

**CRIS RURAL MASS TRANSIT
DISTRICT
Danville, Illinois**

**FINANCIAL STATEMENTS
June 30, 2016**



CliftonLarsonAllen

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Independent Auditors' Report

Board of Directors
CRIS Rural Mass Transit District
Danville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of CRIS Rural Mass Transit District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of CRIS Rural Mass Transit District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of CRIS Rural Mass Transit District. The Section 5311 Annual Financial Report and Schedule of Revenues and Income and Operating Expenses Under Downstate Operating Assistance Grant OP-16-09-FED (supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Section 5311 Annual Financial Report and Schedule of Revenues and Income and Operating Expenses Under Downstate Operating Assistance Grant OP-16-09-FED is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Section 5311 Annual Financial Report and Schedule of Revenues and Income and Operating Expenses Under Downstate Operating Assistance Grant OP-16-09-FED is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 4, 2017 on our consideration of the CRIS Rural Mass Transit District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CRIS Rural Mass Transit District's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Danville, Illinois
January 4, 2017

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

As management of CRIS Rural Mass Transit District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2016 by \$407,650.
- Total assets of the District at June 30, 2016 were \$541,591 which includes cash and cash equivalents of \$138,288, receivables of \$314,250, property and equipment of \$72,318, and prepaid expenses of \$16,735.
- The net position of the District increased \$27,130 from July 01, 2015 to June 30, 2016.
- The District's long-term debt includes a capital lease for a copier and a line of credit; however, they have no outstanding borrowings on the line of credit as of June 30, 2016.
- Total operating revenues for the year ended June 30, 2016 were \$309,245.
- Total non-operating revenues for the year ended June 30, 2016 were \$877,322.
- Total operating expenses for the year ended June 30, 2016 were \$1,159,437.

OVERVIEW OF FINANCIAL STATEMENTS

This report includes this management's discussion and analysis, the independent auditors' report, and the basic financial statements of the District. The basic financial statements include notes that explain in more detail some of the information in the statements. These statements also contain other supplementary information in addition to the basic financial statements themselves.

CRIS Rural Mass Transit District's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), and (4) identify any material deviations from the financial plan (the approved budget). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CRIS Rural Mass Transit District is improving or deteriorating.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the District's Financial Statements (accompanying documents).

Included in the accompanying financial statements are all accounts of CRIS Rural Mass Transit District. For accounting purposes, the District is an enterprise fund.

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about the District's overall financial status.

There are three basic financial statements for proprietary/enterprise funds: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position includes all of the District's assets and liabilities. This statement provides a way to measure the financial health of the District by providing the basis for evaluating the capital structure of the District and assessing the liquidity and the financial flexibility of the District.

All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and grants and its credit worthiness.

The final required financial statement is the Statement of Cash Flows. This statement demonstrates that there are sufficient cash flows to meet the District's obligations in a timely manner and the change in the cash balance during the reporting period. The reconciliation summarizes the reasons why cash from operating activities is different from operating income.

FINANCIAL ANALYSIS OF THE DISTRICT

Net Position

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by \$407,650 at June 30, 2016.

As can be seen in the following Condensed Statement of Net Position, net position reflects its net investment in capital assets plus current assets, less current liabilities. The District uses the capital assets to assist in providing transportation services. The capital assets themselves are not intended to be used to liquidate liabilities. Consequently, these assets are not available for future spending.

Condensed Statement of Net Position	<u>2016</u>	<u>2015</u>
Current assets	\$ 469,273	\$ 353,889
Equipment	72,318	95,384
Total assets	<u>\$ 541,591</u>	<u>\$ 449,273</u>
Liabilities	<u>\$ 133,941</u>	<u>\$ 68,753</u>

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Condensed Statement of Net Position (Continued)	<u>2016</u>	<u>2015</u>
Net position:		
Net investment in capital assets	\$ 66,102	\$ 95,384
Unrestricted	<u>341,548</u>	<u>285,136</u>
Total net position	<u>\$ 407,650</u>	<u>\$ 380,520</u>

The following table summarizes the revenues, expenses, and changes in position for the year ended 2016.

Condensed Statement of Revenues, Expenses, and Changes in Net Position	<u>2016</u>	<u>2015</u>
Operating revenue	\$ 309,245	\$ 342,617
Nonoperating revenue	<u>877,322</u>	<u>1,022,055</u>
Total revenues	<u>1,186,567</u>	<u>1,364,672</u>
Depreciation expense	29,726	29,354
Other operating expense	<u>1,129,711</u>	<u>1,347,772</u>
Total expenses	<u>1,159,437</u>	<u>1,377,126</u>
Change in net position	27,130	(12,454)
Beginning net position	<u>380,520</u>	<u>392,974</u>
Ending net position	<u>\$ 407,650</u>	<u>\$ 380,520</u>

The following two tables further detail revenues and expenses.

	<u>Fiscal Year 2016 Actual Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) from 2015</u>	<u>% of Change</u>
Revenues By Source				
Operating revenues				
Charges for services	<u>\$ 309,245</u>	<u>26%</u>	<u>\$ (33,372)</u>	<u>(19%)</u>

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Revenues By Source (Continued)

	Fiscal Year 2016		Increase (Decrease)	% of
	<u>Actual Amount</u>	<u>% of Total</u>	<u>from 2015</u>	<u>Change</u>
Nonoperating revenues				
IDOT operating assistance grants	\$ 864,963	73%	\$ (141,401)	(79%)
Other grants	12,154	1%	(2,646)	(2%)
Miscellaneous	<u>205</u>	<u>0%</u>	<u>(686)</u>	<u>0%</u>
 Total nonoperating revenues	 <u>877,322</u>	 <u>74%</u>	 <u>(144,733)</u>	 <u>(81%)</u>
 Total revenues	 <u>\$ 1,186,567</u>	 <u>100%</u>	 <u>\$ (178,105)</u>	 <u>(100%)</u>

EXPENSES

Operating expenses				
Administrative	\$ 232,604	20%	\$ 19,628	9%
Operations and maintenance	897,107	77%	(237,689)	(109%)
Depreciation	<u>29,726</u>	<u>3%</u>	<u>372</u>	<u>0%</u>
 Total operating expenses	 <u>\$ 1,159,437</u>	 <u>100%</u>	 <u>\$ (217,689)</u>	 <u>(100%)</u>

Debt Administration

The District has a line of credit through the bank. Outstanding borrowings at June 30, 2016 were \$-0-.

The District has a capital lease obligation for a copier with an outstanding balance of \$6,216 at June 30, 2016.

BUDGETARY HIGHLIGHTS

The District adopts an annual budget outlining the estimated revenues and expenses to be considered by the District's Board of Directors. The District's budget remains in effect the entire year and is only revised when unexpected expenses occur.

In year ended June 30, 2016, the District's actual revenues exceeded actual expenses by \$27,130. District expenses were under budget by \$156,204 and revenues were under budget by \$150,252.

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

CAPITAL ASSETS

As of June 30, 2016, the District's investment in capital assets amounted to \$72,318 (net of accumulated depreciation). Capital asset purchases totaled \$6,660 in fiscal year 2016.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The number of customers as of June 30, 2016 was 664.

All of these factors were taken into consideration when preparing the District's budget.

The District approved a \$1,372,198 fiscal year 2017 operating budget. The budgeted profit is \$10,082.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: CRIS Rural Mass Transit District, Attn: Amy Brown, CEO

CRIS RURAL MASS TRANSIT DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	138,288
Receivables		314,250
Prepaid expenses		<u>16,735</u>

Total current assets		<u>469,273</u>
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NONCURRENT ASSETS:

Office equipment		157,406
Less accumulated depreciation		<u>(85,088)</u>

Total noncurrent assets		<u>72,318</u>
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Total assets		<u>541,591</u>
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LIABILITIES

CURRENT LIABILITIES:

Accounts payable		24,095
Other accrued liabilities		103,630
Capital lease payable		<u>1,332</u>

		<u>129,057</u>
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NONCURRENT LIABILITIES:

Capital lease payable		<u>4,884</u>
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Total liabilities		<u>133,941</u>
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Net investment in capital assets		66,102
Unrestricted		<u>341,548</u>

TOTAL NET POSITION		<u><u>\$ 407,650</u></u>
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The accompanying notes are an integral part of the financial statements.

CRIS RURAL MASS TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2016

OPERATING REVENUES	
Charges for services	<u>\$ 309,245</u>
 OPERATING EXPENSES	
Administrative	232,604
Operations and maintenance	897,107
Depreciation	<u>29,726</u>
Total operating expenses	<u>1,159,437</u>
Net loss from operating activities	<u>(850,192)</u>
 NON-OPERATING REVENUES	
IDOT operating assistance grants	864,963
Other grants	12,154
Miscellaneous revenue	<u>205</u>
Total non-operating revenues	<u>877,322</u>
 CHANGE IN NET POSITION	 27,130
 NET POSITION, BEGINNING OF YEAR	 <u>380,520</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 407,650</u></u>

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

**CRIS RURAL MASS TRANSIT DISTRICT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 322,396
Cash paid to vendors	(430,847)
Cash paid to employees	<u>(642,508)</u>
Net cash used in operating activities	<u>(750,959)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grant proceeds received	<u>797,140</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Payments on capital lease	<u>(444)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,737
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>92,551</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 138,288</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (850,192)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	29,726
Effects of changes in operating assets and liabilities:	
Prepaid expenses	(2,616)
Receivables	13,151
Accounts payable and accrued liabilities	<u>58,972</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (750,959)</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest was \$4,038.

Noncash activity: copier was purchased through a capital lease in the amount of \$6,660

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

**CRIS RURAL MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The CRIS Rural Mass Transit District's (the District) principal line of business is transportation services for residential customers in Vermilion County. The District uses transportation vehicles owned by Vermilion County. The County contracts with the District to provide the transportation services. The primary revenue source of the District is grant funding through Illinois Department of Transportation and user charges. The accounting policies of CRIS Rural Mass Transit District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

The financial statements of the District 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.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles Used to Determine Reporting Entity

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District is not aware of any organization for which the District is financially accountable.

The District is not aware of any entity which would be financially accountable to the District to the extent that they would be considered a component unit of the entity.

**CRIS RURAL MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The District operates as an enterprise fund. Enterprise funds are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when they are earned, and expenses are recorded at the time liabilities are incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operations. Operating expenses include the costs of providing the services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The District considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables

The District receives support from various state, federal, and local agencies in the form of grants, contributions and fees for service arrangements. These receivable amounts are not collateralized or secured and are considered to be fully collectible.

Capital Assets

Depreciation in enterprise funds is charged as an expense against its operations. Depreciation has been provided on a straight-line basis over the respective useful lives of the equipment, which range from 5 to 7 years. The District uses a capitalization threshold of \$300. Equipment is recorded at cost, net of accumulated depreciation.

Impairment of Long-Lived Assets

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**CRIS RURAL MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

In accordance with the generally accepted accounting principles, no liability is recorded for non-vesting rights to receive personal day benefits. A liability for vacation days is recorded as the employee's right to vacation days accumulates. The unused vacation days do not expire but are limited on an annual basis by the Board of Directors. The District considers the liability for accrued compensated absences to be entirely a current liability.

Revenues

Charges for services are recognized as revenue based on the transportation services provided. Income from funding sources is recognized as grant revenue over the period of the grant and as the grant is earned. Any grant funding received in advance is deferred until it is earned.

NOTE 2 - CASH DEPOSITS

The District had cash deposits totaling \$221,253 as of June 30, 2016.

Custodial Credit Risk - the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2016, the District's deposits were fully insured.

NOTE 3 - RECEIVABLES

Receivables are summarized as follows:

IDOT	\$ 275,790
Colonial Manor	1,380
Danville Mass Transit	9,926
Crosspoint	5,181
Worksource	8,298
Health Alliance	12,421
Other	<u>1,254</u>
Total	<u>\$ 314,250</u>

**CRIS RURAL MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2016 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Office equipment	\$ 150,746	\$ 6,660	\$ -	\$ 157,406
Less accumulated depreciation	<u>(55,362)</u>	<u>(29,726)</u>	<u>-</u>	<u>(85,088)</u>
Total	<u>\$ 95,384</u>	<u>\$ (23,066)</u>	<u>\$ -</u>	<u>\$ 72,318</u>

NOTE 5 - RELATED PARTIES

The District's administrative operations are within the same building as CRIS Healthy Aging, a nonprofit entity, in Vermillion County and they share a Chief Executive Officer and Associate Administrator. The District borrows funds at times from CRIS Healthy Aging. Total due to CRIS Healthy Aging as of June 30, 2016 was \$-0-.

CRIS Healthy Aging guarantees the line of credit of the District and the District guarantees CRIS Healthy Aging's line of credit. As of June 30, 2016, CRIS Healthy Aging had a \$590,000 line of credit with an outstanding balance of \$-0- on this line of credit.

NOTE 6 – OPERATING LEASE COMMITMENTS

The District had a lease agreement for use of a parking garage that expired August 31, 2014. The original lease commenced on September 1, 2009. The lease is now paid on a month by month basis under a verbal agreement, with monthly lease payments of \$4,300.

The District has an additional month-to-month lease agreement for office space. Monthly lease payments are \$825.

Total rent expense was \$63,000 for year ended June 30, 2016.

**CRIS RURAL MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 7 – CAPITAL LEASE OBLIGATION

The District entered in to a capital lease agreement on February 9, 2016 to purchase a copier. The term of the agreement is 60 months with monthly lease payments of \$111 and no stated interest. Original cost of the copier was \$6,660, with net book value of \$6,205 at June 30, 2016. Future minimum lease payments under this lease as of June 30, 2016 are as follows, by fiscal year:

2017	\$ 1,332
2018	1,332
2019	1,332
2020	1,332
2021	<u>888</u>
Total	<u>\$ 6,216</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital lease	\$ -	\$ 6,660	\$ 444	\$ 6,216	\$ 1,332

NOTE 8 - NOTE PAYABLE TO BANK

The District maintains a line of credit totaling \$550,000 that matures December 15, 2016. Interest on balances drawn are payable at the *Wall Street Journal* prime rate plus 0.75% (3.25% at June 30, 2016) with a minimum interest rate of 5.00%. The line of credit is secured by substantially all the District's assets and is guaranteed by CRIS Healthy Aging, a nonprofit entity. As of June 30, 2016, the District had an outstanding balance of \$-0- on this line of credit.

NOTE 9 - SIMPLE IRA PLAN

The District sponsors a Simple IRA Retirement Plan. The plan is available to all employees after one year of full-time employment. Part-time employees earning at least \$5,000 per year become eligible to participate in the program on October 1, following one full year of employment. The District matches employee contributions up to 3% of an employee's annual salary. The District made contributions to the plan totaling \$6,252 in 2016.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**City, County, MTD
CRIS Rural Mass Transit District
Section 5311 Annual Financial Report
Operating Period July 1, 2015 to June 30, 2016
Contract Number 4610**

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$12,081
402	Special Transit Fares	\$233,626
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
440	Other:	
	Total Revenue	\$245,707
	Less: Non- 5311 Operating Revenues	
	Section 5311 Operating Revenue	\$245,707

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$227,192	\$401,209	\$628,401
502	Fringe Benefits	\$40,225	\$68,757	\$108,982
503	Services	\$63,469	\$73,282	\$136,751
504.01	Fuel and Oil	\$0	\$61,240	\$61,240
504.02	Tires and Tubes	\$0	\$6,461	\$6,461
504.99	Other Materials	\$5,915	\$0	\$5,915
505	Utilities	\$23,771	\$0	\$23,771
506	Casualty and Liability	\$70,794	\$0	\$70,794
507	Taxes	\$0	\$1,192	\$1,192
508	Purchase of Service	\$0	\$0	\$0
509	Miscellaneous	\$13,542	\$0	\$13,542
511	Interest Expense	\$4,038	\$0	\$4,038
512	Lease and Rentals	9,900	\$51,600	\$61,500
	Other:			
	Total Expenses	\$458,846	\$663,741	\$1,122,587

Rev. 02/26/10

City, County, MTD
Operating Period July 1, 2015 to June 30, 2016
Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	
1) Expenses: Per Single Audit	\$458,846	\$663,741	\$1,122,587	
2) Less: Ineligible Expenses per Single Audit	\$13,466	\$1,256	\$14,722	
3) Net Eligible Expenses ((1)-(2))	\$445,380	\$662,485	\$1,107,865	
4) Less: Section 5311 Operating Revenues (From Page 1)		\$245,707	\$245,707	
5) Section 5311 Operating Deficit ((3)-(4))		\$416,778		
6) Section 5311 Deficit ((3)-(4))			\$862,158	
7) Section 5311 Reimbursement %	x 80%	x 50%		
				Grant Total
A) Eligible Reimbursement Per Percentages	\$356,304	\$208,389		\$564,693
B) Funding Limits per Contract				
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			\$143,028	\$0
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee				\$0
E) Amount (Over) Under Paid ((C)-(D))				\$0
F) Grantee Local Match Requirement (Operating Deficit-(C))			\$719,130	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$719,130
Local Contracts	
In-Kind Services, Subsidies, Donations	
TOTAL LOCAL MATCH (Must equal (F))	\$719,130
LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)	
BEGINNING CARRY FORWARD (C.F.A.) BALANCE	
FY Local Transit (Local Contracts) Amounts Received	\$308,246
Less expended for Capital \$ Operating \$	\$239,519
ENDING CARRY FORWARD (C.F.A.) BALANCE	\$68,727

I certify that the revenues and costs claimed for reimbursement are adequately supported and the approved cost allocation plan (if applicable) has been followed as provided in the project budget.

Prepared By: Burma Thomas
Title: Accounting Assistant

Reviewed By/PCOM: Kathy Cooksey

Date:

CPA Approval: See Independent Auditors' Report

Date: See Independent Auditors' Report

Revised 02/18/14

**CRIS RURAL MASS TRANSIT DISTRICT
SUPPLEMENTARY INFORMATION - VERMILION COUNTY
SCHEDULE OF REVENUES AND INCOME AND OPERATING EXPENSES
UNDER DOWNSTATE OPERATING ASSISTANCE GRANT OP-16-09-FED
Year Ended June 30, 2016
(Page 1 of 2)**

OPERATING REVENUES AND INCOME

401	Passenger fares for transit services	\$ 12,081
402	Special transit fares	233,626
403	School bus service	-
404	Freight tariffs	-
405	Total charger service revenues	-
406	Auxiliary revenue	-
407	Non-transportation revenue	-
407.99	Sec. 5307 force acct. & admin. cost reimbursement	-
411	State cash grants & reimbursements	-
412	State special fare assistance	-
413	Fed. Cash grants & reimbursements	143,028
413.99	Sec. 5307 capital funds for state eligible operating expenses	-
413.99	Job Access Reverse Commute and New Freedom	-
440	Subsidy from other sectors of operations	-
		-
	Total operating revenues	<u>388,735</u>

OPERATING EXPENSES

501	Labor	628,401
502	Fringe benefits	108,982
503	Professional services	136,751
504	Materials & supplies	73,616
505	Utilities	23,771
506	Casualty & liability	70,794
507	Taxes	1,192
508	Net purchased transportation	-
509	Miscellaneous expenses	13,542
511	Interest expense	4,038
512	Leases, rentals, and purchase-lease payments	<u>61,500</u>
	Total operating expenses	<u>1,122,587</u>

Ineligible expenses:

APTPA and IPTA dues	4,647
Other	<u>10,075</u>

Less total ineligible expenses 14,722

Total eligible operating expenses \$ 1,107,865

INTERNAL CONTROL AND COMPLIANCE REPORT

**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 Directors
CRIS Rural Mass Transit District
Danville, 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 CRIS Rural Mass Transit District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise CRIS Rural Mass Transit District's basic financial statements, and have issued our report thereon dated January 4, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CRIS Rural Mass Transit District'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 CRIS Rural Mass Transit District's internal control. Accordingly, we do not express an opinion on the effectiveness of CRIS Rural Mass Transit District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses we consider to be material weaknesses [2016-001].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CRIS Rural Mass Transit District'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*.

CRIS Rural Mass Transit District's Response to Findings

CRIS Rural Mass Transit District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. CRIS Rural Mass Transit District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of CRIS Rural Mass Transit District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CRIS Rural Mass Transit District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Danville, Illinois
January 4, 2017

**CRIS RURAL MASS TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2016**

Findings Relating to Internal Control Over Financial Reporting and Compliance

Finding No. 2016-001 – Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)

Criteria or specific requirement:

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Condition:

The District does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures, including any necessary adjustments to accrual basis, and ensure they are complete and presented in accordance with GAAP.

Context:

Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements and related footnote disclosures, including any necessary adjustments to accrual basis.

Effect:

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls.

Cause:

The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Recommendation:

Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Views of responsible officials and planned corrective action:

Management is exploring options to alleviate this finding for future years. Options discussed are having another accounting firm prepare the annual financial statements as well as staff receiving training and preparing financial statements.

**CRIS RURAL MASS TRANSIT DISTRICT
SCHEDULE OF STATUS OF PRIOR PERIOD FINDINGS
June 30, 2016**

Finding No. 2015-001

FINANCIAL STATEMENT PREPARATION AND ACCRUAL ADJUSTMENTS

Condition:

The District does not have an internal control policy in place over the annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

This finding is repeated as 2016-001.