



Connect Transit

AGENDA

Board of Trustees Work Session

Tuesday, November 26, 2013

3:30 PM

Board Room
Connect Transit Operations Facility
351 Wylie Drive, Normal, IL

- A. Call to Order
- B. Roll Call
- C. Work Session
 - 1. Follow-Up on Study Group Recommendations
 - 2. Comprehensive Operational Analysis
 - 3. Local Funding Options
- D. Adjournment



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T R A N S I T

Connect Transit

AGENDA

Meeting of the Board of Trustees

Tuesday, November 26, 2013

4:30 PM

Board Room
Connect Transit Operations Facility
351 Wylie Drive, Normal, IL

- A. Call to Order
- B. Roll Call
- C. Public Comments
- D. Approval of Minutes of Previous Regular Meeting, October 22, 2013 (Page 1)
- E. Items Removed From Consent Agenda
- F. Consent Agenda
 - 1. Review and Approve November Disbursements (Page 13)
 - 2. Review and Receive October Financial Report (Page 17)
 - 3. Review and Receive October Capital and Self-Insurance Reserve Fund Balances (Page 21)
 - 4. Review and Receive October Monthly Statistical Report (Page 23)
 - 5. Review and Approve Recommendation Regarding Annual Performance Review and Compensation for the General Manager (Page 27)
- G. Old Business
- H. New Business
 - 1. FY2013 Audit Report by Martin, Hood, Friese & Associates (Page 29)
 - 2. Review and Approve Recommendation for Bus Passenger Information Display System at Uptown Station (Page 75)
 - 3. Review and Approve Recommendation for Show Bus Vehicle Lease (Page 77)



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4. Review and Approve Recommendation for Cancellation of Contract with Heart Technologies for Convenience (Page 79)
5. Review and Approve Recommendation for Network Server Software and Hardware (Page 81)
- I. General Manager's Report
 1. Union Contract Negotiation Update
 2. Holiday Express
 3. Bus Shelter Update
 4. Upcoming Projects
 5. Strategic Planning Update
- J. Correspondence and Media (Page 83)
- K. Trustee Comments
- L. Request for Executive Session
- M. Adjournment

CONNECT TRANSIT
BOARD OF TRUSTEES
MINUTES OF REGULAR MEETING
October 22, 2013

The regular meeting of the Board of Trustees of Connect Transit was held at the Connect Transit Board Room #135, Normal, Illinois on October 22, 2013 at 4:30 p.m.

TRUSTEES PRESENT:

Judy Buchanan, Chairman
Bill Wilson, Vice-Chairman
Mike McCurdy, Secretary
John Bowman
Felicia Shaw
John Thomas
Ryan Whitehouse

TRUSTEES ABSENT:

CITY MANAGERS: Mark Peterson, Town of Normal

STAFF PRESENT:

Andrew Johnson, General Manager
Jennifer Clark, Human Resources Director
Patrick Kuebrich, Finance Director
Roy Rickert, Operations Director
Jennifer Sorenson, Community Relations Manager
Steve Stockton, Information Technology Director
Trish Tilton, Administrative Assistant

OTHERS PRESENT:

David R. Calhoun, Vice-President ATU 752
Marilyn Evans, Rider, CEFT Member
Joan Fenton, Rider, Phoenix Towers Resident
Scott Fowler, McLean County Regional Planning
Gary May, Driver ATU Member
Rachel Wells, Pantagraph

Call to Order

Ms. Judy Buchanan, Chairman, called the meeting to order at 4:33 p.m. Roll call was taken.

Chairman Buchanan acknowledged and congratulated Mr. Roy Rickert, Operations Director, on his recent graduation from the American Public Transportation Association Leadership Program. Mr. Rickert was part of a prestigious group of 25 individuals chosen

from a competitive pool of applicants to be in the Leadership APTA Class. At the APTA Convention, Mr. Rickert made the presentation for his group's paper, "Cyber Security". Mr. Johnson, General Manager, added Mr. Rickert represented Connect Transit very well to the entire transit community of this country.

Public Comments

Ms. Marilyn Evans introduced herself and stated she is a member of the Committee to Ensure Fair Transit (CEFT) and lives at 710 West Orlando in Normal. She explained she was asked come to the meeting today to represent the president of CEFT, Mr. Charles Smith, who was unable to attend due to illness. Ms. Evans stated she wanted to ensure the Trustees knew that the members of CEFT were in no way involved with the incident yesterday where irate riders threw eggs at a bus driver and broke a bus door window. CEFT would personally meet with staff to work out any problems or issues they might have with Connect Transit.

Ms. Evans noted there are still problems with dispatch. CEFT is very glad the bus is still going through the shopping parking lots. Ms. Evans believes the problem is mainly the pedestrians more than the vehicles. The pedestrians appear oblivious to the vehicles in the parking lots. She would like to find a way to work with the pedestrians in the parking lots.

Ms. Evans mentioned she was listening to WJBC Radio the other day and T.J. Hart was on the air explaining he was using transit because his car quit. Mr. Hart mentioned he has ridden on many transit systems around the country and he had many good things to say about Connect Transit while he was on the air and that he was pleased with the system.

Ms. Evans questioned what was coming in Phase II of the route restructure and when might it begin. Ms. Evans really enjoys learning about the transit and speaking for many of her fellow senior and disabled citizens. Ms. Evans thanked the Board for the opportunity to speak.

Chairman Buchanan thanked Ms. Evans for her comments and stated she would never think Mr. Smith or Ms. Evans would be responsible for egging one of our buses.

Mr. Johnson added staff recently met with members of CEFT and discussed each parking lot being evaluated individually. Mr. Johnson stated staff is currently in the planning stages for Phase II. The same process of Listening Sessions and Open Houses will be followed for Phase II. Mr. Johnson said the result of this process will not surprise anyone unless they are totally ignoring the news media and all the opportunities to learn about the changes and voice concerns or questions. There will be plenty of opportunity for riders to get involved. Staff will be working on the changes over the winter and will ensure any changes will happen over the warm weather months.

Ms. Evans added she wished to thank Connect Transit for the Heartland Express route that was recently added. Ms. Evans said it has really made a difference in ridership.

Mr. Johnson responded we really need to thank Mr. Dave White, Safety and Training Director, Mr. Roy Rickert and other members of the Transportation Staff who came up with the idea for the route.

Ms. Joan Fenton introduced herself and stated the residents at Phoenix Towers agree with Ms. Evans. They appreciate the very good service the transit has provided them throughout the years. Ms. Fenton stated she met with Bloomington Mayor Renner yesterday about the concerns residents of Phoenix Towers have with the change in the bus stop location. Ms. Fenton continued Mayor Renner asked her to tell the Board and staff that he is "now aware of the problems the residents are having at Phoenix Towers getting to the bus stop". Ms. Fenton explained today she got to the bus stop and had to stand in the rain and cold wind waiting for the bus. She commented she is able to get up the hill to the bus stop, but she does not have to use a walker, cane, or wheelchair. Many of the residents are elderly and disabled and are concerned when winter comes that the snow and ice may make the trip to the bus stop very hazardous or impossible for them. Ms. Fenton reiterated Mayor Renner wants Connect Transit to know he is concerned about the situation and he will be in contact with Connect Transit. Ms. Fenton thanked the Trustees for listening.

Chairman Buchanan responded the Mayor has already reached out to Connect Transit and the Board and staff will keep in contact with Mayor Renner.

Approval of Minutes of Strategic Planning Session, September 21, 2013

On a motion by Mr. Mike McCurdy, and a second by Mr. Bill Wilson, the Board voted to approve the minutes of the September 21, 2013 Strategic Planning Session as presented.

Approval of Minutes of Previous Regular Meeting September 24, 2013

On a motion by Mr. John Bowman, and a second by Ms. Felicia Shaw, the Trustees voted to approve the minutes of the September 24, 2013 regular meeting as presented.

Items Removed from Consent Agenda

Consent Agenda

Mr. McCurdy announced he will abstain to vote on any items that deal specifically with WGLT Radio Station.

On a motion by Mr. Wilson, and a second by Ms. Shaw, the Board voted to approve the consent agenda as presented, including the following items:

1. Review and Approve October Disbursements
2. Review and Receive August and September Financial Reports
3. Review and Receive August and September Capital and Self-Insurance Reserve Fund Balances
4. Review and Receive September Monthly Statistical Report

Consent Agenda Discussion

Mr. Bowman inquired for clarification about the disbursement item payee Brian A. Finch, for appraisal services in the amount of \$2,500.00. Mr. Johnson responded the appraisal was of the Oakland Avenue property. Mr. Johnson explained there has been some recent interest in the property and considering recent market changes we needed an up to date appraisal. Mr. Johnson expects the Federal Transit Administration will inspect any sale and to be ahead of the game a new appraisal was done. Mr. Johnson stated FTA has given the system official approval to sell the property and retain all the proceeds from any sale. Since FTA holds an interest in the property they need to review any sale and be comfortable with the terms and confirm the price is fair. This is the third appraisal in the last five years on this property. Mr. Johnson stated there are two interested parties in the property and proposals will be taken rather than setting a price and marketing the property. The funds from the sale of the property will be used for capital purchases such as funding for buses and transfer center improvements throughout the system.

Mr. Ryan Whitehouse asked about the different medical reimbursement items listed with the disbursements. Mr. Johnson explained those were all part of Connect Transits' Co-Insurance Medical Reimbursement Plan to individual employees.

Mr. Bowman asked for clarification on the two disbursement items listed for internet, Comcast Cable and Illinois State University CIRBN. Mr. Steve Stockton, Information Technology Director, explained there remains one and a half months on the internet contract with Comcast Cable and then the system will only be using ISU CIRBN. Mr. Stockton did state the transit will need to have a small Frontier package to be a back-up in case the CIRBN goes down, as it has several times in the past month. Mr. Stockton noted he will have a meeting with ISU CIRBN tomorrow to make sure they are active and will be reliable enough.

Mr. Bowman inquired about the different Visa items on the disbursement list; some are Commerce Bank Visa and some just Visa. Mr. Bowman thought the Trustees voted to go with all Commerce Bank Visa. Mr. Johnson responded the Board did agree to go with all Commerce Bank Visa cards. The other Visa entries are some old bills that still needed to be paid. This should be the last time the old Visa cards show up on the disbursement list as those cards have been retired.

Mr. Bowman asked about the Capital Account transfer of \$800,000.00 to the Commerce Bank operating account. He asked if the transfer was a loan to operating. Mr. Johnson

explained due to the recent federal government shut down and the delay in payments from the state the system has had to borrow money from the Capital Account and put it into Operating Account. Mr. Johnson stated we expect to receive a check from the state next week.

Old Business

Mr. Johnson stated there is no old business.

New Business

Mr. Johnson stated there is no new business.

General Manager's Report

1. Personnel Update

Mr. Johnson introduced Mr. Steve Stockton, Information Technology Director, to the Trustees. Mr. Johnson stated Mr. Stockton comes from the Pantagraph and has been with Connect Transit just over one month. Mr. Stockton will report to Mr. Isaac Thorne, Procurement Director.

Mr. Johnson introduced Ms. Jennifer Sorenson, Community Relations Manager to the Trustees. Ms. Sorenson comes from State Farm and Arizona State University and is excited to start her career with Connect Transit. Ms. Sorenson started October 15th and will report to Ms. Jenifer Clark.

Mr. Bowman asked if the Board could expect to see an updated administration organization chart. Mr. Johnson responded yes, absolutely.

2. Miscellaneous Item

Mr. Johnson explained ArrivalStar Technology was causing trouble by suing transits, large and small, that were using next bus arrival time technology. Fortunately, the American Public Transportation Association hired attorneys to sue ArrivalStar and take the issue to federal court, arguing that its patents are invalid. The settlement covers all APTA members. Mr. Johnson continued to explain the company is a "patent troll" trying to extort a license fee and targeting municipalities, civic organizations, public entities, and others who provide bus arrival data obtained via GPS that was purchased to improve service for taxpayers. Mr. Johnson stated this is one of the benefits of belonging to APTA. Connect Transit does not have to worry about this issue; APTA has taken care of the problem.

3. Report on New Generator

Mr. Johnson reported Mr. Isaac Thorne, Procurement Director, has been working on getting the new generator over the past three weeks. The pad has been poured and the generator is in place. It needs to be hooked up and a wall needs to be built around it. Mr. Johnson stated during the time all this work has been going on the office has lost power several times. The generator is a critical component to keep operations running during power outages. The phones, radios, computers, lights are all dependent on power. Mr. Johnson explained very old federal money was repurposed and used for this purchase.

4. Bus Procurement

Mr. Johnson stated staff got tired of trying to work with the federal government on a “piggy back” bus purchase agreement and decided to create a joint procurement, on which Connect Transit is the lead system. That procurement now has over 200 buses with a majority of Illinois properties taking part. There are also properties from Wisconsin, Iowa, and Minnesota participating. Mr. Thorne is getting the final details completed and then the system will get concurrence from the state and move forward from there. Connect Transit has put in for twenty-five buses on this procurement. We are currently funded for only fifteen buses, but we don’t have to buy the extra buses if they are not needed. Having the extra buses listed gives us more options. Being the lead system on this procurement will ensure Connect Transit gets buses first, probably in less than a year. Having a larger order does have advantages.

5. Update on Transportation Authorization Bill

Mr. Johnson reported the newest Transportation Authorization Bill had provisions for increase regulation of safety and asset management. During the government shut-down, the Federal Transit Administration managed to get the notice of proposed rulemaking out of the bill. Mr. Johnson stated Connect Transit is reviewing the proposed rules and will be making comments on the impact they will have on a system our size. Mr. Johnson continued some of the regulations appear to be onerous. Connect Transit will be ready to comply with the regulations and take advantage of any funding opportunities that may be available for those systems that comply with those regulations. Staff is going through the rather large document. There are just seventy days left to respond. The asset management deals with lots of reporting, tracking, administrative, and overhead work. On the asset management side the government is putting strict regulations on the overseers as well. The present administration wants a small backlog of State of Good Repair projects. The government does not want to see that buses and other infrastructure are backlogged. Mr. Johnson feels the new regulations will stretch

the limits on buses. What was once considered a twelve year bus will now become a fifteen year bus and twelve years will be the new minimum life expectancy. Mr. Johnson reported when he was in Chicago he approached the bus manufacturers and asked them to get in contact with those in charge to explain the longer life expectancies on these buses just won't hold up in the Midwest. Mr. Johnson is hopeful the bus manufacturers will take the lead on this issue. Connect Transit will keep a watchful eye on this matter.

Mr. Bowman asked about the progress of the rebuilds of engines and transmissions on the buses. Mr. Johnson responded there are still a few buses that need the rebuilds. It has been a slow, constant process.

Mr. Johnson reported the used 40 foot buses from California are on the streets and being used mostly for shuttles around LSU. The updated equipment and destination signs are being installed in these buses as well.

6. Ridership Statistics from the Route Restructure

Mr. John Thomas inquired about ridership now that the new route restructure is in place and the students have been in town for several months. Mr. Johnson responded the ridership has been flat lately. Staff is working on what could be done to increase ridership. The best part is we are not getting any complaints about the buses running late which means the restructure is accomplishing what the system was striving to accomplish. The Heartland Express is making a big difference.

Mr. Thomas noted the Teal J route has increased ridership 21% but it is still not up to the standard ten boardings per hour. Mr. Johnson commented the system is very happy with the progress the Teal J is making and very happy with the response coming from State Farm regarding the Teal J route. Based on preliminary discussions transit has had with State Farm we are expecting more ridership from individuals using that route to get to Corporate South and other areas in the future. It is still early in the discussion.

Mr. Thomas inquired if the crowded buses that were an issue before are not as big a problem since the route restructure. Mr. Johnson responded the crowding has eased up, but we do have some minor crowding issues at times.

Mr. Bowman wished to address the metrics on the bus routes and the numbers that have been provided in the report. Mr. Bowman noticed the revenue hours for the Teal J are the same for September 2013 as for September 2012, but it is running an hour and a half less per day. Mr. Bowman stated that information makes him wonder if we are getting accurate numbers on what the true increase would be for the Teal J. The other item Mr. Bowman expresses concern about was the technology and the DoubleMap tablets going blank and losing all the counts when

that happens. Mr. Johnson explained the counters on the buses work through the tablets so when the tablet goes down the count is lost. Mr. Johnson continued the problem seems to be that the tablets work through Sprint and we are finding dead spots in the coverage. When a bus hits a dead spot the tablet reboots. There are some areas in the community with multiple dead spots where the tablet won't reboot properly. Staff has been working with the vendor on this issue for several months and even had a representative here for several days riding the bus to actually witness the dead spots. Mr. Johnson stated he has followed up with letters and phone calls allowing the vendor until this Friday to come up with a plan or solution for this problem. Ultimately, Mr. Johnson wants the vendor to switch to a different carrier for the internet access.

Mr. Johnson reported the passenger counter representatives are here this week doing some installations on buses and also giving staff more insight as to how the loss of ridership data can be avoided. The ridership data in a system serving a population community of less than two hundred thousand is not as critical as that of a larger community. Obviously it does not help to be losing ridership data and hopefully this problem will be resolved soon because any loss is unacceptable.

Mr. Bowman added it limits the assurance that can be placed on the numbers and it can't really be verified that they are good numbers. Mr. Johnson stated the numbers are largely accurate. With any transit system the ridership count is not completely accurate. Mr. Johnson continued this problem will be fixed very soon.

Mr. Bowman inquired if electronic fareboxes would help with this problem. Mr. Johnson responded the electronic fareboxes would aid the process; however it would not be the total solution, depending on what farebox system is used.

Connect Transit does have electronic fareboxes and electronic fare collection system in the Transportation Improvement Plan for next year.

Correspondence and Media

Trustee Comments

Mr. McCurdy was able to attend the American Public Transportation Association conference this year. Mr. McCurdy was impressed to learn the roll that transit plays in a community as a leader and how transit can shape and change a community. A bus route can increase property values, amenities can improve the amount a business can charge for retail space. There was a great deal of discussion about millennials, people 16 to 24 year old, who are choosing their transportation options depending on the trip they need to make. The discussions dealt with appealing to millennials, catering to their needs, the challenges and opportunities they present. Mr. McCurdy reported he also attended some discussions about media. Mr. McCurdy wished to echo Chairman Buchanan's congratulations to Mr. Rickert for his APTA Leadership Graduation. Mr. McCurdy enjoyed watching Mr. Rickert on the big screen make his presentation to the crowd. Mr. McCurdy

added it was great to see Mr. Johnson leading some discussions at the APTA conference as well.

Chairman Buchanan announced the November Board Meeting is on the Tuesday before Thanksgiving. Chairman Buchanan suggested starting the meeting an hour earlier to allow for a Trustee work session prior to the meeting. Topics to be discussed include funding options, the Study Group recommendations, and goals for the General Manager. Unless there is a conflict with the Trustees schedules the meeting would begin at 3:30 p.m. The Trustees were agreeable with that plan.

Chairman Buchanan mentioned she has asked Ms. Shaw to join the ad hoc political advocacy committee. Mr. Whitehouse, Mr. McCurdy, and Ms. Shaw will be working with policy makers at the local, state, and federal levels to ensure they are aware of what the transit contributes to the community, what the needs are, and how the policy makers' decisions impact transit.

Chairman Buchanan stated the other ad hoc committee will be comprised of Mr. Thomas, Mr. Wilson, and Chairman Buchanan. This committee will be working on putting together a Board Manual. This manual can be a ready reference for current Trustees as well as containing helpful introductory information for newly appointed Trustees. The manual should be ready for Trustee review and approval next spring.

Mr. McCurdy asked if the work session will allow time for discussion of the ad hoc committees. Chairman Buchanan responded the work session will be an hour in length. Items being discussed include funding and General Manager Goals. Additional items will be discussed as time permits.

Mr. Whitehouse wished to comment on the letter in the packet from the resident at Anglers Manor expressing concern that those residents now must navigate to the street where there are no shelters or benches, no protection from the elements. Mr. Whitehouse also referred to Ms. Fenton's comments regarding similar issues at Phoenix Towers. This issue has been a concern of Mr. Whitehouse for some time and he has mentioned it in past Board Meetings. Mr. Whitehouse stated he knows this is a concern of Mayor Renner's as well. Mr. Whitehouse understands it costs money and takes time, but has the Transit moved forward with getting shelters and benches for these housing complexes? Is it a funding issue? Mr. Johnson responded it is not so much a funding issue as it is working with the management of the two facilities. Mr. Johnson stated this is not solely the transit's responsibility. The fact that people have a problem getting out of the building in anything other than in a motor vehicle is a problem for the facility management as well. Mr. Johnson continued a staff member went to Angler's Manor last week for a meeting and was not even let in the door and was told it was not a good time. Mr. Johnson stated staff is working to meet with management and beat the bad weather so if concrete needs to be poured, there is still time to get it done. Mr. Johnson continued staff is ready to move

forward on this very quickly if we can just get the cooperation of the management of the facilities. Hopefully there will be some movement in the next day or two.

Mr. Bowman inquired about the grant for doing the study on bus stops and shelters. Mr. Johnson responded that grant was just recently made available to Connect Transit. Staff will be putting out an RFP soon to get a consultant hired for that study. Mr. Johnson continued the shelters at Phoenix Towers and Angler's Manor are definitely needed regardless of the study being done or not.

Mr. McCurdy asked about the progress on the RFP for the new website. Mr. Johnson stated the RFP is being worked on now in conjunction with our Community Relations Manager and the Information Technology Manager. Mr. Johnson is expecting the system will have a new website up and running by the end of the first quarter of 2014. That is the goal.

Request for Executive Session to Discuss Personnel Matters

On a motion by Mr. Wilson, and a second by Ms. Shaw, the Board voted to adjourn the public meeting and go into Executive Session to Discuss Personnel Matters at 5:35 p.m.

Reconvene

Subsequently, on a motion by Mr. Thomas, and a second by Ms. Shaw, the Board Reconvened the public meeting at 7:18 p.m.

Adjournment

There being no further public business, on a motion by Mr. Wilson, and a second by Mr. Whitehouse, the Trustees voted to adjourn the public meeting at 7:20 p.m.

Mike McCurdy, Secretary



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TRANSIT

October 2013

Financial and Statistical Reports

Disbursements to be Approved
November 26, 2013

Payee	Goods Purchased	Amount
A.T.U. - C.O.P.E.	Payroll Deduction	\$ 185.27
A-1 Haney Plumbing	Plumbing	\$ 238.00
ABC Bus Companies	Bus Parts	\$ 287.39
Advocate Medical Group	Drug Testing	\$ 391.00
Ally	Car Lease	\$ 82.00
Amalgamated Transit Union Local 752	Payroll Deduction	\$ 4,858.95
Amerenlp	Utilities	\$ 579.11
American Solutions for Business	Office Supplies	\$ 153.64
Andrew Johnson	Car Allowance	\$ 500.00
Assurance Agency, Ltd.	Insurance	\$ 105,866.00
Bill's Key and Lock	Locks & Keys	\$ 89.92
CDS Office Technologies	Office Supplies	\$ 26.93
Central Illinois Trucks Inc.	Bus Parts	\$ 219.50
City of Bloomington	Utilities	\$ 774.28
Clark Baird Smith	Legal Service	\$ 1,157.11
Comcast Cable	Internet	\$ 399.85
Comcast Spotlight	Commercial Advertising	\$ 3,400.00
Corn Belt Energy Corp.	Utilities	\$ 4,810.67
Cummins Crosspoint	Bus Parts	\$ 9,949.81
David White	Sponsorship of Hockey Team	\$ 250.00
dean's Graphics	Bus Graphics	\$ 5,020.00
Dennison Corporation	Outside Repair	\$ 254.60
Dish Network	Television Service	\$ 108.00
DNDC of Illinois	Telephone	\$ 235.00
Don Owen Tire Service, Inc.	Bus Parts	\$ 115.00
East St. Hardware and Tools	Supplies	\$ 7.56
Eitan Weltman	Payroll Deduction	\$ 918.63
Evergreen FS	Fuel	\$ 97,494.72
Fastenal Company	Bus Parts	\$ 618.61
Fleet-Net Corporation	Software & Tech Support	\$ 1,592.50
Four Seasons Association	Payroll Deduction	\$ 536.00
Frontier	Telephone	\$ 942.86
G&K Services	Mechanics Uniforms	\$ 828.57
Garber Heating & A/C	Repair Thermostat in shop	\$ 360.36
GE Capital C/O Ricoh USA Program	Copiers	\$ 799.28
Gillig LLC	Bus Parts	\$ 5,718.16
Global Equipment, Inc.	Office Furniture	\$ 4,948.39
Goranson Consulting, Inc	Consulting	\$ 4,000.00
Health Alliance Medical Plans	Insurance	\$ 72,827.00
Health Promotions and Wellness	Promotions	\$ 18.00
Heart Technologies, Inc.	Computer & Server Fee	\$ 8,563.20

Henson Disposal	Garage Overhead	\$	329.00
ICMA Retirement Trust - 457	Retirement Plan	\$	49,569.08
Idaho Child Support	Payroll Deduction	\$	173.04
Illinois Department of Revenue	Payroll Deduction	\$	26,949.09
Illinois State Disbursement Unit	Payroll Deduction	\$	4,387.56
Illinois State University	Internet Service	\$	347.84
Inter-City Supply Company	Office Supplies	\$	196.65
Interstate Batteries of Mid-Illinois	Bus Parts	\$	1,173.65
Isaac Thorne	Reimbursement - Tuition	\$	825.00
IWIN	Employee Physicals	\$	510.00
James Riordan	Reimbursement - Tools	\$	63.78
Employee	Medical Reimbursement	\$	16.53
Jenifer Clark	Reimbursement - Prof. Certification	\$	305.00
Jennifer Sorenson	Reimbursement - Supplies	\$	193.12
John H. Germeraad, Trustee	Payroll Deduction	\$	1,440.00
Kenny Products, Inc.	Supplies	\$	240.00
Lee Enterprises - Central Illinois	Employment Ads	\$	723.93
Lincoln National Life Insurance Co.	Insurance	\$	3,246.46
Luminator	Signage for 8 buses	\$	32,800.00
MCS Office Technologies	Web Site	\$	35.00
Michelin North America, Inc	Tires	\$	3,849.37
Midwest Aerials & Equipment, Inc.	Equipment Rental	\$	1,233.70
Midwest Equipment II	lawn mower repair	\$	62.30
Midwest Transit Equipment, Inc.	Bus Parts	\$	79.98
Miller Janitor Supply	Maintenance Supplies	\$	433.90
Modern Office	Office Equipment	\$	919.00
Mohawk Mfg. & Supply Co.	Bus Parts	\$	493.62
Morris Avenue Garage	Bus Testing	\$	320.00
Mutual of Omaha	Insurance	\$	5,559.08
Napa Auto Parts	Bus Parts	\$	17.32
New Flyer Industries Canada UIC	Bus Parts	\$	181.96
Nicor Gas	Utilities	\$	161.22
NMHG Financial Services	Garage Maintenance Equipment	\$	813.63
Oberlander Alarm Systems, Inc.	Security Alarm Service Fee	\$	191.00
Office Collection Section-IDOR	Payroll Taxes	\$	415.60
Orkin Pest Control	Garage Overhead	\$	78.65
Payroll - Net		\$	277,654.68
Pemco Service Company Inc.	Concrete repair	\$	889.00
Pete Weber	Insurance Reimbursement	\$	142.00
Petty Cash	Reimbursement	\$	43.27
Pipco Companies, LTD	Fire Protection Inspection & Fee	\$	610.00
Ricoh USA, INC	Copier	\$	518.49
Schwulst & Roseberry, P.C.	Payroll Deduction	\$	250.00
Shoptet.com	Office Cabinets	\$	1,969.20
Southtown Wrecker Service, Inc.,	Towing	\$	95.00
Staples	Office Supplies	\$	263.03
Star Uniform	Uniforms	\$	1,577.95

The Copy Shop	Printing	\$	228.60
The Encornpass Gas Group, Inc	Welding Supplies	\$	585.89
Think Graphic Design	Office Supplies	\$	361.25
Truck Centers, Inc.	Bus Parts	\$	2,530.62
U.S. Postal Service	Office Supplies	\$	184.00
Unity School Bus Parts	Bus Parts	\$	232.00
Verizon Wireless	Mobile Data Terminals for SS	\$	563.33
Visa	Travel & Meetings	\$	5,312.00
Visa	Office Supplies	\$	160.88
Visa	Safety/Training	\$	48.85
Visa	Computer Hardware	\$	76.70
VSP Of Illinois	Employment Ads	\$	312.74
Walmart	Insurance	\$	563.23
Walmart	Office Supplies	\$	1,184.72
Wayne	Holiday Gift Cards	\$	5,350.00
Wayne-Dalton Corp.	Printing	\$	156.54
WGLT	Door Repair	\$	522.00
	Radio Advertising	\$	750.00
Total Operating		\$	781,596.90

Capital Account

AAA Engineering, LTD	\$	21,700.00
Inland Power Group	\$	74,796.00
Total Capital	\$	96,496.00
Grand Total	\$	<u>878,092.90</u>

Bloomington Normal Public Transit Balance Sheet

Fiscal Year: 2014 Period 4 October - 2013 Division: 99 Board Reports As of: 10/31/2013

Assets	
Current Assets	
Checking and Savings	\$4,710,030.34
Accounts Receivable	\$4,094,443.50
Inventory Asset - Fuel	\$47,288.04
Inventory Asset - Parts	\$191,267.53
Inventory Asset - Tires	\$0.00
Other Current Assets	\$186,070.77
Total Current Assets	\$9,229,100.18
Fixed Assets	\$13,290,982.09
Total Assets	<u>\$22,520,082.27</u>
Liabilities & Equity	
Liabilities	
Accounts Payable	\$373,546.06
Payroll Liabilities	\$518,868.53
Contracts	\$1,558.52
Due to Illinois Funds Account	\$2,919,897.56
Deferred Revenue	\$95,724.86
Deficit Funding Advance	\$0.00
Total Liabilities	\$3,909,595.63
EQUITY	
Fixed Asset Equity	\$12,483,532.77
Unreserved Fund Equity	\$6,750,412.62
Underground Petroleum Storage	\$20,000.00
Total Equity	\$19,253,945.39
Retained Earnings	(\$643,458.75)
Total Liabilities & Equity	<u>\$22,520,082.27</u>

Bloomington Normal Public Transit

Income Statement With Approved Budget

Fiscal Year: 2014	Period 4	Division: 98 Operating Profit/Loss		As of: 10/31/2013		
		October - 2013	Jul-2013 Thru Oct-2013 Year To Date	Approved Budget		
Operating Revenue						
Passenger Fares		\$68,300.99	9.20%	\$268,028.08	36.11%	\$742,300.00
ISU Contract Fare		\$39,701.20	8.33%	\$158,804.80	33.33%	\$476,415.00
Other Contract Fares		\$9,945.79	6.63%	\$39,783.16	26.52%	\$150,000.00
Advertising Revenue		\$0.00	0.00%	\$0.00	0.00%	\$15,000.00
Miscellaneous Revenue		\$1,290.29	64.51%	\$3,070.46	153.52%	\$2,000.00
Total Operating Revenue		\$119,238.27	8.60%	\$469,686.50	33.89%	\$1,385,715.00
Operating Expenses						
Operators Wages		\$483,636.98	11.71%	\$1,312,672.56	31.78%	\$4,130,570.00
Maintenance Wages		\$80,406.73	9.17%	\$232,406.41	26.49%	\$877,297.00
Adminsitration Wages		\$59,982.94	8.55%	\$156,403.71	22.29%	\$701,655.00
Employer Payroll Tax Expense		\$47,129.17	10.10%	\$128,734.50	27.58%	\$466,778.00
Retirement Plan		\$5,691.77	2.28%	\$64,123.12	25.65%	\$250,000.00
Group Insurance		\$60,275.09	6.73%	\$263,475.94	29.41%	\$896,002.00
Uniform Expense		\$1,845.61	11.91%	\$2,692.80	17.37%	\$15,500.00
Professional Services		\$9,220.89	9.73%	\$27,012.18	28.49%	\$94,800.00
Outside Repair-Labor		\$13,407.84	17.10%	\$44,525.93	56.79%	\$78,400.00
Contract Maintenance Services		\$2,832.16	2.95%	\$16,969.01	17.68%	\$96,000.00
Custodial Services		\$434.15	6.78%	\$1,736.60	27.13%	\$6,400.00
Employee Recruiting/Testing/Temp Help		\$1,079.74	4.12%	\$17,866.49	68.19%	\$26,200.00
Fuel		\$103,141.39	8.57%	\$411,351.70	34.18%	\$1,203,420.00
Lubricants		\$653.06	2.84%	\$3,070.99	13.35%	\$23,000.00
Tires		\$9,201.15	11.35%	\$17,395.60	21.45%	\$81,100.00
Bus Repair Parts		\$6,210.02	5.18%	\$72,008.57	60.01%	\$120,000.00
Other Materials & Supplies		\$2,544.14	8.34%	\$22,409.29	73.47%	\$30,500.00
Shelters/Signs/Shop Tools		\$2,620.00	7.08%	\$5,110.73	13.81%	\$37,000.00
Computer and Office Supplies		\$17,496.85	12.82%	\$38,797.25	28.42%	\$136,500.00
Utilities		\$9,519.36	7.59%	\$32,701.58	26.06%	\$125,500.00
Corporate Insurance		\$20,328.00	11.15%	\$79,712.19	43.71%	\$182,378.00
Dues/Subscriptions/Fees		\$1,130.00	4.04%	\$18,927.00	67.60%	\$28,000.00
Printing/Marketing/Training		\$15,198.41	6.25%	\$58,934.93	24.25%	\$243,000.00
Total Operating Expenses		\$953,985.45	9.69%	\$3,029,039.08	30.75%	\$9,850,000.00
Operating Assistance						
Operating Deficit		(\$834,747.18)	9.86%	(\$2,559,352.58)	30.24%	(\$8,464,285.00)
Illinois Downstate Operating Assistance		\$619,253.27	9.70%	\$1,964,304.37	30.76%	\$6,386,250.00
FTA 5307 Operating Assistance		\$212,585.42	10.23%	\$582,667.90	28.04%	\$2,078,035.00
Total Operating Assistance		\$831,838.69	9.83%	\$2,546,972.27	30.09%	\$8,464,285.00

Connect Transit
Local Capital and Self-Insurance Fund Balance
October 2013

<u>Self-Insurance Fund:</u>		
10/01/13	Beginning Balance	\$ 106,832.28
10/31/13	Additions - Interest Income	\$ 2.93
10/31/13	Ending Balance	<u>\$ 106,835.21</u>

<u>Local Capital Reserve:</u>		
<u>The Illinois Funds- Cash Balance</u>		
10/01/13	Beginning Balance	\$ 2,086.61
10/31/13	Additions - Interest Income	\$ 0.05
10/31/13	Ending Balance	<u>\$ 2,086.66</u>

<u>Local Capital</u>		
<u>Commerce Bank - Cash Balance</u>		
10/01/13	Beginning Balance	\$ 2,049,143.01
10/04/13	Inland Power Group	\$ (5,055.00)
10/17/13	Deposit - Bloomington	\$ 45,053.01
10/17/13	Deposit - Normal	\$ 30,848.66
10/24/13	Inland Power Group	\$ (74,796.00)
10/24/13	AAA Engineering	\$ (21,700.00)
10/28/13	Deposit - FTA	\$ 376,673.00
10/31/13	Deposit - Bloomington	\$ 45,053.01
10/31/13	Deposit - FTA	\$ 139,210.00
10/31/13	Additions - Interest Income	\$ 273.92
10/31/13	Ending Balance	<u>\$ 2,584,703.61</u>

<u>FTA & IDOT Capital</u>		
<u>The Illinois Funds- Cash Balance</u>		
10/01/13	Beginning Balance	\$ 43,592.38
10/31/13	Additions - Interest Income	\$ 1.19
10/31/13	Ending Balance	<u>\$ 43,593.57</u>

Total Reserve Capital Account \$ 2,630,383.84

<u>Breakdown of the Local Capital Reserve Fund- Cash Balance:</u>		
Local		
Capital #1		Local
\$ 43,593.57		Capital #2
		<u>\$ 2,586,790.27</u>

<u>Breakdown of Local Funding in Local Capital #2 (Earmarked Funds):</u>			
	<u>FY14 Received</u>	<u>FY14 Receivable</u>	
	10/31/2013	10/31/2013	
Bloomington	\$ 180,212.04	\$ -	
Normal	\$ 123,394.64	\$ -	
Total YTD	<u>\$ 303,606.68</u>	<u>\$ -</u>	

<u>Local Capital Reserve Fund Balance - Account Value</u>		
10/31/13	Cash Balance	\$ 2,630,383.84
10/31/13	Loans to Operating	\$ 2,919,897.56
10/31/13	Reserve fund for underground storage tank (Cap. I)	\$ (40,000.00)
10/31/13	Ending Balance	<u>\$ 5,510,281.40</u>

Local		
Capital #1		Local
\$ 3,593.57		Capital #2
		<u>\$ 5,506,687.83</u>



Statistics	Oct-13				Oct-12				% Change			
	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour
Connect Transit												
Green A (2 buses)	28,069	10,642	767	36.58	28,196	10,377	767	36.69	-0.3%	2.6%	0.0%	-0.3%
Red B (2 buses)	21,866	9,979	788	27.75	24,428	9,991	788	31.00	-10.5%	-0.1%	0.0%	-10.5%
Purple C (2 buses)	12,582	10,067	782	16.09	13,539	10,207	782	17.31	-7.1%	-1.4%	0.0%	-7.1%
Pink D (1 bus)	7,855	4,835	370	21.24	8,336	4,855	370	22.54	-5.8%	-0.4%	0.0%	-5.8%
Blue E (1 bus)	5,302	5,639	404	15.61	5,627	5,647	404	13.94	12.0%	-0.1%	0.0%	12.0%
Brown F (2 buses)	10,929	11,098	816	13.39	10,197	10,978	816	12.50	7.2%	1.1%	0.0%	7.2%
Yellow G (2 buses)	19,276	10,868	804	23.97	20,529	10,824	804	25.52	-6.1%	0.4%	0.0%	-5.1%
Orange H (2 buses)	17,693	10,899	801	22.08	19,451	11,057	801	24.28	-9.0%	-1.4%	0.0%	-9.0%
Lime I (2 buses)	19,903	13,607	782	25.44	20,117	13,451	782	25.72	-1.1%	1.2%	0.0%	-1.1%
Teal J (1 bus)	3,244	9,574	386	8.87	2,500	9,991	394	6.34	29.8%	-4.2%	-7.2%	39.9%
Aqua K (1 bus)	7,860	6,428	403	19.49	8,011	6,444	403	19.86	-1.9%	-0.2%	0.0%	-1.9%
Heartland Exp (1 bus)	1,535	644	101	15.13	26	70	3	7.60	5803.8%	817.4%	2865.8%	99.1%
ISU Tri Towers (2 buses)	38,170	5,107	480	79.52	28,168	5,107	456	61.84	35.5%	0.0%	5.4%	0.0%
ISU College Station (2 buses)	9,910	7,776	587	16.88	17,020	7,776	547	31.12	-41.8%	0.0%	7.4%	0.0%
Nite Ride (3 buses)	6,710	6,176	463	14.49	7,575	5,859	426	17.77	-11.4%	5.4%	8.6%	0.0%
Total Fixed Route	211,908	123,339	8,716	24.31	213,680	122,634	8,545	25.01	-0.8%	0.6%	2.0%	-2.8%
Demand Response												
Connect Mobility	5,350	25,593	1,963	2.73	4,555	21,220	1,516	3.00	17.5%	20.6%	29.5%	-9.3%
Connect Late Night	615	3,468	214	2.87	635	3,622	269	2.36	-3.1%	-4.3%	-20.4%	21.7%
Total Demand Response	5,965	29,061	2,177	2.74	5,190	24,842	1,785	2.91	14.9%	17.0%	22.0%	-5.8%
SYSTEM TOTALS	217,871	152,400	10,893	20.00	218,870	147,476	10,330	21.18	-0.5%	3.3%	5.5%	-5.6%



Metrics		Month: Oct-13			
		Target	FY2014	FY2013	% Change
Effectiveness	Total Boardings per Revenue Hour	15.0	20.0	21.2	-5.6%
	Total Boardings per Capita	1.0	1.7	1.7	-0.5%
	Total Boardings per Revenue Mile	1.0	1.4	1.5	-3.7%
Safety	Total Preventable Accidents <i>(Fixed Route and Demand Response)</i>	0.0	1	2	-50.0%
	Preventable Accidents per 100,000 Miles	0.0	2	3	-48.3%
Efficiency	Farebox Recovery Ratio	13.3%	12.4%	17.1%	-27.5%
	Average Fare	\$ 0.66	\$ 0.54	\$ 0.58	-6.2%
	Cost per Revenue Hour	\$ 74.22	\$ 67.58	\$ 71.71	22.1%
	Cost per Customer	\$ 5.10	\$ 4.38	\$ 3.38	29.4%
	Operating Assistance Investment per Customer	\$ 4.42	\$ 3.84	\$ 2.81	36.7%
Base Statistics for Calculations	Total Customers		217,871	218,870	-0.5%
	Total Revenue Hours		10,893	10,330	5.5%
	Total Revenue Miles		152,400	147,476	3.3%
	Total Bloomington-Normal Population <i>(per the 2010 US Census)</i>		129,107	129,107	0.0%
	Total Operating Expense		\$ 953,985.00	\$ 740,781.00	28.8%
	Total Operating Revenue <i>(includes all directly-generated revenue such as Universal Access)</i>		\$ 117,948.00	\$ 126,305.00	-6.6%

Analysis & Interpretation	



Statistics	FY14 YTD				FY13 YTD				% Change			
	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour
Connect Transit												
Green A (2 buses)	98,437	40,497	2,953	33.34	106,069	40,861	2,955	35.90	-7.2%	-0.9%	-0.1%	-7.1%
Red B (2 buses)	77,938	38,489	3,032	25.71	78,448	38,195	3,028	25.91	-0.7%	0.8%	0.1%	-0.8%
Purple C (2 buses)	50,338	37,919	3,011	16.72	54,027	38,903	3,016	17.92	-6.8%	-2.5%	-0.2%	-6.7%
Pink D (1 bus)	28,218	18,633	1,423	19.83	28,329	18,507	1,428	19.88	-0.4%	0.7%	-0.2%	-0.2%
Blue E (1 bus)	23,210	21,766	1,555	14.93	21,145	21,544	1,552	13.62	9.8%	1.0%	0.1%	9.6%
Brown F (2 buses)	39,670	42,639	3,141	12.63	38,631	42,091	3,141	12.30	2.7%	1.3%	0.0%	2.7%
Yellow G (2 buses)	69,419	42,270	3,095	22.43	74,881	41,371	3,094	24.29	-7.3%	2.2%	0.0%	-7.3%
Orange H (2 buses)	65,061	41,501	3,083	21.10	69,070	41,439	3,087	22.37	-5.8%	0.1%	-0.1%	-5.7%
Lime I (2 buses)	76,147	51,821	3,013	25.27	76,025	51,831	3,015	25.22	0.2%	0.0%	-0.1%	0.2%
Teal J (1 bus)	10,834	32,047	1,445	7.50	9,172	38,394	1,527	6.01	18.1%	-16.5%	-5.4%	24.8%
Aqua K (1 bus)	30,199	24,623	1,553	19.44	30,861	24,567	1,550	19.91	-2.1%	0.2%	0.2%	-2.3%
HCC Express (1 bus) (NCWHIS)	3,565	1,428	225	15.85	77	160	8	9.88	4529.9%	793.1%	2787.2%	60.4%
ISU Tri Towers (2 buses)	84,272	11,491	1,070	78.77	54,398	11,278	1,036	52.53	54.9%	1.9%	3.3%	50.0%
ISU College Station (2 buses)	22,978	17,496	1,304	17.62	39,160	17,172	1,256	31.17	-41.3%	1.9%	3.8%	-43.5%
Nite Ride (3 buses)	16,281	15,067	1,137	14.32	16,713	14,964	1,088	15.38	-2.6%	0.7%	4.5%	-6.8%
Total Fixed Route	696,567	437,688	31,040	22.44	697,008	441,277	30,779	22.65	-0.1%	-0.8%	0.8%	-0.9%
Demand Response												
Connect Mobility	19,129	91,980	5,715	3.35	16,267	77,940	5,569	2.92	17.6%	18.0%	2.6%	14.6%
Connect Late Night	2,291	12,528	910	2.52	2,503	12,264	1,136	2.20	-8.5%	2.2%	-19.9%	14.3%
Total Demand Response	21,420	104,508	6,625	3.23	18,770	90,204	6,705	2.80	14.1%	15.9%	-1.2%	15.5%
SYSTEM TOTALS	717,987	542,196	37,665	19.06	715,778	531,481	37,484	19.10	0.3%	2.0%	0.5%	-0.2%



Metrics		Month: 2014 YTD			
		Target	FY2014	FY2013	% Change
Effectiveness	Total Boardings per Revenue Hour	15.0	19.1	19.1	-0.2%
	Total Boardings per Capita	1.0	5.6	5.5	0.3%
	Total Boardings per Revenue Mile	1.0	1.3	1.3	-1.7%
Safety	Total Preventable Accidents (<i>Fixed Route and Demand Response</i>)	0.0	4	6	-33.3%
	Preventable Accidents per 100,000 Miles	0.0	22	32	-32.0%
Efficiency	Farebox Recovery Ratio	13.3%	15.4%	15.7%	-1.8%
	Average Fare	\$ 0.68	\$ 0.65	\$ 0.59	10.7%
	Cost per Revenue Hour	\$ 74.22	\$ 80.42	\$ 71.48	12.5%
	Cost per Customer	\$ 5.10	\$ 4.22	\$ 3.74	12.7%
	Operating Assistance (Investment) per Customer	\$ 4.42	\$ 3.57	\$ 3.16	13.1%
Base Statistics for Calculations	Total Customers		717,987	715,776	0.3%
	Total Revenue Hours		37,665	37,484	0.5%
	Total Revenue Miles		542,196	531,481	2.0%
	Total Bloomington-Normal Population (<i>per the 2010 US Census</i>)		129,107	129,107	0.0%
	Total Operating Expense		\$ 3,029,038.00	\$ 2,679,281.00	13.1%
	Total Operating Revenue (<i>includes all directly-generated revenue such as Universal Access</i>)		\$ 466,616.00	\$ 420,117.00	11.1%

Analysis & Interpretation	



connect TRANSIT

TO: Connect Transit Trustees

SUBJECT: Recommendations regarding Annual Performance Review and Compensation for the General Manager

BACKGROUND: Per provisions included in the contract of Andrew Johnson, the Connect Transit General Manager, the Trustees have completed their annual assessment of the General Manager. Areas considered included the major strengths, challenges, limitations, significant improvements and organizational goals for the General Manager. It is acknowledged that the General Manager has brought strong administrative and operational skills to the job. The past year has presented extraordinary challenges to which the General Manager was consistently presented with significant and serious operational and organizational issues to resolve. The consistent response of the General Manager to the challenges was exceptional and resulted in successful resolution and ability of the system to advance.

The Manager has been directed to perform in multiple areas with significant challenges that have resulted in an extraordinary year of progress, success and challenging opportunities for Connect Transit.

The Trustees will continue the Strategic Planning process with the General Manager and will identify specific organizational goals following the completion of the Strategic Plan in early 2014.

ACTION: Following an assessment of the Connect Transit General Manager for the 2012-2013 year, the trustees wish to make the following recommendations

- There is to a 4% increase to the base salary for the General Manager
- There is to be, for this year, a \$6,000 one-time adjustment in acknowledgment of the strong, excellent and dynamic overall performance, on multiple fronts provided by the General Manager

Respectively Presented,

Judy Buchanan

Chairman, Connect Transit Board of Trustees

October 30, 2013

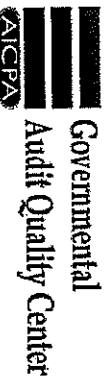
Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois 61761

We have audited the financial statements of the Bloomington-Normal Public Transit System (the System) for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to the Board Chair on July 3, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Bloomington-Normal Public Transit System are described in Note 2 to the financial statements. The System adopted Governmental Accounting Standards Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard had no quantitative impact on the financial reporting for the System for the year ended June 30, 2013 or previous year. We noted no transactions entered into by the System during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the System's financial statements was the amount of expenses eligible for reimbursement under the System's state and federal operating grants. This estimate impacts the reported amount of the receivable from or payable to the state and federal grantors in the financial statements.



Management's estimate of the eligible expenses for the grants was based on all available guidance from IDOT and the U.S. Department of Transportation. We evaluated the key factors and assumptions used to identify and report the amount of expenses eligible for reimbursement under the System's grants for fiscal year 2013 in determining that the estimated amount is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have applied certain limited procedures to the required supplementary information (Management Discussion and Analysis) 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 and noted no inconsistencies. We applied no procedures to Schedule 6.

This information is intended solely for the use of the Board of Trustees and management of the Bloomington-Normal Public Transit System and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Martin, Hood, Friese & Associates, LLC



Mitchell R. Schluter, CPA

MARTIN
HOOD
FRIESE
& ASSOCIATES, LLC

2507 South Neil St.
Champaign, Illinois 61820
Phone 217.351.2000
Fax 217.351.7726
www.mhfa.net

October 30, 2013

Mr. Andrew Johnson, General Manager
and the Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

In planning and performing our audit of the financial statements of the Bloomington-Normal Public Transit System (the System) as of and for the year ended June 30, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered the System's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We reported on the System's internal control in our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* dated October 30, 2013. This letter does not affect our report dated October 30, 2013 on the financial statements of the Bloomington-Normal Public Transit System.

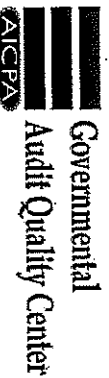
We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various System personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

MARTIN, HOOD, FRIESE & ASSOCIATES, LLC



Mitchell R. Schluter, CPA



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

MEMORANDUM

To: Mr. Andrew Johnson, General Manager and the Board of Trustees
Bloomington-Normal Public Transit System (the System)

From: Martin, Hood, Friese & Associates, LLC

Date: October 30, 2013

Subject: Audit Recommendations

The following includes matters we did not consider serious enough to include in our reports on internal control but which merit your attention:

Items Repeated from Last Year's Memo

Procurement Policy and Procedures

- Similar to the nine instances we noted in fiscal year 2012, in a sample of 40 non payroll cash disbursements, we noted seven instances in the current fiscal year in which purchases occurred prior to the approval of the related purchase order. These instances do not appear to fall within the parameters of the System's emergency purchase policy. While the System has adequate documentation to support these transactions, we recommend that the System ensure that established procurement policies be followed.

Inventory Policies and Procedures

- We noted during our audit that the System stocks various parts for vehicle repairs and is including the value of these items in the financial statements as inventory. However, no documented policies or procedures have been developed concerning access to inventory, maintenance of inventory records, timing of physical inventory counts, or other important factors related to the maintenance of inventory levels. We recommend that the System develop and implement such policies to ensure the proper accounting and security of inventory.

Items Identified in the Current Year

Immaterial Instances of Non-Compliance

- We noted during our audit that the System had two contracts for capital items funded with Federal Transit Authority (FTA) funds which were missing FTA required clauses concerning the Clean Air, Clean Water and Environmental Protection Agency Acts. We recommend that System ensure that FTA required clauses are contained in all procurement contracts to be funded with FTA grants.

Personnel Policies and Procedures

- We noted during our audit that the System currently records a liability for all compensated absences, including sick and personal time, for all employees. This is based on the historical practices established by the System of paying all accrued and unused leave to terminated employees, regardless of the reason for termination. However, we note that this is not in compliance with the System's current documented personnel policies. We recommend that the System take appropriate action to ensure that policies match the System's actual practices.

Policy Review

- We noted during our audit that the System's policies currently contain information relating to systems and procedures which no longer accurately reflect the practices of the System in regards to payroll processing. We recommend that the System's management and Board of Trustees review the System's policies on a regular basis and amend the policies as needed to reflect the current practices of the System.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Normal, Illinois

Report of Federal Financial Assistance

For the Year Ended

June 30, 2013

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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*

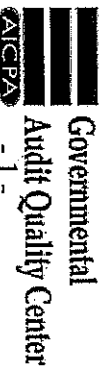
Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

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 Bloomington-Normal Public Transit System, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Bloomington-Normal Public Transit System's basic financial statements, and have issued our report thereon dated October 30, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bloomington-Normal Public Transit 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bloomington-Normal Public Transit System's internal control. Accordingly, we do not express an opinion on the effectiveness of Bloomington-Normal Public Transit 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 Bloomington-Normal Public Transit 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Champaign, Illinois

October 30, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

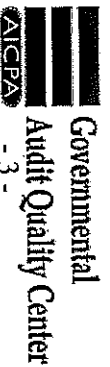
We have audited Bloomington-Normal Public Transit System's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Bloomington-Normal Public Transit System's major federal programs for the year ended June 30, 2013. Bloomington-Normal Public Transit System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bloomington-Normal Public Transit 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bloomington-Normal Public Transit System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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 Bloomington-Normal Public Transit System's compliance.

Opinion on Each Major Federal Program

In our opinion, Bloomington-Normal Public Transit 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, 2013.

Report on Internal Control over Compliance

Management of Bloomington-Normal Public Transit 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 Bloomington-Normal Public Transit 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 Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bloomington-Normal Public Transit 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. 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the basic financial statements of the Bloomington-Normal Public Transit System, as of and for the year ended June 30, 2013, and the related notes to the basic financial statements. We issued our report thereon dated October 30, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Martin Wood, Frazier & Associates, LLC

Champaign, Illinois
October 30, 2013

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Grantor/ Program Title	CFDA Number	Grant Number	Total Awards Expended
U.S. Department of Transportation - Federal Transit Administration			
<i>Federal Transit Cluster</i>			
Direct Funding:			
Urbanized Area Formula Grants:			
Used for Operations	*	20.507	IL-90-X684-03 \$ 1,868,335
Used for Capital Additions	*	20.507	IL-90-X684-03 128,406
	*	20.507	IL-90-X674-00 262,500
	*	20.507	IL-90-X675-00 420,000
	*	20.507	IL-04-0074-00 428,557
Fixed Guideway Capital Investment Grants			
Used for Capital Additions	*	20.500	IL-03-0239-00 59,972
Total Expenditure of Federal Awards			<u>\$ 3,167,770</u>

* Denotes a Major Program

Notes to Schedule of Expenditures of Federal Awards:

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Bloomington-Normal Public Transit System's federal award programs presented on the accrual basis of accounting for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in the basic financial statements.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

1. Summary of Auditors' Results

- (i) Type of auditors' report issued on the financial statements: Unmodified
- (ii) The audit did not disclose a material weakness or significant deficiency in internal control over financial reporting.
- (iii) The audit did not disclose instances of noncompliance material to the financial statements.
- (iv) The audit did not disclose a material weakness or significant deficiency in internal control over the major federal awards.
- (v) Type of auditors' report issued on compliance for major programs: Unmodified
- (vi) The audit did not disclose a finding that is required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- (vii) Major programs:
 - U.S. Department of Transportation - Federal Transit Administration:
 - Federal Transit Cluster
 - CFDA #20.507
 - CFDA #20.500
- (viii) The dollar threshold used to distinguish Type A and Type B programs was \$300,000.
- (ix) The Bloomington-Normal Public Transit System qualifies as a low risk auditee.

2. Findings – Financial Statement Audit

None noted.

3. Findings and Questioned Costs – Major Federal Award Program Audit

None noted.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Summary Schedule of Prior Audit Findings for Federal Awards

For the Year Ended June 30, 2013

The Bloomington-Normal Public Transit System had no prior audit findings related to federal awards.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Normal, Illinois

**Financial Statements
and Supplementary Information**

For the Years Ended

June 30, 2013 and 2012

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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 (the System) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

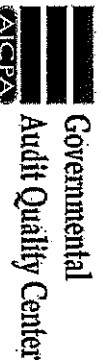
Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express our opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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 respective financial position of the Bloomington-Normal Public Transit System as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bloomington-Normal Public Transit System's basic financial statements. The accompanying Schedules 1, 5 and 6 are presented for the purpose of additional analysis. The accompanying Schedules 2 through 4 are presented for purposes of additional analysis as required by the Illinois Department of Transportation. The information included in Schedules 1 through 6 is not a required part of the basic financial statements. The schedules 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 in Schedules 1 through 5 has been subjected to the auditing procedures applied in the audits 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 information in Schedule 6 has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no 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 30, 2013, on our consideration of the 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 results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Martin, Wood, Frazier & Associates, LLC

Champaign, Illinois
October 30, 2013

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 System). MD&A should be read in conjunction with the basic financial statements, notes to financial statements, and supplementary information. 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 2013

- State operating assistance increased in fiscal year 2013 to \$6,029,509 from \$5,437,594 in fiscal year 2012.
- Federal operating assistance increased in fiscal year 2013 to \$1,868,335 from \$1,107,464 in fiscal year 2012.
- The assets of the Bloomington-Normal Public Transit System exceeded its liabilities at the close of the most recent fiscal year by \$18,552,670 (net position).
- The System operated in fiscal year 2013 without incurring debt.

Financial Highlights -- Fiscal Year 2012

- State operating assistance increased in fiscal year 2012 to \$5,437,594 from \$5,158,043 in fiscal year 2011.
- Federal operating assistance decreased in fiscal year 2012 to \$1,107,464 from \$1,742,042 in fiscal year 2011.
- The assets of the Bloomington-Normal Public Transit System exceeded its liabilities at the close of the most recent fiscal year by \$17,713,158 (net position).
- The Bloomington-Normal Public Transit System operated in fiscal year 2012 without incurring debt.

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 \$17.71 million to \$18.55 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the System.

Table 1
Net Position

	2013	2012	2011
Current and Other Assets	\$ 6,156,448	\$ 5,251,603	\$ 7,025,189
Capital Assets	13,485,312	13,365,024	12,800,910
Total Assets	<u>19,641,760</u>	<u>18,616,627</u>	<u>19,826,099</u>
Current and Other Liabilities	893,469	450,979	1,104,374
Noncurrent Liabilities	195,621	452,490	367,717
Total Liabilities	<u>1,089,090</u>	<u>903,469</u>	<u>1,472,091</u>
Net Position:			
Net Investment in Capital Assets	13,485,312	13,365,024	12,800,910
Unrestricted	5,067,358	4,348,134	5,553,098
Total Net Position	<u>\$ 18,552,670</u>	<u>\$ 17,713,158</u>	<u>\$ 18,354,008</u>

Fiscal Year 2013 - The System's net position increased by 4.7 percent (\$18.55 million compared to \$17.71 million) during fiscal year 2013. This increase was due mainly to the increase in Local Capital Fund #2. 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.

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 \$0.8 million (\$5.1 million compared to \$4.3 million). This increase in unrestricted net position is due to the increase in the fund balance of the Local Capital #2 fund described above.

Fiscal Year 2012 - The System's net position decreased by 3.5 percent (\$17.71 million compared to \$18.35 million) during fiscal year 2012. This decrease was due mainly to the decrease in Capital Fund #2 for new buses paid entirely out of local capital funds.

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 \$1.3 million (\$4.3 million compared to \$5.6 million). This decrease in unrestricted net position is due to the decrease in the fund balance of the Local Capital #2 fund described above.

Table 2
Changes in Net Position

	2013	2012	2011
Operating Revenues:			
Revenues from Transportation Services	\$ 1,356,584	\$ 1,186,308	\$ 1,034,840
Other Operating Revenues	16,411	21,524	12,034
Total Operating Revenues	<u>1,372,995</u>	<u>1,207,832</u>	<u>1,046,874</u>
Operating Expenses:			
Transportation Services	10,635,734	9,452,303	8,966,562
Operating Loss	<u>(9,262,739)</u>	<u>(8,244,471)</u>	<u>(7,919,688)</u>
Non-Operating Revenues:			
Operating Grants	7,897,844	6,545,058	6,900,085
Local Subsidies	901,946	866,025	821,130
Interest Income	3,026	2,622	6,167
Total Non-Operating Revenues	<u>8,802,816</u>	<u>7,413,705</u>	<u>7,727,382</u>
Income/(Loss) Before Other Revenues	(459,923)	(830,766)	(192,306)
Other Revenues:			
Capital Grants	1,299,435	189,916	1,097,224
Change in Net Position	839,512	(640,850)	904,918
Net Position, Beginning of Year	17,713,158	18,354,008	17,449,090
Net Position, End of Year	<u>\$ 18,552,670</u>	<u>\$ 17,713,158</u>	<u>\$ 18,354,008</u>

Fiscal Year 2013 – The System’s operating revenues increased by \$165,163 or 13.7 percent in 2013 (\$1,372,995) compared to 2012 (\$1,207,832). Operating expenses increased 12.5 percent (\$1,183,431).

Factors that led to the increases included:

- Modifications to our Universal Access agreements and stricter enforcement of usage guidelines led to increase in farebox revenue and Universal Access contract revenue
- Increased employee health insurance and liability insurance rates
- Increased fuel expense
- Increased Bus Repair and Maintenance
- Increased Professional Fee Expense
- Increased Depreciation Expense

Fiscal Year 2012 - The System's operating revenues increased by \$160,958 or 15.4 percent in 2012 (\$1,207,832) compared to 2011 (\$1,046,874). Operating expenses increased 5.4 percent (\$485,741).

Factors that led to the increases included:

- Increased ridership generating increased farebox revenue
- Increased Universal Access contract revenue
- Increased regular labor expense
- Increased employee health insurance and liability insurance rates
- Increased fuel expense

Budgetary Highlights

Fiscal Year 2013 -- The Board of Trustees approved the System's General Operating Fund budget for fiscal year 2013 on April 3, 2012. The budget included operating expenses of \$9,850,855 excluding depreciation.

- Operating revenue of \$1,372,995 was \$106,736 over budget mainly due to increased farebox recovery and increase Universal Access contract revenue.
- Operating expenses, less depreciation, totaled \$9,287,659, \$563,196 under budget mainly due to lower than expected fuel expense, salaries and wages expenses, and insurance expenses.

Fiscal Year 2012 - The Board of Trustees approved the System's General Operating Fund budget for fiscal year 2012 on June 28, 2011. The budget included operating expenses of \$8,856,166 excluding depreciation.

- Operating revenue of \$1,207,832 was \$106,736 over budget mainly due to increased ridership generating higher farebox recovery and increase Universal Access contract revenue.
- Operating expenses, less depreciation, totaled \$8,372,992, \$483,174 under budget mainly due to lower than expected fuel expense and lower than expected insurance expenses

Capital Asset Administration

At the end of fiscal year 2013, the System had \$13.5 million invested in a broad range of capital assets (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$120,288 or 0.9% percent over last year, due to new revenue vehicles, software and equipment.

Table 3
Capital Assets at Year-End

	2013	2012	2011
Land and Improvements	\$ 1,220,018	\$ 1,220,018	\$ 1,220,018
Facilities	8,283,132	8,283,132	8,283,132
Revenue Vehicles	10,007,920	8,691,797	8,433,353
Held for Sale	474,924	474,924	474,924
Other Equipment	824,594	672,354	344,077
Construction in Progress	-	-	75,399
Less: Accumulated Depreciation	<u>(7,325,276)</u>	<u>(5,977,201)</u>	<u>(6,029,993)</u>
Totals	<u>\$ 13,485,312</u>	<u>\$ 13,365,024</u>	<u>\$ 12,800,910</u>

This year's major additions included:

Revenue Vehicles	\$ 1,316,123
Computer Software	85,360
Other Equipment	66,880
	<u>\$ 1,468,363</u>

Fiscal Year 2012 Major Additions Include:

Revenue Vehicles	\$ 1,390,548
Computer Software which was funded through Federal subsidies	305,439
Other Equipment	22,837
	<u>\$ 1,718,824</u>

The System's fiscal year 2014 capital budget calls for \$3.8 million for capital expenditures. Some of the more significant fiscal year 2014 capital projects include:

Revenue Vehicle Purchases	\$ 2,075,000
Smart Fare Collection System	1,500,000
Equipment Purchases	220,000
	<u>\$ 3,795,000</u>

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

Economic Factors and Next Year's Budget

- While for fiscal year 2014, operating assistance will again be 65 percent of allowable operating expenses, the Illinois budget deficit continues to cause IDOT to be slow in making quarterly payments. This has the potential to cause funding and cash flow difficulties for the remainder of fiscal year 2014.
- The General Operating Fund budget contained a total of \$9,850,000 for operating expenses in fiscal year 2014.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Statements of Net Position

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 3,630,425	\$ 3,527,265
Receivables	2,226,454	1,511,198
Inventory	184,612	55,817
Prepaid Expenses	114,957	157,323
Total Current Assets	<u>6,156,448</u>	<u>5,251,603</u>
Property and Equipment:		
Land and Assets Held for Sale, Not Being Depreciated	1,694,942	1,694,942
Other Property and Equipment, Net of Depreciation	11,790,370	11,670,082
Property and Equipment, Net	<u>13,485,312</u>	<u>13,365,024</u>
Total Assets	<u>\$ 19,641,760</u>	<u>\$ 18,616,627</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 380,604	\$ 107,746
Deferred Revenue	93,849	90,858
Accrued Expenses	149,016	102,375
Compensated Absences	270,000	150,000
Total Current Liabilities	<u>893,469</u>	<u>450,979</u>
Noncurrent Liabilities:		
Compensated Absences, Net of Current Portion	195,621	452,490
Total Liabilities	<u>1,089,090</u>	<u>903,469</u>
NET POSITION		
Net Investment in Capital Assets	13,485,312	13,365,024
Unrestricted	5,067,358	4,348,134
Total Net Position	<u>18,552,670</u>	<u>17,713,158</u>
Total Liabilities and Net Position	<u>\$ 19,641,760</u>	<u>\$ 18,616,627</u>

See Accompanying Notes

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Exhibit B

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2013 and 2012

	2013	2012
Operating Revenues		
Passenger Fares	\$ 885,444	\$ 773,433
Contract Fares	471,140	412,875
Miscellaneous Income	16,411	21,524
Total Revenues	<u>1,372,995</u>	<u>1,207,832</u>
Operating Expenses		
Salaries and Wages	5,016,369	5,012,670
Depreciation	1,348,075	1,079,311
Fuel and Lubricants	1,217,346	1,125,364
Bus Repair and Maintenance	808,975	378,001
Group Insurance	536,483	472,227
Insurance	484,561	445,380
Payroll Taxes	387,083	375,219
Retirement Plan	185,759	188,335
Professional Fees	163,027	53,577
Supplies	148,762	59,956
Utilities and Telephone	115,000	105,660
Other Operating Expenses	224,294	156,603
Total Expenses	<u>10,635,734</u>	<u>9,452,303</u>
Operating Income (Loss)	<u>(9,262,739)</u>	<u>(8,244,471)</u>
Non-Operating Revenues (Expenses)		
State of Illinois Operating Assistance Grants	6,029,509	5,437,594
Federal Operating Assistance Grants	1,868,335	1,107,464
Local Subsidies	901,946	866,025
Interest Income	3,026	2,622
Total Non-Operating Revenues (Expenses)	<u>8,802,816</u>	<u>7,413,705</u>
Income (Loss) Before Other Revenues	<u>(459,923)</u>	<u>(830,766)</u>
Other Revenues		
Federal Capital Grants	1,299,435	189,916
Change in Net Position	839,512	(640,850)
Net Position, Beginning of Year	<u>17,713,158</u>	<u>18,354,008</u>
Net Position, End of Year	<u>\$ 18,552,670</u>	<u>\$ 17,713,158</u>

See Accompanying Notes

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Statements of Cash Flows

For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows From Operating Activities		
Receipts From Customers	\$ 1,383,152	\$ 1,197,962
Payments to Vendors	(4,084,861)	(4,098,446)
Payments to Employees	(5,106,597)	(4,900,105)
Net Cash Provided by (Used in) Operating Activities	<u>(7,808,306)</u>	<u>(7,800,589)</u>
Cash Flows From Non-Capital and Related Financing Activities		
State Operating Assistance Grant Proceeds Received	4,485,428	5,861,258
Federal Operating Assistance Grant Proceeds Received	2,637,322	1,532,134
Net Cash Provided by (Used in) Non-Capital and Related Financing Activities	<u>7,122,750</u>	<u>7,393,392</u>
Cash Flows From Capital and Related Financing Activities		
Federal Capital Grant Proceeds Received	1,352,107	212,644
Local Subsidies Received	901,946	866,025
Purchases of Property and Equipment	(1,468,363)	(1,643,425)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>785,690</u>	<u>(564,756)</u>
Cash Flows From Investing Activities		
Interest Received	3,026	2,622
Increase (Decrease) in Cash and Cash Equivalents	103,160	(969,331)
Cash and Cash Equivalents, Beginning of Year	<u>3,527,265</u>	<u>4,496,596</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,630,425</u>	<u>\$ 3,527,265</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	<u>\$ (9,262,739)</u>	<u>\$ (8,244,471)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	1,348,075	1,079,311
(Increase) Decrease in Assets:		
Receivables	7,166	(8,862)
Inventory	(128,795)	(52,820)
Prepaid Expenses	42,366	(5,125)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	182,630	(567,614)
Deferred Revenue	2,991	(1,008)
Net Adjustments	<u>1,454,433</u>	<u>443,882</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (7,808,306)</u>	<u>\$ (7,800,589)</u>

See Accompanying Notes

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Notes to Basic Financial Statements

June 30, 2013 and 2012

1. Nature of 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 operations 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) (16 percent of 2013 revenues and 15 percent of 2012 revenues), the Illinois Department of Transportation (IDOT) (53 percent of 2013 revenues and 62 percent of 2012 revenues), and subsidies from Bloomington and Normal (8 percent of 2013 revenues and 10 percent of 2012 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.

2. Summary of Significant Accounting Policies

- a. The financial statements of the System are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*.
- b. For the purposes of preparing the statement of cash flows, cash and cash equivalents include demand deposits and funds held in money market accounts.

- c. 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 on outstanding balances. The allowance for doubtful receivables was \$0 at June 30, 2013 and 2012.
- d. Prepaid expenses, such as for insurance, are deferred and expensed over the term when the services are received.
- e. Inventories are stated at cost. Inventory consists of the value of on hand bus tokens, outstanding bus tokens, and replacement parts for bus repair. The outstanding bus tokens are considered deferred revenue.
- f. 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 with the following useful lives:

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

- g. 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.
- h. 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.
- i. 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.
- j. 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.
- k. A budget is adopted annually by the Board of Trustees, as required by ordinances enacted by Bloomington and Normal.

1. 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.

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 and 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, 2013, \$3,342,116 of the System’s \$3,592,116 bank balance was exposed to custodial credit risk and was uninsured and uncollateralized.

Interest Rate and Credit Risk – External Investment Pools

At June 30, 2013, the System had a total of \$201,583 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 AAAAm 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 address’ s credit risk by (a) limiting the types of investments allowed, (b) prequalifying financial institutions, brokers, and advisors, and (c) diversifying its portfolio.

4. Receivables and Deferred Revenue

At June 30, 2013, receivables and deferred revenue were as follows:

	Receivables	Deferred Revenue
Federal Operating Assistance Grant	\$ 410,899	-
State of Illinois Operating Assistance Grant	1,790,713	-
Other	24,842	93,849
Totals	<u>\$ 2,226,454</u>	<u>\$ 93,849</u>

At June 30, 2012, receivables and deferred revenue were as follows:

	Receivables	Deferred Revenue
Federal Operating Assistance Grant	\$ 1,179,886	-
Federal Capital Grants	52,672	-
State of Illinois Operating Assistance Grant	246,632	-
Other	32,008	90,858
Totals	<u>\$ 1,511,198</u>	<u>\$ 90,858</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.

5. Property and Equipment, Net

Property and Equipment consists of the following:

	June 30, 2012	Additions	Disposals	June 30, 2013
<i>Used in Operations</i>				
Not Being Depreciated:				
Land	\$ 1,220,018	\$ -	\$ -	\$ 1,220,018
Construction in Progress	-	-	-	-
Being Depreciated:				
Buildings	8,283,132	-	-	8,283,132
Vehicles	8,691,797	1,316,123	-	10,007,920
Equipment	672,354	152,240	-	824,594
	18,867,301	1,468,363	-	20,335,664
Less: Accumulated				
Depreciation	(5,977,201)	(1,348,075)	-	(7,325,276)
Total Capital Assets	12,890,100	120,288	-	13,010,388
Used in Operations				
<i>Held for Sale</i>				
Land	63,600	-	-	63,600
Buildings	408,444	-	-	408,444
Equipment	2,880	-	-	2,880
Total Capital	474,924	-	-	474,924
Assets Held for Sale				
<i>Total Capital Assets</i>	<u>\$ 13,365,024</u>	<u>\$ 120,288</u>	<u>\$ -</u>	<u>\$ 13,485,312</u>

Depreciation for transit operations for the years ended June 30, 2013 and 2012 was \$1,348,075 and \$1,079,311, respectively.

During 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 are 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 is carried at net book value at the time of closure.

6. Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the year ended June 30, 2013:

	June 30, 2012	Issued	Retired	June 30, 2013	Due Within One Year
Accrued Compensated					
Absences	<u>\$ 602,490</u>	<u>\$ 275,045</u>	<u>\$ (411,914)</u>	<u>\$ 465,621</u>	<u>\$ 270,000</u>

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 participant's includible compensation in each year less an amount equal to the annual premium necessary to fund the primary death benefit for each employee. Contributions to the Plan for the year ended June 30, 2013 totaled \$425,534, which consisted of \$239,775 contributed by the employees and \$185,759 contributed by the System. Contributions to the Plan for the year ended June 30, 2012 totaled \$463,074, which consisted of \$274,739 contributed by the employees and \$188,335 contributed by the System.

The System provides no other post-employment benefits.

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.

The following table is a summary of the System's insurance coverage as of June 30, 2013:

<u>Coverage Type</u>	<u>Deductible</u>	<u>Coverage Limits</u>	<u>Insurance Company</u>
Worker's Compensation			
Employer's Liability	\$ -	\$1,000,000/Occurrence	United Wisconsin Insurance Co.
Auto Liability			
Liability	\$ -	\$1,000,000/Occurrence	Atlantic Specialty
Medical Payments	1,000	\$5,000/Occurrence	Insurance Co.
Uninsured Motorists	-	\$1,000,000/Occurrence	
Underinsured Motorists	-	\$1,000,000/Occurrence	
Commercial Property			
Building and Personal Property	\$ 25,000	\$5,000,000/Occurrence	Atlantic Specialty
Loss of Business Income	-	\$250,000/Occurrence	Insurance Co.
Employee Dishonesty	1,000	\$50,000/Occurrence	
Theft, Disappearance, and Destruction	1,000	\$50,000/Occurrence	
Crime Insurance	\$ 1,000	\$25,000/Occurrence	Atlantic Specialty Insurance Co.

9. Related Party Transactions

As described in Note 1 above, the System receives annual subsidies from the City of Bloomington and Town of Normal to provide for the 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 ending June 30, 2013, payments received from the City of Bloomington and Town of Normal totaled \$562,221 and \$339,725, respectively. For the year ending June 30, 2012, payments received from the City of Bloomington and Town of Normal totaled \$548,489 and \$317,536, respectively.

10. Commitment

In April 2013 the System entered into a commitment to lease tires for its revenue vehicles. The contract runs through March 2016 and covers the two 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.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Schedule of Computation of Federal Operating Assistance Grant

For the Year Ended June 30, 2013

Operating Expenses, Excluding Depreciation	\$ 9,287,659
Less: Ineligible Expenses:	
APTA and IPTA Dues	(3,123)
Reimbursed Expenses	(8,369)
Advertising Expenses	(30,488)
Total Eligible Operating Expenses	<u>9,245,679</u>
Less: Offsets to Total Eligible Operating Expenses:	
Passenger Fares	(1,356,584)
Interest Income	(3,026)
Miscellaneous Income	(8,042)
Federal Project Cost, Net	<u>7,878,027</u>
Federal Participation Rate Limit	50.00%
Federal Participation Limit	<u><u>\$ 3,939,014</u></u>
Actual Federal Participation:	
Federal Project Cost, Net	\$ 7,878,027
State Operating Assistance	(6,029,509)
State Operating Assistance Applied to Costs Ineligible for	
Federal Operating Assistance	19,817
Calculated Federal Operating Assistance	<u><u>\$ 1,868,335</u></u>
Maximum Federal Operating Assistance	<u><u>\$ 2,296,159</u></u>
Actual Federal Operating Assistance - Lesser of	
Calculated and Maximum Federal Operating Assistance	\$ 1,868,335
Payments Received from FTA as of June 30, 2013	1,457,436
Due from FTA as of June 30, 2013	<u><u>\$ 410,899</u></u>

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Schedule of Revenue and Expenses
Under Downstate Operating Assistance Grant OP-13-07-IL

For the Year Ended June 30, 2013

Operating Revenue and Income:	
401 Passenger Fares for Transit Services	\$ 746,442
402 Special Transit Fares	610,142
406 Auxiliary Revenue	-
407 Non-Transportation Revenue	11,068
413 Federal Cash Grants and Reimbursements:	
Revenue Recorded in Fiscal Year 2013	1,868,335
Total Operating Revenue and Income	<u>\$ 3,235,987</u>
Operating Expenses:	
501 Labor	\$ 5,016,369
502 Fringe Benefits	722,242
503 Professional Services	50,253
504 Materials and Supplies Consumed	2,269,344
505 Utilities	115,000
506 Casualty and Liability	484,561
507 Taxes	387,083
509 Miscellaneous Expense	236,116
512 Leases, Rentals, and Purchase/Lease Payments	6,691
Total Operating Expenses	<u>9,287,659</u>
Less: Ineligible Expenses:	
Reimbursed Expenses	(8,369)
APTA and IPTA Dues	(3,123)
Total Ineligible Expenses	<u>(11,492)</u>
Total Eligible Operating Expenses	<u>\$ 9,276,167</u>
Total Eligible Operating Expenses	\$ 9,276,167
Total Operating Revenue and Income	3,235,987
Deficit	<u>\$ (6,040,180)</u>
Sixty-Five Percent of Eligible Expense	\$ 6,029,509
Maximum Contract Amount	<u>\$ 7,128,000</u>
Eligible Downstate Operating Assistance (Deficit or Sixty-Five Percent of Eligible Expense or Maximum Contract Amount, Whichever is Less)	\$ 6,029,509
Fiscal Year 2013 Downstate Operating Assistance Received (Through June 30, 2013)	4,373,819
Fiscal Year 2013 Downstate Operating Assistance	
Receivable (at June 30, 2013 and Subsequently Received Through October 3, 2013)	1,665,174
Fiscal Year 2013 Downstate Operating Assistance Under (Over) Paid	<u>\$ (9,484)</u>

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Schedule of Prior Audit Findings –
Downstate Operating Assistance Grant

For the Year Ended June 30, 2013

No findings noted in the prior year.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Schedule of Auditor Assurances Applicable to
Downstate Operating Assistance Grant OP-13-07-IL

For the Year Ended June 30, 2013

1. The financial statements of the Bloomington-Normal Public Transit System are prepared in accordance with accounting principles generally accepted in the United States of America as adopted by the Governmental Accounting Standards Board.
2. The Bloomington-Normal Public Transit System complied with the Regulations for Operating Assistance to Downstate Areas.
3. The system of internal accounting controls and procedures was adequate relating to funds received and costs charged to the grant.
4. State funds were expended in accordance with the grant contract.
5. Financial reports and claims for advances were accurate and complete with no exceptions.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Schedule of Computation of Amount Due Illinois State University

For the Year Ended June 30, 2013

Universal Access Service Agreement	\$ 385,567
NiteRide Service Agreement	29,122
Shuttle Service Agreement	56,451
Balance Due from (to) ISU as of July 1, 2012	(40)
Service Payments Received from ISU During Fiscal Year 2013	<u>(471,100)</u>
Balance Due from (to) ISU as of June 30, 2013	<u><u>\$ -</u></u>

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

Various Statistical Data

Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Number of Employees at Fiscal Year End	Fiscal Year Boardings	Fleet Miles Driven
2013	89	2,067,074	1,583,089
2012	94	2,084,737	1,535,640
2011	93	1,824,621	1,526,011
2010	88	1,663,400	1,505,718
2009	82	1,609,098	1,415,692
2008	78	1,596,450	1,313,325
2007	75	1,441,015	1,158,311
2006	70	1,372,486	1,172,318
2005	69	1,253,490	1,132,902
2004	68	1,080,003	991,992

Note: Information is available only for the years provided. The System is jointly controlled by the City of Bloomington and the Town of Normal. Additional demographic information regarding Bloomington and Normal such as population, employment, schools, etc. may be obtained from their annual reports.



connect TRANSIT

MEMO

To: The Connect Transit Board of Trustees

From: Isaac Thorne IT
Procurement Director

Date: November 20, 2013

Re: Recommendation for Bus Information Displays System

BACKGROUND

Connect Transit received \$100,000 New Freedom Funding from the Federal Transit Administration through the Illinois Department of Transportation to purchase Bus Passenger Information Display System (PIDS) hardware and software for Uptown Station. Staff has been working with Town of Normal to coordinate this project over the last year. Connect issued a Request for Quotes and received three quotes:

- Redmond Group - \$163,498.28
- JM Fiber Optics Inc. - \$135,500.00
- International Display Systems - \$94,470.00

KEY FEATURES OF PROJECT

- There will be three (3) 32" vertical mounted informational displays that will show estimated time of arrival in the bus lane.
- Two (2) 55" horizontal mounted informational displays that will show the will be split screen showing the dynamic map of all routes and estimated time of arrival.
- One (1) 55" horizontal mounted informational display inside of the Uptown Station will be repurposed to display split screen estimated time of arrival.
- All of the external mounted information displays will have push-button text-to-speech capabilities.

PROPOSED ACTION

Authorize the General Manager to execute a firm-fixed price contract in amount of \$94,470.00 with International Display Systems.

BUDGET INFORMATION

Connect is funding this project solely through the \$100,000 New Freedom grant obtained from Federal Transit Administration, through Illinois Department of Transportation.

Minivan Lease Agreement – Extension

Whereas Bloomington-Normal Public Transit System (hereinafter referred to as Connect Transit) at 351 Mylie Drive, Normal, IL 61761 has previously leased a 2005 Chevrolet Uplander minivan to SHOW Bus Rural Public Transportation (hereinafter referred to as "SHOW") of 24588 Church Street, Chenoa, IL 61726-9705 under terms of a Minivan Lease Agreement effective October 26, 2005 (copy attached and made a part hereof) and,

Whereas the terms of the Minivan Lease Agreement effective October 26, 2005 and subsequent Extension call for the lease to expire on October 26, 2012;

Whereas both Connect Transit and SHOW are agreeable to continue the Minivan Lease Agreement through October 26, 2013 under the same terms as originally agreed, with the following "Amendment 1" to the Minivan Lease Agreement scheduled to terminate on October 26, 2012.

Amendment 1

Move Section 12 of Agreement to Section 13. Amend Section 12 to read the following in bold face:

"Termination: The Minivan Lease Agreement will be terminated if Illinois Department of Transportation agrees to release Connect Transit of any monetary obligation to the 2005 Chevrolet Uplander minivan. Connect Transit will sign over the title to SHOW Bus Rural Public Transportation."

Now therefore, Connect Transit and SHOW agree as follows:

1. Paragraph 4 of the Minivan Lease Agreement effective October 26, 2005 is hereby amended by removing the term..."one (1) year...where such terms occurs in paragraph 4 and substituting the term...seven (7) years...thereby providing for a lease termination date of October 26, 2014.
2. All other terms of the Minivan Lease Agreement effective October 2, 2005 remain in full force and effective with the inclusion of "Amendment 1" for the term of this Minivan Lease Agreement-Extension.
3. Each party represents to the other that this Minivan Lease Agreement – Extension has been authorized its respective governing body, that it will abide by the terms of this Minivan Lease Agreement-Extension and that the person executing this Minivan Lease Agreement – Extension is authorized to sign on the behalf of the respective party.
4. Effective date of the Minivan Lease Agreement – Extension: **October 26, 2013**

For:

Connect Transit

SHOW Bus Rural Public Transportation

Andrew Johnson, General Manager

Laura Dick, Executive Director



connect TRANSIT

MEMO

To: The Connect Transit Board of Trustees

From: Isaac Thorne, IT
Procurement Director

Date: November 20, 2013

Re: Recommendation for Terminating IT Services Contract with Heart Technologies

BACKGROUND

Connect Transit approved a three year contract with Heart Technologies in May of 2011 and expires in May of 2014. Heart Technologies currently provides a server and hosted email exchange for Connect. Connect pays \$2,140.80 each month for these services. Since the signing of the contract with Heart, Connect has expanded technology and hired a full time Information Technology Manager, which has rendered redundant much of what Heart is providing.

PROPOSED ACTION

Authorize the General Manager to terminate for convenience the remaining contract with Heart Technologies. The contract will not be terminated until Connect Transit has its server room completed and servers installed and running. The estimated date of termination is January 13, 2014. In Section 3-8 of IT Services RFP 11-06 it states termination for convenience as:

"The performance of work under this Contract may be terminated by BNPTS in accordance with this clause in whole, or from time to time in part, whenever BNPTS's GM shall determine that such termination is in its best interest. Any such termination shall be effected by delivery to Contractor of a Notice of Termination specifying the extent to which performance of work under the Contract is terminated, and the date upon which such termination becomes effective."

BUDGET INFORMATION

The contract for IT Services with Heart Technologies is paid out of the operating budget. Approximately \$9,806 will be saved by terminating the contract with Heart Technologies on January 13, 2014 and a minimum annualized amount of \$25,690 will be saved by the transit system going forward.



connect TRANSIT

MEMO

To: The Connect Transit Board of Trustees

From: Isaac Thorne *IT*
Procurement Director

Date: November 20, 2013

Re: Recommendation for Server Hardware and Software

BACKGROUND

Connect Transit has leased a single server and contracted IT services from Heart Technologies for the last two years. While the single server setup has functioned satisfactorily, the lack of server redundancy has the potential to put the transit system's data at risk in the case of a catastrophic equipment failure. In addition, Connect Transit hired an Information Technology Manager in September to take on the IT duties, including management of the network servers. As part of the changeover to in-house IT management, the transit system will need to purchase its own network servers and software. Staff has received multiple quotes on server hardware and software. The lowest quote provided for the software was \$8,386.54 by CDW and the lowest quote on the servers was provided by Dell Computers on the State of Illinois contract for \$9,089.42.

KEY FEATURES

- Email functions will be provided in house on Connect servers as opposed to being hosted by Heart Technology.
- Leased single server will be replaced by two in-house servers.
- The two servers will house separate applications such as the file server and Microsoft exchange email.
- The servers will provide redundancy with each server be built with five (5) 500 GB hard drives and provide room for expansion.
- In separating applications between two servers, users will see increased speed in the use of the transit system's major software systems.
- Staff will be able to add additional features such as an intranet web page and informational display system for employees.

PROPOSED ACTION

Authorize the General Manager to execute two purchase orders to the respective vendors in an amount not to exceed \$17,475.96.

BUDGET INFORMATION

The server software hardware and software will be purchased using local capital funds.

Ex-Connect Transit site drawing interest

By Rachel Wells

rwells@pantagraph.com

BLOOMINGTON — Connect Transit is seeing “significant interest from potential buyers” for its former headquarters near downtown Bloomington.

General Manager Andrew Johnson told Connect Transit trustees earlier this week the agency is waiting

for the results of an updated appraisal it believes the Federal Transit Administration will want before it can sign off on any sale of the building.

Connect Transit, formerly Bloomington-Normal Public Transit System, vacated its nearly 70-year-old headquarters at 104 E. Oakland Ave. in 2010, when it moved to 351 Wylie Drive, Normal. The new facility was planned to triple the space available to the transit system.

Johnson said the downtown property was appraised at \$720,000 in May 2011 and the latest appraisal, not yet completed, will be the third in five years.

“We anticipate that the Federal Transit Administration (which holds a financial interest in the property) will want a more current appraisal, given the volatility of the real estate market the past few years,” Johnson said in an email.

He said the transit agency hopes to sell the property within 12 months, and there are currently two “interested parties.”

Connect Transit allows the city of Bloomington to store some equipment on the grounds of the old headquarters, but the facility otherwise is not in use.

The utilities cost about \$7,200 annually and Connect Transit continues to insure the property, Johnson said. Connect Transit also performs routine checks of the building.

Johnson said proceeds of the eventual sale could go toward capital needs, including buses and transfer center improvements.



Andrew Johnson will want before it can sign off on any sale of the building.

Connect Transit, formerly Bloomington-Normal Public Transit System, vacated its nearly 70-year-old headquarters at 104 E. Oakland Ave. in 2010, when it moved to 351 Wylie Drive, Normal. The new facility was planned to triple the space available to the transit system.

Johnson said the down-

WEDNESDAY,
October 23, 2013

AG

No more tax money for Connect Transit

In his Sept. 21 letter, George Rehker reminds citizens we don't need a tax increase because we are still paying for the Coliseum and advocates that the citizens decide by putting it to a binding referendum. Pay attention voters, because others may be asking for tax money as well — one being Connect Transit. A June 26 article notes Connect Transit's study group cites a tax option. An Aug. 20 article notes transit is looking for local assistance. A Sept. 16 article mentions the tax option again.

Bloomington-Normal will give \$910,812 to Connect Transit for capital expenses this year. The spending fox is in the taxpayer hen house at the Bloomington-Normal transit. Do not count on the transit board to watch over the taxpayer. Taxpayers need to question how spending is done at transit.

Connect Transit is almost completely funded by tax money already. Government entities need to watch spending rather than constantly going to the Golden Goose taxpayers. Andy Johnson is not happy with receiving over \$900,000 from Bloomington and Normal this year alone. He wants more from the taxpayers.

Jean Hocking
Bloomington