased 11.9 percent (\$1,421,157).

Factors that led to the changes included:

- Decrease in passenger fares
- Stopped leasing the Oakland Avenue property
- Increased salaries and wages expense due to the addition of Sunday service and route restructure
- Increased employee health insurance due to increase in employees and insurance rates
- Increased payroll taxes and retirement plan due to increase in employees

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Capital Asset Administration

At the end of fiscal year 2017, the System had \$17.2 million invested in a broad range of capital assets (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$2,612,738 or 17.8% percent more than last year, due mainly to the addition of new revenue vehicles.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	2017	2016	2015
Land and Improvements	\$ 1,220,018	\$ 1,220,018	\$ 1,283,618
Construction in Process	73,962	320,783	135,994
Facilities	9,178,021	8,819,832	8,931,759
Revenue Vehicles	15,714,503	12,954,145	10,061,730
Held for Sale	425,536	425,536	-
Other Equipment	1,752,022	1,174,438	1,052,013
Less: Accumulated Depreciation	(11,086,102)	(10,249,530)	(9,450,491)
Totals	\$ 17,277,960	\$ 14,665,222	\$ 12,014,623

This year's major additions included:

Construction in Process	\$ 73,962
Building Improvement	358,189
Revenue Vehicles	3,507,773
Other Equipment	577,584
	\$ 4,517,508

Fiscal Year 2016 Major Additions Include:

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

The System's fiscal year 2018 capital budget calls for \$5.36 million for capital expenditures. Some of the more significant fiscal year 2018 capital projects include:

Revenue Vehicle Purchases	\$ 5,109,460
A/E for Transfer Center	250,000
	\$ 5,359,460

More detailed information about the System's capital assets is presented in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

- For fiscal year 2018, operating assistance from IDOT will again be 65 percent of allowable operating expenses. Because the State of Illinois has passed a budget, there should not be a delay in IDOT making quarterly payments.
- The General Operating Fund budget contains a total of \$13,548,637 for operating expenses in fiscal year 2018.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016**

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,057,094	\$ 5,809,217
Receivables	2,499,541	1,333,971
Inventory	229,375	229,981
Prepaid Expenses	220,283	191,965
Total Current Assets	7,006,293	7,565,134
PROPERTY AND EQUIPMENT		
Land, Assets Held for Sale, and Construction in Process, not Being Depreciated	1,719,516	1,966,337
Other Property and Equipment, Net of Depreciation	15,558,444	12,698,885
Total Property and Equipment	17,277,960	14,665,222
 Total Assets	 \$ 24,284,253	 \$ 22,230,356
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable, including \$33,005 and \$-0- retainage payable	\$ 265,593	\$ 472,377
Accrued Expenses	258,901	226,930
Unearned Revenue	102,169	90,789
Compensated Absences	300,000	300,000
Total Current Liabilities	926,663	1,090,096
NONCURRENT LIABILITIES		
Compensated Absences, Net of Current Portion	478,945	412,378
 Total Liabilities	 1,405,608	 1,502,474
NET POSITION		
Net Investment in Capital Assets	16,819,419	14,665,222
Unrestricted	6,059,226	6,062,660
Total Net Position	22,878,645	20,727,882
 Total Liabilities and Net Position	 \$ 24,284,253	 \$ 22,230,356

See accompanying Notes to Basic Financial Statements.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
OPERATING REVENUES		
Passenger Fares	\$ 718,845	\$ 893,936
Contract Fares	532,740	519,750
Miscellaneous Income	121,139	151,208
Total Operating Revenues	1,372,724	1,564,894
OPERATING EXPENSES		
Salaries and Wages	7,260,197	6,397,683
Depreciation	1,570,868	1,194,661
Fuel and Lubricants	699,424	861,354
Bus Repair and Maintenance	609,181	681,126
Group Insurance	1,198,596	708,477
Insurance	454,432	473,071
Payroll Taxes	536,482	471,485
Retirement Plan	260,335	229,349
Professional Fees	212,904	314,365
Supplies	150,810	163,364
Utilities and Telephone	117,286	104,102
Other Operating Expenses	342,831	393,152
Total Operating Expenses	13,413,346	11,992,189
OPERATING LOSS	(12,040,622)	(10,427,295)
NONOPERATING REVENUES		
State of Illinois Operating Assistance Grant	7,681,950	7,064,354
Federal Operating Assistance Grant	1,739,100	2,131,109
Local Subsidies	2,165,624	1,205,110
Interest Income	2,057	4,157
Total Nonoperating Revenues	11,588,731	10,404,730
LOSS BEFORE OTHER REVENUES	(451,891)	(22,565)
OTHER REVENUES		
Federal Capital Grants	2,602,654	2,332,683
CHANGE IN NET POSITION	2,150,763	2,310,118
Net Position – Beginning of Year	20,727,882	18,417,764
NET POSITION – END OF YEAR	\$ 22,878,645	\$ 20,727,882

See accompanying Notes to Basic Financial Statements.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 1,385,742	\$ 1,664,329
Payments to Vendors	(4,816,777)	(4,451,142)
Payments to Employees	(7,161,659)	(6,273,092)
Net Cash Used by Operating Activities	(10,592,694)	(9,059,905)
 CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
State Operating Assistance Grant Proceeds Received	6,086,320	6,848,564
Federal Operating Assistance Grant Proceeds Received	2,167,522	1,741,880
Net Cash Provided by Noncapital and Related Financing Activities	8,253,842	8,590,444
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal Capital Grant Proceeds Received	2,602,654	2,332,683
Local Subsidies Received	2,165,624	1,205,110
Purchases of Property and Equipment	(4,183,606)	(3,845,260)
Net Cash Provided (Used) by Capital and Related Financing Activities	584,672	(307,467)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	2,057	4,157
 DECREASE IN CASH AND CASH EQUIVALENTS	(1,752,123)	(772,771)
Cash and Cash Equivalents – Beginning of Year	5,809,217	6,581,988
 CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 4,057,094	\$ 5,809,217

See accompanying Notes to Basic Financial Statements.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (12,040,622)	\$ (10,427,295)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	1,570,868	1,194,661
Effects of Changes in Operating Assets and Liabilities:		
Receivables	1,638	105,671
Inventory	606	42,154
Prepaid Expenses	(28,318)	(191,965)
Accounts Payable, Accrued Expenses and Compensated Absences	(108,246)	223,105
Unearned Revenue	11,380	(6,236)
	<u>\$ (10,592,694)</u>	<u>\$ (9,059,905)</u>
Net Cash Used by Operating Activities	<u>\$ (10,592,694)</u>	<u>\$ (9,059,905)</u>

See accompanying Notes to Basic Financial Statements.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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) (28% of 2017 revenues and 31% of 2016 revenues), the Illinois Department of Transportation (IDOT) (49% of 2017 revenues and 49% of 2016 revenues), and subsidies from Bloomington and Normal (14% of 2017 revenues and 8% of 2016 revenues).

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The financial reporting entity consists of (a) the primary government, the System, which has a separately appointed governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The System is an independent special purpose government in that it has the authority to determine its budget, set rates or levy taxes, and issue bonded debt without approval by another government.

There are no component units of the System nor is the System dependent on any other entity.

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, 2017 and 2016.

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, 2017 AND 2016**

NOTE 1 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 acquisition 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 one 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 nonoperating 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, 2017 AND 2016**

NOTE 2 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.

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, 2017 and 2016, the System’s \$4,211,836 and \$5,822,161 bank balance, respectively, was fully insured or collateralized.

Interest Rate and Credit Risk

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.

NOTE 3 RECEIVABLES

Receivables were as follows at June 30:

	<u>2017</u>	<u>2016</u>
Federal Operating Assistance Grant	\$ 328,012	\$ 756,434
State of Illinois Operating Assistance Grant	2,030,188	434,558
Other	141,341	142,979
Totals	<u>\$ 2,499,541</u>	<u>\$ 1,333,971</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.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 4 PROPERTY AND EQUIPMENT, NET

The changes in property and equipment for fiscal year 2017 were as follows:

	June 30, 2016	Additions	Disposals	June 30, 2017
Used in Operations				
Not Being Depreciated:				
Land	\$ 1,220,018	\$ -	\$ -	\$ 1,220,018
Construction in Process	320,783	73,962	(320,783)	73,962
Total Capital Assets, not Being Depreciated	<u>1,540,801</u>	<u>73,962</u>	<u>(320,783)</u>	<u>1,293,980</u>
Being Depreciated:				
Buildings and Improvements	8,819,832	358,189	-	9,178,021
Vehicles	12,954,145	3,507,773	(747,415)	15,714,503
Furniture and Equipment	1,174,438	577,584	-	1,752,022
Total Capital Assets, Being Depreciated	<u>22,948,415</u>	<u>4,443,546</u>	<u>(747,415)</u>	<u>26,644,546</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(1,269,785)	(233,977)	-	(1,503,762)
Vehicles	(7,898,109)	(954,119)	734,296	(8,117,932)
Furniture and Equipment	(1,081,636)	(382,772)	-	(1,464,408)
Total Accumulated Depreciation	<u>(10,249,530)</u>	<u>(1,570,868)</u>	<u>734,296</u>	<u>(11,086,102)</u>
Total Capital Assets Used in Operations	14,239,686	2,946,640	(333,902)	16,852,424
Held for Sale				
Land	63,600	-	-	63,600
Buildings and Improvements	361,604	-	-	361,604
Furniture and Equipment	332	-	-	332
Total Capital Assets Held for Sale	<u>425,536</u>	<u>-</u>	<u>-</u>	<u>425,536</u>
Total Capital Assets	<u>\$ 14,665,222</u>	<u>\$ 2,946,640</u>	<u>\$ (333,902)</u>	<u>\$ 17,277,960</u>

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 4 PROPERTY AND EQUIPMENT, NET (CONTINUED)

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

	June 30, 2015	Additions	Disposals	Transfers	June 30, 2016
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
Total Capital Assets, not Being Depreciated	1,419,612	320,783	(135,994)	(63,600)	1,540,801
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	1,052,013	124,355	-	(1,930)	1,174,438
Total Capital Assets, Being Depreciated	20,045,502	3,660,471	(346,234)	(411,324)	22,948,415
Less: Accumulated Depreciation					
Buildings and Improvements	(1,388,214)	(277,193)	346,234	49,388	(1,269,785)
Vehicles	(7,218,794)	(679,315)	-	-	(7,898,109)
Furniture and Equipment	(843,483)	(238,153)	-	-	(1,081,636)
Total Accumulated Depreciation	(9,450,491)	(1,194,661)	346,234	49,388	(10,249,530)
Total Capital Assets Used in Operations	12,014,623	2,786,593	(135,994)	(425,536)	14,239,686
Held for Sale					
Land	-	-	-	63,600	63,600
Buildings and Improvements	-	-	-	361,604	361,604
Furniture and Equipment	-	-	-	332	332
Total Capital Assets Held for Sale	-	-	-	425,536	425,536
Total Capital Assets	<u>\$ 12,014,623</u>	<u>\$ 2,786,593</u>	<u>\$ (135,994)</u>	<u>\$ -</u>	<u>\$ 14,665,222</u>

Depreciation for transit operations for the years ended June 30, 2017 and 2016 was \$1,570,868 and \$1,194,661, 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, 2017 AND 2016**

NOTE 5 NONCURRENT LIABILITIES

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

	June 30, 2016	Issued	Retired	June 30, 2017	Due Within One Year
Accrued Compensated Absences	<u>\$ 712,378</u>	<u>\$ 749,760</u>	<u>\$ (683,193)</u>	<u>\$ 778,945</u>	<u>\$ 300,000</u>
	June 30, 2015	Issued	Retired	June 30, 2016	Due Within One Year
Accrued Compensated Absences	<u>\$ 593,369</u>	<u>\$ 744,316</u>	<u>\$ (625,307)</u>	<u>\$ 712,378</u>	<u>\$ 300,000</u>

NOTE 6 DEFERRED COMPENSATION PLAN

The System offers its employees a deferred compensation plan (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% of their includible compensation. The System contributes 5% 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, 2017 totaled \$605,489, which consisted of \$345,154 contributed by the employees and \$260,335 contributed by the System. 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.

The assets of the Plan are held in a trust for the exclusive benefit of the Plan participants. Since the System does not hold the assets in a trustee capacity, nor does it have fiduciary accountability for the Plan assets, the Plan assets are not included in the financial statements.

The System provides no other post-employment benefits.

NOTE 7 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.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 8 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, 2017, payments received from the City of Bloomington and Town of Normal totaled \$1,179,050 and \$986,574, respectively. 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.

NOTE 9 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 2017 and 2016 was \$92,884 and \$92,447, respectively.

The System has entered into several contracts totaling \$7,411,916 during the fiscal year or subsequent to year-end. The amount paid or accrued related to these contracts during the fiscal year was \$1,273,754. The remaining balance on these contracts is \$6,138,162 at June 30, 2017. These contracts were for ADA paratransit eligibility services, automatic ticketing system, tire lease, construction of propane stations, purchases of buses, oils, lubricants, fuel, and lease of electronic cars.

SUPPLEMENTARY INFORMATION

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF COMPUTATION OF FEDERAL OPERATING ASSISTANCE GRANT
YEAR ENDED JUNE 30, 2017**

Operating Expenses, Excluding Depreciation	\$ 11,842,481
Less: Ineligible Expenses:	
APTA and IPTA Dues	(3,730)
Miscellaneous Revenue	(7,911)
YWCA Passthrough	(12,000)
Advertising Expenses	(87,039)
Illinois Capital Grant	(454)
Total Eligible Operating Expenses	11,731,347
Less: Offsets to Total Eligible Operating Expenses:	
Passenger Fares	(1,251,585)
Interest Income	(2,057)
City of Bloomington and Town of Normal Support	(1,000,000)
Miscellaneous Income	(113,228)
Federal Project Cost, Net	9,364,477
Federal Participation Rate Limit	0.5
Federal Participation Limit	\$ 4,682,239
Actual Federal Participation:	
Federal Project Cost, Net	\$ 9,364,477
State Operating Assistance	(7,681,950)
State Operating Assistance Applied to Costs Ineligible for Federal Operating Assistance	56,573
Calculated Federal Operating Assistance	1,739,100
Maximum Federal Operating Assistance	1,739,100
Actual Federal Operating Assistance – Lessor of Calculated and Maximum Federal Operating Assistance	1,739,100
Payments Received from FTA as of June 30, 2017	1,411,088
Due from FTA as of June 30, 2017	\$ 328,012

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF REVENUE AND EXPENSES UNDER DOWNSTATE
OPERATING ASSISTANCE GRANT OP-17-07-IL
YEAR ENDED JUNE 30, 2017**

OPERATING REVENUES AND INCOME

401	Passenger Fares for Transit Services	\$ 631,745
402	Special Transit Fares	619,840
406	Auxiliary Revenue	113,228
407	Nontransportation Revenue	2,057
409	Bloomington and Normal Operating Support	1,000,000
	Revenue Recorded in Fiscal Year 2017	<u>1,000,000</u>

Total Operating Revenue and Income 2,366,870

OPERATING EXPENSES

501	Labor	7,260,197
502	Fringe Benefits	1,689,334
503	Professional Services	305,296
504	Materials and Supplies Consumed	1,386,056
505	Utilities	118,767
506	Casualty and Liability	232,195
507	Taxes	574,290
509	Miscellaneous Expense	251,425
512	Leases, Rentals, and Purchase-Lease Payments	24,921
	Total Operating Expenses	<u>11,842,481</u>

Less: Ineligible Expenses:

	Miscellaneous Revenue	7,911
	APTA and IPTA Dues, YWCA Passthrough	15,730
	IL Capital Grant	454
	Total Ineligible Expenses	<u>24,095</u>

Total Eligible Operating Expenses \$ 11,818,386

Total Eligible Operating Expenses \$ 11,818,386

Total Operating Revenue and Income 2,366,870

Deficit (9,451,516)

65% of Eligible Expense 7,681,951

Maximum Contract Amount 8,624,900

Eligible Downstate Operating Assistance

(Deficit, 65% of Eligible Expense, or Maximum Contract Amount,
Whichever is Less) 7,681,951

FY17 Downstate Operating Assistance Received

(Through June 30, 2017) 5,806,170

FY17 Downstate Operating Assistance

Received (Subsequent to June 30, 2017) 1,581,430

FY17 Downstate Operating Assistance Under Paid \$ 294,351

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF COMPUTATION OF AMOUNT DUE
ILLINOIS STATE UNIVERSITY
YEAR ENDED JUNE 30, 2017**

Universal Access Service Agreement	\$ 532,740
Balance Due from (to) ISU as of July 1, 2016	-
Service Payments Received from ISU During Fiscal Year 2017	<u>(532,740)</u>
Balance Due from (to) ISU as of June 30, 2017	<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>2017</u>	<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>
Net Position										
Net investment in capital assets	16,819,419	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
Unrestricted	<u>6,059,226</u>	<u>6,062,660</u>	<u>6,403,141</u>	<u>6,117,621</u>	<u>5,067,358</u>	<u>4,348,134</u>	<u>5,553,098</u>	<u>6,432,886</u>	<u>6,959,367</u>	<u>6,746,549</u>
Total Net Position	<u><u>22,878,645</u></u>	<u><u>20,727,882</u></u>	<u><u>18,417,764</u></u>	<u><u>18,508,783</u></u>	<u><u>18,552,670</u></u>	<u><u>17,713,158</u></u>	<u><u>18,354,008</u></u>	<u><u>17,449,090</u></u>	<u><u>11,507,642</u></u>	<u><u>11,068,580</u></u>

Notes:

1) Data source - Audited Financial Statements

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues										
Passenger and Contract Fares	\$ 1,251,585	\$ 1,413,686	\$ 1,433,468	\$ 1,371,605	\$ 1,356,584	\$ 1,186,308	\$ 1,034,840	\$ 975,866	\$ 973,470	\$ 983,281
Other Operating Revenue	121,139	151,208	119,683	16,257	16,411	21,524	12,034	17,906	3,769	3,581
Total Operating Revenues	<u>1,372,724</u>	<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>
Operating Expenses										
Salaries and Wages	7,260,197	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
Fuel and Lubricants	699,424	861,354	1,126,709	1,154,578	1,217,346	1,125,364	1,010,569	785,621	746,998	938,192
Bus Repair and Maintenance	609,181	681,126	572,623	596,531	808,975	378,001	531,994	414,012	367,360	274,471
Group Insurance	1,198,596	708,477	717,808	643,651	536,483	472,227	398,651	393,068	344,505	304,257
Insurance	454,432	473,071	411,638	457,147	484,561	445,380	405,671	310,584	273,285	258,923
Payroll Taxes	536,482	471,485	452,265	419,941	387,083	375,219	359,984	308,569	284,347	265,696
Retirement Plan	260,335	229,349	211,207	195,183	185,759	188,335	153,953	160,322	130,307	127,835
Professional Fees	212,904	314,365	108,573	83,241	163,027	53,577	121,338	139,578	47,089	-
Supplies	150,810	163,364	92,560	146,152	148,762	-	-	-	-	-
Utilities and Telephone	117,286	104,102	128,635	127,004	115,000	105,660	106,561	45,342	41,719	43,712
Other Operating Expenses	342,831	393,152	366,041	320,478	224,294	216,559	413,304	289,610	205,650	211,136
Depreciation	1,570,868	1,194,661	1,121,471	1,327,202	1,348,075	1,079,311	803,769	637,378	619,601	642,605
Total Operating Expenses	<u>13,413,346</u>	<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>
Operating Loss	<u>(12,040,622)</u>	<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>
Non-Operating Revenues										
State Operating Grants	7,681,950	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
Federal Operating Grants	1,739,100	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
Local Subsidies	2,165,624	1,205,110	986,934	928,820	901,946	866,025	821,130	863,010	865,197	827,632
Interest Income	2,057	4,157	5,023	4,133	3,026	2,622	6,167	6,777	64,750	233,605
Capital Grants	2,602,654	2,332,683	96,867	398,703	1,299,435	189,916	1,097,224	5,871,131	82,227	583,495
Other	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Revenues	<u>14,191,385</u>	<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>
Prior Period Adjustment	-	-	-	-	-	-	-	-	117,140	-
Changes in Net Position	\$ 2,150,763	\$ 2,310,118	\$ (91,019)	\$ (43,887)	\$ 839,512	\$ (640,850)	\$ 904,918	\$ 5,980,296	\$ 348,482	\$ 962,996

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
2017	\$ 12,023,704	\$ 2,165,624	\$ 1,251,585	\$ 2,057	\$ 121,139	\$ 15,564,109
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

Notes:

1) Data source - Audited Financial Statements

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

	2017			2008		
	Total Revenue	Rank	Percentage of Total Revenue	Total Revenue	Rank	Percentage of Total Revenue
Illinois Department of Transportation	\$ 7,681,950	1	49.4%	\$ 3,745,005	1	49.8%
Federal Transit Administration	4,341,754	2	27.9%	1,710,661	2	22.7%
	\$ 12,023,704		77.3%	\$ 5,455,666		72.5%

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)
2017	132,269	\$ 44,397	\$ 5,872,346,793	5.1%
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%

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	2017			2008		
	Employees	Rank	Percentage of Total City and Town Employment	Employees	Rank	Percentage of Total City and Town Employment
State Farm Insurance	14,532	1	16.2%	15,297	1	16.7%
Illinois State University	3,300	2	3.7%	3,152	2	3.4%
Country Insurance and Financial Services	1,939	3	2.2%	2,204	3	2.4%
Unit 5 School District	1,669	4	1.9%	1,754	4	1.9%
Advocate BroMenn Medical Center	1,271	5	1.4%	1,537	6	1.7%
OSF - St. Joseph Medical Center	894	6	1.0%	997	8	1.1%
Heartland Bank & Trust	763	7	0.9%			0.0%
Afni, Inc.	760	8	0.8%	1,012	7	1.1%
McLean County	713	9	0.8%	870	9	1.0%
City of Bloomington	691	10	0.8%	645	10	0.7%
Mitsubishi Motor Manufacturing				1,725	5	1.9%
Total Principal Employees	26,532		29.6%	29,193		31.9%
Total Bloomington-Normal Labor Force	89,681			91,382		

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Transit Operations	98.0	89.0	81.0	82.0	82.0	97.4	92.6	58.3	67.0	62.7
Maintenance	19.0	17.0	16.0	15.0	12.1	16.2	16.9	10.9	10.8	10.8
Administration	11.0	18.0	13.0	13.0	11.0	8.5	5.8	4.4	4.0	4.0
Total	<u>128.0</u>	<u>124.0</u>	<u>110.0</u>	<u>110.0</u>	<u>105.1</u>	<u>122.1</u>	<u>115.3</u>	<u>73.6</u>	<u>81.8</u>	<u>77.5</u>

Notes:

- 1) 2017 data source - Bloomington-Normal Public Transit System
- 2) 2016 and years prior - National Transit Database data

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Unlinked Passenger Trips										
A. Fixed Route	2,217,641	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
B. Demand Response	83,366	75,477	74,134	65,382	58,035	50,249	41,558	34,191	34,111	27,563
Total	<u>2,301,007</u>	<u>2,503,042</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>
Passenger Miles										
A. Fixed Route	6,737,597	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
B. Demand Response	486,869	428,145	398,609	372,205	342,753	250,107	250,102	198,414	192,727	155,758
Total	<u>7,224,466</u>	<u>7,782,835</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>
Total Actual Miles										
A. Fixed Route	1,430,661	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
B. Demand Response	419,883	408,808	385,865	353,422	291,905	319,696	299,418	219,119	201,854	156,726
Total	<u>1,850,544</u>	<u>1,742,966</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>
Total Actual Hours										
A. Fixed Route	119,722	94,575	93,933	93,148	93,566	93,478	93,238	96,336	89,837	83,927
B. Demand Response	31,475	30,643	30,266	28,953	21,795	21,470	21,462	17,556	15,731	12,463
Total	<u>151,197</u>	<u>125,218</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>

Notes:

- 1) 2017 data source - Bloomington-Normal Public Transit System
- 2) 2016 and years prior - National Transit Database data

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vehicle Revenue Miles										
A. Fixed Route	1,306,494	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
B. Demand Response	365,953	352,242	341,637	292,029	252,160	272,245	249,544	188,256	175,544	131,837
Total	<u>1,672,447</u>	<u>1,639,596</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>
Vehicle Revenue Hours										
A. Fixed Route	113,351	92,315	91,253	90,579	90,913	91,302	90,826	92,860	87,403	82,107
B. Demand Response	27,753	26,479	26,078	24,591	19,486	19,834	19,230	16,737	14,914	11,646
Total	<u>141,104</u>	<u>118,794</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>
Total Operating Expenses										
A. Fixed Route	9,252,731	8,197,286	7,891,011	7,691,160	7,548,159	6,753,206	6,448,625	5,619,022	5,254,894	5,056,085
B. Demand Response	2,589,747	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
Total	<u>11,842,478</u>	<u>10,785,530</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>
Fare Revenue										
A. Fixed Route	1,127,929	1,280,909	1,303,049	1,252,642	1,248,514	1,079,540	944,518	922,362	911,634	920,628
B. Demand Response	123,656	132,776	130,418	118,962	108,070	106,768	90,314	56,504	61,838	62,653
Total	<u>1,251,585</u>	<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>

Notes:

- 1) 2017 data source - Bloomington-Normal Public Transit System
- 2) 2016 and years prior - National Transit Database data

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cost per Passenger Mile										
A. Fixed Route	1.37	1.11	1.06	0.99	1.21	1.07	1.15	1.64	1.19	1.09
B. Demand Response	5.32	6.05	6.19	5.72	5.08	6.09	4.85	5.65	4.74	5.29
Cost per Total Actual Mile										
A. Fixed Route	6.47	6.14	6.02	5.86	5.60	4.95	4.87	4.01	3.95	4.54
B. Demand Response	6.17	6.33	6.40	6.03	5.96	4.76	4.05	5.12	4.53	5.25
Cost per Unlinked Passenger Trip										
A. Fixed Route	4.17	3.38	2.97	3.05	3.76	3.32	3.57	4.58	3.27	2.97
B. Demand Response	31.06	34.29	33.29	32.58	29.97	30.29	29.21	32.80	26.79	29.87
Cost per Total Actual Hour										
A. Fixed Route	77.29	86.67	84.01	82.57	80.67	72.24	69.16	58.33	58.49	60.24
B. Demand Response	82.28	84.46	81.53	73.56	79.81	70.90	56.55	63.89	58.09	66.06
Fare Revenue per Passenger Trip										
A. Fixed Route	0.51	0.53	0.49	0.50	0.62	0.50	0.50	0.80	0.60	0.50
B. Demand Response	1.48	1.76	1.76	1.82	1.86	2.10	2.20	1.60	1.80	2.30

Notes:

- 1) 2017 data source - Bloomington-Normal Public Transit System
- 2) 2016 and years prior - National Transit Database data

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Full-Time Equivalent Employees										
A. Fixed Route	100.35	96.31	88.14	88.10	84.30	97.10	93.60	60.70	67.50	63.30
B. Demand Response	27.65	27.69	21.86	21.90	20.80	25.00	21.70	12.90	14.30	14.20
Total	<u>128.00</u>	<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>
Capital Assets - Revenue Vehicles										
A. Fixed Route	42.00	40.00	35.00	35.00	29.00	29.00	32.00	32.00	31.00	31.00
B. Demand Response	13.00	16.00	21.00	21.00	21.00	13.00	13.00	8.00	6.00	6.00
Total	<u>55.00</u>	<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>

Notes:

- 1) 2017 data source - Bloomington-Normal Public Transit System
- 2) 2016 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, 2017, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated October 17, 2017.

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
October 17, 2017



**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, 2017. 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 qualified and unmodified opinions on compliance for major federal programs. 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, 2017.

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.



CliftonLarsonAllenLLP

Champaign, Illinois
October 17, 2017

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant Number	Total Awards Expended	Passed Through to Subrecipients
U.S. Department of Transportation –				
Federal Transit Administration Direct:				
Urbanized Area Formula Grants, Section 5307				
Used for Operations	20.507	* IL-2016-022-00	\$ 1,562,198	\$ -
	20.507	* IL-90-X716-00	605,324	-
Used for Capital Additions	20.507	* IL-90-X640-01	103,629	-
	20.507	* IL-90-X716-00	689,620	-
	20.507	* IL-90-X674-02	24,405	-
New Starts, Small Starts, and Core Capacity				
Used for Capital Additions	20.500	* IL-04-0087	<u>1,785,000</u>	<u>-</u>
Total Federal Transit Cluster			<u>\$ 4,770,176</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, 2017. 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 noncash assistance for insurance in effect during the year, loans, or loan guarantees during the fiscal year ended June 30, 2017.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

20.507/20.500

Name of Federal Program or Cluster

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 (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

NONE

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Section III – Federal Award Findings and Questioned Costs

NONE