

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

**FINANCIAL STATEMENTS
June 30, 2014**



CliftonLarsonAllen

TABLE OF CONTENTS

	PAGE
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Net Position	10
Statement of Cash Flows.....	11
Notes to Financial Statements	12
SUPPLEMENTARY INFORMATION	17
Statement of Revenues, Expenses, and Changes in Net Position – Champaign County	18
Statement of Revenues, Expenses, and Changes in Net Position – Vermilion County	19
Section 5311 Annual Financial Report – Champaign County.....	20
Section 5311 Annual Financial Report – Vermilion County	22
Schedule of Revenues and Income and Operating Expenses Under Downstate Operating Assistance Grant OP-14-06-FED	24
Schedule of Revenues and Income and Operating Expenses Under Downstate Operating Assistance Grant OP-14-06-FED.....	26
INTERNAL CONTROL AND COMPLIANCE REPORT	28
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.....	29
Schedule of Findings and Responses	31
Schedule of Status of Prior Period Findings	32

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, 2014, 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, 2014, 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 accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary 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. 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 accompanying supplementary information 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 7, 2015 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 7, 2015

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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, 2014 by \$392,974.
- Total assets of the District at June 30, 2014 were \$908,085 which includes cash, cash equivalents, receivables of \$571,435, property and equipment of \$121,883, and prepaid expenses of \$16,542.
- The net position of the District increased \$77,745 from July 1, 2013 to June 30, 2014.
- The District does not carry any long-term debt; however, they do have a line of credit they have borrowed against.
- Total operating revenues for the year ended June 30, 2014 were \$465,050.
- Total non-operating revenues for the year ended June 30, 2014 were \$1,390,419.
- Total operating expenses for the year ended June 30, 2014 were \$1,777,724.

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, 2014**

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 \$392,974 at June 30, 2014.

As can be seen in the following Condensed Statement of Net Position, since the District carries no long-term debt at this time, net position reflects its 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>2014</u>	<u>2013</u>
Current assets	\$ 786,202	\$ 772,769
Equipment	<u>121,883</u>	<u>7,900</u>
Total assets	<u>\$ 908,085</u>	<u>\$ 780,669</u>
 Current liabilities	 <u>\$ 515,111</u>	 <u>\$ 465,440</u>

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Condensed Statement of Net Position (Continued)	<u>2014</u>	<u>2013</u>
Net position:		
Investment in capital assets	\$ 121,883	\$ 7,900
Unrestricted	<u>271,091</u>	<u>307,329</u>
Total net position	<u>\$ 392,974</u>	<u>\$ 315,229</u>

The following table summarizes the revenues, expenses, and changes in position for the year ended 2014.

Condensed Statement of Revenues, Expenses, and Changes in Net Position	<u>2014</u>	<u>2013</u>
Operating revenue	\$ 465,050	\$ 425,542
Nonoperating revenue	<u>1,390,419</u>	<u>1,197,423</u>
Total revenues	<u>1,855,469</u>	<u>1,622,965</u>
Depreciation expense	22,162	1,749
Other operating expense	<u>1,755,562</u>	<u>1,519,025</u>
Total expenses	<u>1,777,724</u>	<u>1,520,774</u>
Change in net position	77,745	102,191
Beginning net position	<u>315,229</u>	<u>213,038</u>
Ending net position	<u>\$ 392,974</u>	<u>\$ 315,229</u>

The following two tables further detail revenues and expenses.

	<u>Fiscal Year 2014 Actual Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) from 2013</u>	<u>% of Change</u>
Revenues By Source				
Operating revenues				
Charges for services	<u>\$ 465,050</u>	<u>25%</u>	<u>\$ 39,508</u>	<u>17%</u>

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Revenues By Source (Continued)

	Fiscal Year 2014 <u>Actual Amount</u>	<u>% of Total</u>	Increase (Decrease) from 2013	<u>% of Change</u>
Nonoperating revenues				
IDOT operating assistance grants	\$ 1,328,533	71%	\$ 199,270	86%
Other grants	60,906	3%	(5,778)	(2)%
Miscellaneous	<u>980</u>	<u>1%</u>	<u>(496)</u>	<u>(1)%</u>
 Total nonoperating revenues	 <u>1,390,419</u>	 <u>75%</u>	 <u>192,996</u>	 <u>83%</u>
Total revenues	<u>\$ 1,855,469</u>	<u>100%</u>	<u>\$ 232,504</u>	<u>100%</u>

EXPENSES

Operating expenses				
Administrative	\$ 233,823	13%	\$ 40,435	16%
Operations and maintenance	1,521,739	86%	196,102	76%
Depreciation	<u>22,162</u>	<u>1%</u>	<u>20,413</u>	<u>8%</u>
Total operating expenses	<u>\$ 1,777,724</u>	<u>100%</u>	<u>\$ 256,950</u>	<u>100%</u>

Debt Administration

The District has a line of credit through the bank. Outstanding borrowings at June 30, 2014 were \$282,603.

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, 2014, the District's actual revenues exceeded actual expenses by \$77,745. District expenses were under budget by \$626,551 and revenues were under budget by \$597,437.

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

CAPITAL ASSETS

As of June 30, 2014, the District's investment in capital assets amounted to \$121,883 (net of accumulated depreciation). Capital asset purchases totaled \$136,145 in fiscal year 2014.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The number of customers as of June 30, 2014 was 1575.
- Staffing at the District is projected to remain at current levels.

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

The District approved a \$1,522,279 fiscal year 2015 operating budget. The budgeted profit is \$8,240.

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 Marchant, CEO

**CRIS RURAL MASS TRANSIT DISTRICT
STATEMENT OF NET POSITION
June 30, 2014**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	198,225
Receivables		571,435
Prepaid expenses		<u>16,542</u>

Total current assets		<u>786,202</u>
----------------------	--	----------------

EQUIPMENT

Office equipment		147,891
Less accumulated depreciation		<u>(26,008)</u>

Total equipment		<u>121,883</u>
-----------------	--	----------------

TOTAL ASSETS		<u>908,085</u>
---------------------	--	----------------

LIABILITIES

Accounts payable		108,755
Other accrued liabilities		62,733
Line of credit		282,603
Due to affiliate		<u>61,020</u>

Total current liabilities		<u>515,111</u>
---------------------------	--	----------------

NET POSITION

Investment in capital assets		121,883
Unrestricted		<u>271,091</u>

TOTAL NET POSITION	\$	<u>392,974</u>
---------------------------	-----------	----------------

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, 2014

OPERATING REVENUES	
Charges for services	<u>\$ 465,050</u>
 OPERATING EXPENSES	
Administrative	233,823
Operations and maintenance	1,521,739
Depreciation	<u>22,162</u>
Total operating expenses	<u>1,777,724</u>
Net loss from operating activities	<u>(1,312,674)</u>
 NON-OPERATING REVENUES	
IDOT operating assistance grants	1,328,533
Other grants	60,906
Miscellaneous revenue	<u>980</u>
Total non-operating revenues	<u>1,390,419</u>
 CHANGE IN NET POSITION	 77,745
 NET POSITION, BEGINNING OF YEAR	 <u>315,229</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 392,974</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, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 325,603
Cash paid to vendors	(798,654)
Cash paid to employees	<u>(921,477)</u>
Net cash used in operating activities	<u>(1,394,528)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Net proceeds (payments) on line of credit	-
Net cash borrowed from affiliate	7,142
Grant proceeds received	<u>1,693,724</u>
Net cash provided by noncapital financing activities	<u>1,700,866</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	<u>(136,145)</u>
----------------------------	------------------

NET INCREASE IN CASH AND CASH EQUIVALENTS 170,193

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 28,032

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 198,225

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED IN OPERATING ACTIVITIES:**

Operating loss	\$ (1,312,674)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	22,162
Effects of changes in operating assets and liabilities:	
Prepaid expenses	(7,098)
Receivables	(139,447)
Accounts payable and accrued liabilities	<u>42,529</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (1,394,528)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest was \$15,113.

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

**CRIS RURAL MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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 and Champaign counties. The District uses transportation vehicles owned by Vermilion County and Champaign County. Both Counties contract 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, 2014**

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, 2014**

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 - RECEIVABLES

Receivables are summarized as follows:

IDOT	\$ 472,995
JARC	35,636
Danville Mass Transit	28,068
Crosspoint	5,631
Worksource	5,795
Indigo Univ Partners	8,001
Health Alliance	8,251
Other	<u>7,058</u>
Total	<u>\$ 571,435</u>

NOTE 3 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2014 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Office equipment	\$ 11,746	\$ 136,145	\$ -	\$ 147,891
Less accumulated depreciation	<u>(3,846)</u>	<u>(22,162)</u>	<u>-</u>	<u>(26,008)</u>
Total	<u>\$ 7,900</u>	<u>\$ 113,983</u>	<u>\$ -</u>	<u>\$ 121,883</u>

**CRIS RURAL MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 - RELATED PARTIES

The District's administrative operations are within the same building as CRIS Healthy Aging, a nonprofit entity, in Vermilion 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, 2014 was \$61,020. The prior year amount due to CRIS Healthy Aging of \$53,878 was paid off in September 2013.

CRIS Healthy Aging guarantees the line of credit of the District and the District guarantees CRIS Healthy Aging's line of credit.

NOTE 5 - LEASE COMMITMENTS

The District entered into a lease agreement for a copier, which expires March 31, 2016. The monthly lease payments are \$147. Future minimum lease payments under this lease as of June 30, 2014 are as follows, by fiscal year:

2015	\$ 1,764
2016	<u>1,323</u>
Total	<u>\$ 3,087</u>

The District has entered into a lease agreement for the building and parking space, which expires February 28, 2016. The monthly lease payments are \$1,166 and \$552 for office space and parking, respectively. The lease was terminated as of September 30, 2014, due to discontinued services in the Champaign, Illinois area.

Future minimum lease payments under this lease are as follows:

2015	<u>\$ 5,154</u>
------	-----------------

The District has renewed a lease agreement for use of a parking garage, which expires August 31, 2014. The original lease commenced on September 1, 2009. The monthly lease payments vary by date of the lease and range from \$3,795 to \$4,300 through August 2014.

**CRIS RURAL MASS TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 5 - LEASE COMMITMENTS (CONTINUED)

Future minimum lease payments under this lease are as follows:

2015	<u>\$ 8,600</u>
------	-----------------

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

Total rent expense was \$79,521 for year ended June 30, 2014.

NOTE 6 - NOTE PAYABLE TO BANK

The District maintains two lines of credit totaling of \$761,418 that matured September 15, 2014. Interest on balances drawn are payable at the *Wall Street Journal* prime rate plus 1.0% (3.25% at June 30, 2014) with a minimum interest rate of 5.35%. The lines of credit are secured by substantially all the District's assets and are guaranteed by CRIS Healthy Aging, a nonprofit entity. As of June 30, 2014, the District had an outstanding balance of \$282,603 on these lines of credit. The District has subsequently extended the terms of the lines of credit with the bank to December 31, 2014.

NOTE 7 - 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 \$7,404 in 2014.

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

SUPPLEMENTARY INFORMATION

**CRIS RURAL MASS TRANSIT DISTRICT
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - CHAMPAIGN COUNTY
Year Ended June 30, 2014**

OPERATING REVENUES	
Charges for services	<u>\$ 51,826</u>
 OPERATING EXPENSES	
Administrative	67,690
Operations and maintenance	477,490
Depreciation	<u>-</u>
Total operating expenses	<u>545,180</u>
Net loss from operating activities	<u>(493,354)</u>
 NON-OPERATING REVENUES	
IDOT operating assistance grants	<u>487,983</u>
Total non-operating revenues	<u>487,983</u>
 CHANGE IN NET POSITION	 (5,371)
 NET POSITION, BEGINNING OF YEAR	 <u>51,657</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 46,286</u></u>

**CRIS RURAL MASS TRANSIT DISTRICT
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - VERMILION COUNTY
Year Ended June 30, 2014**

OPERATING REVENUES	
Charges for service	<u>\$ 413,224</u>
 OPERATING EXPENSES	
Administrative	166,133
Operations and maintenance	1,044,249
Depreciation	<u>22,162</u>
Total operating expenses	<u>1,232,544</u>
Net loss from operating activities	<u>(819,320)</u>
 NON-OPERATING REVENUES	
IDOT operating assistance grants	840,550
Other grants	60,906
Miscellaneous revenue	<u>980</u>
Total non-operating revenues	<u>902,436</u>
 CHANGE IN NET POSITION	 83,116
 NET POSITION, BEGINNING OF YEAR	 <u>263,572</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 346,688</u></u>

Champaign County
Section 5311 Annual Financial Report - Champaign County
Operating Period July 1, 2013 to June 30, 2014
Contract Number 4314

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$43,249.28
402	Special Transit Fares	
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
440	Other:	
	Total Revenue	\$43,249.28
	Less: Non- 5311 Operating Revenues	
	Section 5311 Operating Revenue	\$43,249.28

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$88,024.59	\$157,316.69	\$245,341.28
502	Fringe Benefits	25,143.97	21,432.02	\$46,575.99
503	Services	26,566.22	64,712.19	\$91,278.41
504.01	Fuel and Oil	0.00	85,185.59	\$85,185.59
504.02	Tires and Tubes	0.00	6,670.09	\$6,670.09
504.99	Other Materials	2,325.53	0.00	\$2,325.53
505	Utilities	7,666.74	0.00	\$7,666.74
506	Casualty and Liability	13,619.82	0.00	\$13,619.82
507	Taxes	76.10	0.00	\$76.10
508	Purchase of Service	0.00	0.00	\$0.00
509	Miscellaneous	22,653.18	0.00	\$22,653.18
511	Interest Expense	4,299.61	0.00	\$4,299.61
512	Lease and Rentals	0.00	20,613.96	\$20,613.96
	Other:			
	Total Expenses	\$190,375.76	\$355,930.54	\$546,306.30

Rev. 02/26/10

Champaign County
Section 5311 Grant Reimbursement - Champaign County
FY 14 _____

	Administrative Expenses	Operating Expenses	Total	
1) Expenses:	190375.76	355930.54		Total
			546306.30	
2) Less: Ineligible Expenses			0.00	
3) Net Eligible Expenses ((1)-(2))	190375.76	355930.54		546306.30
4) Less: Section 5311 Operating Revenues (From Page 1)		43249.28		43249.28
5) Section 5311 Operating Deficit ((3)-(4))		312681.26		
6) Section 5311 Deficit ((3)-(4))				503057.02
7) Section 5311 Reimbursement %	x 80%	x 50%		
				Grant
A) Eligible Reimbursement Per Percentages	152300.61	156340.63		Total
				308641.24
B) Funding Limits per Contract				153871.00
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			153871.00	153871.00
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee				153871.00
E) Amount (Over) Under Paid ((C)-(D))				0.00
F) Grantee Local Match Requirement (Operating Deficit-(C))			349186.02	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$349,186.02
Local Contracts	
In-Kind Services, Subsidies, Donations	
TOTAL LOCAL MATCH	\$349,186.02
(Must equal or exceed (F))	

I certify that the 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:
 Title: Kathy Cooksey
 CPA Approval: Associate Administrator
 Date: See Independent Auditors' Report

CRIS Rural Mass Transit District
Section 5311 Annual Financial Report - Vermilion County
Operating Period July 1, 2013 to June 30, 2014
Contract Number 4399

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$11,653.00
402	Special Transit Fares	\$105,854.00
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
440	Other:	
	Total Revenue	\$117,507.00
	Less: Non- 5311 Operating Revenues	
	Section 5311 Operating Revenue	\$117,507.00

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$100,575.69	\$264,714.75	\$365,290.44
502	Fringe Benefits	27,622.69	66,817.40	\$94,440.09
503	Services	14,859.12	65,231.22	\$80,090.34
504.01	Fuel and Oil	0.00	117,331.77	\$117,331.77
504.02	Tires and Tubes	0.00	9,077.28	\$9,077.28
504.99	Other Materials	5,743.25	0.00	\$5,743.25
505	Utilities	11,585.12	0.00	\$11,585.12
506	Casualty and Liability	33,300.34	0.00	\$33,300.34
507	Taxes	0.00	0.00	\$0.00
508	Purchase of Service	0.00	0.00	\$0.00
509	Miscellaneous	11,866.93	0.00	\$11,866.93
511	Interest Expense	12,049.82	0.00	\$12,049.82
512	Lease and Rentals	0.00	40,806.50	\$40,806.50
	Other:			
	Total Expenses	\$217,602.96	\$563,978.92	\$781,581.88

**CRIS Rural Mass Transit District
Section 5311 Grant Reimbursement - Vermilion County
FY 14**

	Administrative Expenses	Operating Expenses	Total	
1) Expenses:	217602.96	563978.92		
			781581.88	
2) Less: Ineligible Expenses			0.00	
3) Net Eligible Expenses ((1)-(2))	217602.96	563978.92		781581.88
4) Less:Section 5311Operating Revenues (From Page 1)		117507.00		117507.00
5) Section 5311 Operating Deficit ((3)-(4))		446471.92		
6) Section 5311 Deficit ((3)-(4))				664074.88
7) Section 5311 Reimbursement %	<u>x 80%</u>	<u>x 50%</u>		
				Grant Total
A)Eligible Reimbursement Per Percentages	174082.37	223235.96		Total
				397318.33
B) Funding Limits per Contract				143028.00
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			143028.00	143028.00
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee				143028.00
E) Amount (Over) Under Paid ((C)-(D))				0.00
F) Grantee Local Match Requirement (Operating Deficit-(C))			521046.88	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$521,047.00
Local Contracts	
In-Kind Services, Subsidies, Donations	
TOTAL LOCAL MATCH	\$521,047.00
(Must equal or exceed (F))	

I certify that the 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:
 Title: Kathy Cooksey
 CPA Approval: Associate Administrator
 Date: See Independent Auditors' Report

CRIS RURAL MASS TRANSIT DISTRICT
SUPPLEMENTARY INFORMATION - VERMILION COUNTY
SCHEDULE OF REVENUES AND INCOME AND OPERATING EXPENSES
UNDER DOWNSTATE OPERATING ASSISTANCE GRANT OP-14-06-FED
Year Ended June 30, 2014
(Page 1 of 2)

OPERATING REVENUES AND INCOME

401	Passenger fares for transit services	\$ 15,295
402	Special transit fares	105,854
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	-
410	Local special fare assistance	-
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	-
440	Subsidy from other sectors of operations	-
		<hr/>
	Total operating revenues	<u>264,177</u>

OPERATING EXPENSES

501	Labor	406,291
502	Fringe benefits	103,876
503	Professional services	87,208
504	Materials & supplies	147,898
505	Utilities	11,731
506	Casualty & liability	36,457
507	Taxes	-
508	Net purchased transportation	-
509	Miscellaneous expenses	13,067
511	Interest expense	12,050
512	Leases, rentals, and purchase-lease payments	40,807
		<hr/>
	Total operating expenses	<u>859,385</u>
	Ineligible expenses:	
	APTPA and IPTA dues	-
	Other	-
	Less total ineligible expenses	-
		<hr/>
	Total eligible operating expenses	<u>\$ 859,385</u>

CRIS RURAL MASS TRANSIT DISTRICT
SUPPLEMENTARY INFORMATION - VERMILION COUNTY
SCHEDULE OF REVENUES AND INCOME AND OPERATING EXPENSES
UNDER DOWNSTATE OPERATING ASSISTANCE GRANT OP-14-06-FED
 Year Ended June 30, 2014
 (Page 2 of 2)

Total eligible operating expenses	\$ <u>859,385</u>
Total operating revenue & income	<u>264,177</u>
Deficit	<u>595,208</u>
65% of eligible expense	<u>558,600</u>
Maximum contract amount	<u>676,300</u>
FY13 Downstate Operating Assistance (Deficit, 65% of eligible expense, or maximum contract amount, whichever is less)	<u>558,600</u>
FY13 Downstate Operating Assistance Received (prior to close of fiscal year)	<u>397,318</u>
FY13 Downstate Operating Assistance Receivable (at close of fiscal year and subsequently received)	<u>146,655</u>
FY13 Downstate Operating Assistance (Over) Under Paid	<u>\$ 14,627</u>

Prepared By: Kathy Cooksey

Title: Associate Administrator

CPA Approval: See Independent Auditors' Report

Date: See Independent Auditors' Report

CRIS RURAL MASS TRANSIT DISTRICT
SUPPLEMENTARY INFORMATION - CHAMPAIGN COUNTY
SCHEDULE OF REVENUES AND INCOME AND OPERATING EXPENSES
UNDER DOWNSTATE OPERATING ASSISTANCE GRANT OP-14-06-FED
Year Ended June 30, 2014
(Page 1 of 2)

OPERATING REVENUES AND INCOME

401	Passenger fares for transit services	\$ 43,249
402	Special transit fares	-
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	-
410	Local special fare assistance	-
411	State cash grants & reimbursements	-
412	State special fare assistance	-
413	Fed. Cash grants & reimbursements	153,871
413.99	Sec. 5307 capital funds for state eligible operating expenses	-
440	Subsidy from other sectors of operations	-
	Total operating revenues	<u>197,120</u>

OPERATING EXPENSES

501	Labor	245,341
502	Fringe benefits	46,576
503	Professional services	91,278
504	Materials & supplies	94,181
505	Utilities	7,667
506	Casualty & liability	13,620
507	Taxes	76
508	Net purchased transportation	-
509	Miscellaneous expenses	22,653
511	Interest expense	4,300
512	Leases, rentals, and purchase-lease payments	20,614
	Total operating expenses	<u>546,306</u>
	Ineligible expenses:	
	APTPA and IPTA dues	-
	Other	-
	Less total ineligible expenses	<u>-</u>
	Total eligible operating expenses	<u>\$ 546,306</u>

CRIS RURAL MASS TRANSIT DISTRICT
SUPPLEMENTARY INFORMATION - CHAMPAIGN COUNTY
SCHEDULE OF REVENUES AND INCOME AND OPERATING EXPENSES
UNDER DOWNSTATE OPERATING ASSISTANCE GRANT OP-14-06-FED
Year Ended June 30, 2014
 (Page 2 of 2)

Total eligible operating expenses	\$	<u>546,306</u>
Total operating revenue & income		<u>197,120</u>
Deficit		<u>349,186</u>
65% of eligible expense		<u>355,099</u>
Maximum contract amount		<u>577,600</u>
FY14 Downstate Operating Assistance		
(Deficit, 65% of eligible expense, or maximum contract amount, whichever is less)		<u>349,186</u>
FY14 Downstate Operating Assistance Received		
(prior to close of fiscal year)		<u>171,876</u>
FY14 Downstate Operating Assistance Receivable		
(at close of fiscal year and subsequently received)		<u>168,259</u>
FY14 Downstate Operating Assistance (Over) Under Paid	\$	<u>9,051</u>

Prepared By: Kathy Cooksey
 CPA Approval: See Independent Auditors' Report

Title: Associate Administrator
 Date: See Independent Auditors' Report

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, 2014, 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 7, 2015.

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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2014-001 to be a material weakness.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Danville, Illinois
January 7, 2015

**CRIS RURAL MASS TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014**

Findings Relating to Internal Control Over Financial Reporting and Compliance

Finding No. 2014-001 – Financial Statement Preparation and Accrual Adjustments

Criteria or specific requirement:

The District and management share the ultimate responsibility for the District's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

Condition:

The District has engaged independent public accountants to assist the District in preparing the financial statements and accompanying disclosures. In addition, several adjustments were required to be posted to the financial records in order for them to be in accordance with generally accepted accounting principles. As independent auditors, we cannot be considered part of the District's internal control system.

Context:

The District currently relies on the independent auditors to assist in the preparation of the financial statements and disclosures. In addition, the District relies on the auditor to propose adjustments to the financial records so they are in conformance with generally accepted accounting principles. The District does not have internal resources to fully perform these functions completely and accurately.

Effect:

It is possible that a misstatement of the District's financial statements could occur and not be prevented or detected by the District's internal control over financial reporting.

Cause:

The District does not have internal staff that have been provided training related to developments and complexities of generally accepted accounting principles, including all financial statement disclosures and accrual adjustments.

Recommendation:

We make no recommendation as to whether management should or should not invest in additional personnel or additional training for existing personnel to acquire the capacity to maintain the level of expertise necessary to maintain the accounting records in accordance with generally accepted accounting principles and prepare the financial statements in accordance with generally accepted accounting principles including all disclosures.

Views of responsible officials and planned corrective action:

The auditors' recommendation has been duly noted by the CRIS Rural Mass Transit District. However, the District does not feel it is economically feasible to correct this situation.

**CRIS RURAL MASS TRANSIT DISTRICT
SCHEDULE OF STATUS OF PRIOR PERIOD FINDINGS
June 30, 2014**

Finding No. 2013-1

FINANCIAL STATEMENT PREPARATION AND ACCRUAL ADJUSTMENTS

Condition:

The District has engaged independent public accountants to assist the District in preparing the financial statements and accompanying disclosures. In addition, several adjustments were required to be posted to the financial records in order for them to be in accordance with generally accepted accounting principles. As independent auditors, we cannot be considered part of the District's internal control system.

This finding is repeated as 2014-001.