

CRIS RURAL MASS TRANSIT DISTRICT

Danville, Illinois

**Financial Statements
and Supplementary Information**

For the Year Ended

June 30, 2017

CONTENTS

	<i>Page</i>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4-8
BASIC FINANCIAL STATEMENTS	
Statement of Net Position (Exhibit A).....	9
Statement of Revenues, Expenses, and Changes in Net Position (Exhibit B).....	10
Statement of Cash Flows (Exhibit C).....	11
Notes to Basic Financial Statements.....	12-18
SUPPLEMENTARY INFORMATION	
Section 5311 Annual Financial Report (Schedule 1).....	19-20
Schedule of Revenues and Expenses Under Downstate Operating Assistance Grant OP-17-28-IL (Schedule 2)	21-22
INTERNAL CONTROL AND COMPLIANCE REPORT	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Summary Schedule of Prior Audit Findings (Schedule 3)	25

INDEPENDENT AUDITOR'S REPORT

Board of Directors
CRIS Rural Mass Transit District
Danville, Illinois

Report on Financial Statements

We have audited the accompanying financial statements of the CRIS Rural Mass Transit District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

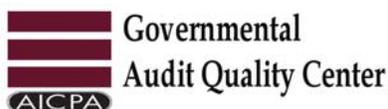
Management's Responsibility for the Financial Statements

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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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 the District as of June 30, 2017, and the changes in its financial position and its cash flows 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, on pages 4 through 8, 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedules 1 through 3 are presented for purposes of additional analysis as required by the Illinois Department of Transportation and are 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 has been subjected to the auditing procedures applied in the audit of the basic financial statement 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, on our consideration of the 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 solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Martin, Wood, Fries & Associates, LLC

Champaign, Illinois
December 8, 2017

**CRIS RURAL MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

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, 2017 by \$384,452.
- Total assets of the District at June 30, 2017 were \$514,566 which includes cash and cash equivalents of \$80,588, receivables of \$350,752, property and equipment of \$63,552, and prepaid expenses of \$19,674.
- The net position of the District decreased by \$23,198 from July 1, 2016 to June 30, 2017.
- The District's long-term debt includes a capital lease for a copier and a line of credit; however, there is no outstanding borrowings on the line of credit as of June 30, 2017.
- Total operating revenues for the year ended June 30, 2017 were \$318,780.
- Total non-operating revenues for the year ended June 30, 2017 were \$1,122,591.
- Total operating expenses for the year ended June 30, 2017 were \$1,455,579.

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, 2017**

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: 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 \$384,452 at June 30, 2017.

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>2017</u>	<u>2016</u>
Current assets	\$ 451,014	\$ 469,273
Equipment	<u>63,552</u>	<u>72,318</u>
Total assets	<u>\$ 514,566</u>	<u>\$ 541,591</u>
Liabilities	<u>\$ 130,114</u>	<u>\$ 133,941</u>

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Condensed Statement of Net Position (Continued)	<u>2017</u>	<u>2016</u>
Net position:		
Net investment in capital assets	\$ 58,668	\$ 66,102
Unrestricted	<u>325,784</u>	<u>341,548</u>
Total net position	<u>\$ 384,452</u>	<u>\$ 407,650</u>

The following table summarizes the revenues, expenses, and changes in net position for the years ended June 30, 2017 and 2016.

Condensed Statement of Revenues, Expenses, and Changes in Net Position	<u>2017</u>	<u>2016</u>
Operating revenue	\$ 318,780	\$ 309,245
Non-operating revenue	1,018,873	877,322
Capital contributions	<u>103,718</u>	<u>0</u>
Total revenues	<u>1,441,371</u>	<u>1,186,567</u>
Depreciation expense	30,393	29,726
Other operating expense	1,425,186	1,129,711
Non-operating expense	<u>8,990</u>	<u>0</u>
Total expenses	<u>1,464,569</u>	<u>1,159,437</u>
Change in net position	(23,198)	27,130
Beginning net position	<u>407,650</u>	<u>380,520</u>
Ending net position	<u>\$ 384,452</u>	<u>\$ 407,650</u>

The following two tables further detail revenues and expenses.

	<u>Fiscal Year 2017</u> <u>Actual Amount</u>	<u>% of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>from 2016</u>	<u>% of</u> <u>Change</u>
Revenues By Source				
Operating revenues				
Charges for services	\$ <u>318,780</u>	<u>22%</u>	\$ <u>9,535</u>	<u>4%</u>

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Revenues By Source (Continued)

	Fiscal Year 2017		Increase (Decrease) from 2016	% of Change
	<u>Actual Amount</u>	<u>% of Total</u>		
Nonoperating revenues				
Operating assistance grants	\$ 1,006,225	70%	\$ 141,262	55%
Other grants	12,153	1%	(1)	0%
Capital Contributions	103,718	7%	\$ 103,718	41%
Miscellaneous	<u>495</u>	<u>0%</u>	<u>290</u>	<u>0%</u>
 Total nonoperating revenues	 <u>1,122,591</u>	 <u>78%</u>	 <u>245,269</u>	 <u>96%</u>
 Total revenues	 <u>\$ 1,441,371</u>	 <u>100%</u>	 <u>\$ 254,804</u>	 <u>100%</u>
 EXPENSES				
Operating expenses				
Administrative	\$ 284,027	20%	\$ 51,423	17%
Operations and maintenance	1,141,159	78%	244,052	82%
Depreciation	<u>30,393</u>	<u>2%</u>	<u>667</u>	<u>1%</u>
 Total operating expenses	 <u>\$ 1,455,579</u>	 <u>100%</u>	 <u>\$ 296,142</u>	 <u>100%</u>

Debt Administration

The District has a line of credit through a bank. Outstanding borrowings at June 30, 2017 were \$-0-.

The District has a capital lease obligation for a copier with an outstanding balance of \$4,884 at June 30, 2017.

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.

BUDGETARY HIGHLIGHTS (CONTINUED)

In the year ended June 30, 2017, the District's actual expenses exceeded actual revenues by \$23,198. District expenses exceeded budget by \$49,332 and revenues exceeded budget by \$15,732.

CAPITAL ASSETS

As of June 30, 2017, the District's investment in capital assets amounted to \$63,552 (net of accumulated depreciation). Capital asset purchases totaled \$21,837 in fiscal year 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The number of customers as of June 30, 2017 was 711.

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

The District approved a \$1,582,940 fiscal year 2018 operating budget. The budgeted profit is \$1,037.

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, 2017

ASSETS	
Current Assets	
Cash	\$ 80,588
Accounts and Grants Receivable	350,752
Prepaid Expenses	19,674
Total Current Assets	451,014
Capital Assets, Net of Accumulated Depreciation	63,552
Total Assets	\$ 514,566
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts Payable	\$ 26,383
Accrued Expenses	98,847
Capital Lease	1,332
Total Current Liabilities	126,562
Noncurrent Liabilities	
Capital Lease, Net of Current Portion	3,552
Total Liabilities	130,114
Net Position	
Net Investment in Capital Assets	58,668
Unrestricted	325,784
Total Net Position	384,452
Total Liabilities and Net Position	\$ 514,566

See Accompanying Notes

CRIS RURAL MASS TRANSIT DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

Operating Revenue	
Charges for Services	\$ 318,780
	<hr/>
Operating Expenses	
Administrative	284,027
Operations and Maintenance	1,141,159
Depreciation and Amortization	30,393
Total Operating Expenses	<hr/> 1,455,579 <hr/>
Operating Income (Loss)	<hr/> (1,136,799) <hr/>
Non-Operating Revenue (Expenses)	
Government Grants and Assistance	
State Operating Assistance	863,197
Federal Operating Assistance	155,181
Interest Expense	(8,990)
Gain (Loss) on Disposal of Assets	(210)
Miscellaneous Revenue	705
Total Non-Operating Revenue (Expenses)	<hr/> 1,009,883 <hr/>
Income (Loss) Before Capital Contributions	(126,916)
Capital Contributions	
In-kind Use of Vehicles	<hr/> 103,718 <hr/>
Net Increase (Decrease) in Net Position	(23,198)
Net Position, Beginning of Year	<hr/> 407,650 <hr/>
Net Position, End of Year	<hr/> \$ 384,452 <hr/> <hr/>

See Accompanying Notes

CRIS RURAL MASS TRANSIT DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows From Operating Activities	
Cash Received from Customers	\$ 310,459
Cash Paid to Vendors	(426,846)
Cash Paid to Employees and Benefits	(899,576)
Net Cash Provided by (Used in) Operating Activities	<u>(1,015,963)</u>
Cash Flows From Non-Capital Financing Activities	
Federal and State Grants	990,422
Draws on Line of Credit	680,000
Payments on Line of Credit	(680,000)
Interest Payments on Line of Credit	(8,990)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>981,432</u>
Cash Flows From Capital and Related Financing Activities	
Payments on Capital Lease	(1,332)
Purchases of Capital Assets	(21,837)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(23,169)</u>
Net Increase (Decrease) in Cash	(57,700)
Cash, Beginning of Year	<u>138,288</u>
Cash, End of Year	<u><u>\$ 80,588</u></u>
Reconciliation of Operating Income (Loss) to Net	
Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ (1,136,799)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided by (Used in) Operating Activities:	
Depreciation	30,393
In-kind Expense	104,198
Effects of Changes in Operating Assets and Liabilities:	
Receivables	(8,321)
Prepaid Expenses	(2,939)
Accounts Payable	2,288
Accrued Expenses	(4,783)
Net Adjustments	<u>120,836</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (1,015,963)</u></u>

See Accompanying Notes

CRIS RURAL MASS TRANSIT DISTRICT
Notes to Basic Financial Statements
June 30, 2017

1. Nature of Operations and the Reporting Entity

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 the Illinois Department of Transportation (IDOT) and Vermilion County. The County contracts with the District to provide the transportation services. The primary revenue source of the District is grant funding through IDOT and user charges. The accounting policies of the District conform to generally accepted accounting principles as applicable to governments.

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

2. Summary of Significant Accounting Policies

- a. 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. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.
- b. 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 GAAP. 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.

- c. The District receives support from various state, federal, and local agencies in the form of grants, contributions, and fees for service arrangements. The related receivable amounts are not collateralized or secured. At June 30, 2017, the District has recorded no allowance against the receivables as management expects all amounts to be fully collectible.
- d. Capital assets are recorded at cost, net of accumulated depreciation. The cost of contributed capital assets for which the District has title is the acquisition value at the date of the contribution. Depreciation has been provided on a straight-line basis over the expected useful lives of the capital assets, which range from 5 to 7 years. The District uses a capitalization threshold of \$300. The District also records in-kind revenue and equivalent expense for the free use of capital assets owned by other governments.
- e. 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.
- f. In accordance with the generally accepted accounting principles, no liability is recorded for non-vesting rights to receive personal leave benefits. An accrued compensated absences liability for vacation leave is recorded as the employee's right to vacation leave accumulates. Unused vacation leave does not expire, but is limited on an annual basis by the District's Board of Directors. The District considers the liability for accrued compensated absences, which is included in accrued expenses on the statement of net position, to be entirely a current liability.
- g. The District's net position is classified as follows:
 - Net Investment in Capital Assets – This represents the District's capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent funds related to that debt at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
 - Restricted Net Position – This includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or enabling legislation.

- Unrestricted Net Position – This includes resources that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first then unrestricted resources as they are needed.

- h. 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.
- i. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The most sensitive estimates affecting the financial statements were:

1. The allowance for uncollectible receivables
2. The useful lives of capital assets, including those in the calculation of the in-kind use of vehicles where sole title is not held by the District
3. The amount of expense eligible for reimbursement under the District’s state and federal operating grants.

3. Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a formal investment policy. At June 30, 2017, the District’s bank deposit balance of \$144,521, which reconciled to a book balance of \$80,588, was insured fully by federal deposit insurance.

4. Accounts and Grants Receivable

Accounts and Grants Receivable as of June 30, 2017 were as follows:

IDOT Operating Grant	
Fiscal Year 2017	\$ 280,339
Prior Fiscal Years	23,676
Danville Mass Transit	20,733
Medicare	11,154
Worksource	8,448
Crosspoint	5,612
Colonial Manor	160
Other	630
Total	<u><u>\$ 350,752</u></u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	June 30, 2016	Additions	Deletions	June 30, 2017
Office Equipment	\$ 157,406	\$ 21,837	\$ (7,979)	\$ 171,264
Accumulated Depreciation	(85,088)	(30,393)	7,769	(107,712)
Total	<u>\$ 72,318</u>	<u>\$ (8,556)</u>	<u>\$ (210)</u>	<u>\$ 63,552</u>

6. Accrued Expenses

As of June 30, 2017, the District had accrued expenses consisting of the following:

Payroll	\$ 46,130
Payroll Tax	7,634
Personnel Leave	45,083
Total	<u>\$ 98,847</u>

7. Changes in Long Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	June 30, 2016	Additions	Deletions	June 30, 2017	Due Within One Year
Capital Lease	\$ 6,216	\$ -	\$ 1,332	\$ 4,884	\$ 1,332
Accrued Personnel Leave	32,760	28,906	16,583	45,083	45,083
Total	<u>\$ 38,976</u>	<u>\$ 28,906</u>	<u>\$ 17,915</u>	<u>\$ 49,967</u>	<u>\$ 46,415</u>

8. Line of Credit

The District maintains a revolving line-of-credit agreement with a bank on which it may borrow up to \$550,000. The agreement runs through March 15, 2018. The line of credit bears interest at the U.S. Prime Rate plus .75 percent, with a minimum rate of 5.00 percent, and is secured by all the District's assets and a guarantee by Community Research Resource Information and Services for Seniors (CRRISS), a related nonprofit entity. The line of credit had no outstanding amount as of June 30, 2017, and the interest rate was 5.00 percent.

9. In-kind Use of Vehicles

In providing its transportation services, the District uses vehicles owned by other governmental agencies. There are no restrictions placed on the use of these vehicles by these agencies. At the end of a vehicle's useful life as set by IDOT, the District may apply to transfer the vehicle's title to the District. The District has not capitalized any vehicles as of June 30, 2017 as sole title is not held on any of the vehicles included in the District's active

and reserve fleets. On the statement of revenues, expenses, and changes in net position, the District has recorded an in-kind revenue and corresponding operations and maintenance expense of \$103,718, relating to the District's use of the vehicles during the fiscal year ended June 30, 2017. The revenue and expense amounts equal the annual depreciation on the vehicles based on a 10-year useful life using the straight-line basis of depreciation.

10. Retirement Plan

The District sponsors a Simple IRA Retirement Plan, which is a defined contribution retirement plan. The plan is available to all fulltime employees, and certain part-time employees, after one year of full-time employment, with annual enrollment as of October 1. Part-time employees earning at least \$5,000 are eligible to participate in the program. The District matches employee contributions up to three percent of an employee's annual earnings. Employees are vested immediately in all employer contributions. The District's Board of Directors sets, and may amend, the benefit terms. The District's expense related to the plan for the year ended June 30, 2017 was \$7,940. At June 30, 2017, the District had a liability of \$76 due to the plan.

11. Risk of Loss

Significant losses are covered by commercial insurance for property, liability, and workers' compensation. During the year ended June 30, 2017, there were no significant reductions in coverage. There have been no settlement amounts that have exceeded insurance coverage or that have not been covered by insurance in the past three years.

12. Lease Commitments

Operating Leases

The District leases its office and garage space under an operating lease, which requires monthly lease payments through the expiration of the lease on March 31, 2018. The lease agreement provides for cancellation of the lease under certain conditions after July 31, 2016.

The District leases a postage meter under an operating lease, which requires quarterly lease payments through the expiration of the lease on September 20, 2021.

The future annual minimum lease payments under these operating leases are as follows:

Fiscal Years Ending	
June 30,	
2018	\$ 62,886
2019	48,011
2020	1,136
2021	1,136
Total	<u>\$ 113,169</u>

Total rent expense for the year ended June 30, 2017 was \$63,216.

Capital Lease

The District is obligated under a capital lease agreement on February 9, 2016 for the purchase of 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 \$6,600, with net book value of \$4,773 at June 30, 2017. The future annual lease payments under this capital lease are as follows:

Fiscal Years Ending June 30,	
2018	\$ 1,332
2019	1,332
2020	1,332
2021	888
Total	<u>\$ 4,884</u>

13. Commitment

The District had an open commitment at year end totaling \$15,050 for the lettering of several of the District's vehicles. It is expected the services will be provided in fiscal year 2018 and paid in fiscal year 2018.

14. Related Parties

The District shares certain management employees with CRRISS. The District borrows funds at times from CRRISS with no interest or set repayment schedule. The total due to CRRISS as of June 30, 2017 was \$4,739, which is included in accounts payable on the statement of net position.

CRRISS guarantees the line of credit of the District and the District guarantees CRRISS's line of credit. Neither entity was called upon to act upon its guarantee in the fiscal year ended June 30, 2017.

15. Concentrations of Revenues and Receivables

For the year ended June 30, 2017, the District had the following concentration of revenues:

- Approximately 60 percent, or \$863,197, of the District's revenue was earned from grants from IDOT.

At June 30, 2017, the District had the following concentration of receivables:

- Approximately 59 percent, or \$304,015, of the District's assets total was from receivables due from IDOT.

16. Grant Contingencies

Revenues under various state and federal grants have been recognized based on allowable costs incurred on those agreements by the District, as identified by the District's management. Uncertainties inherent in this process and uncertainties relating to the future review and approval of allowable costs by state and federal agencies makes it at least reasonably possible that grant revenues recognized are subject to retroactive change subsequent to June 30, 2017.

Vermilion County
 CRIS Rural Mass Transit District
 Section 5311 Annual Financial Report
 Operating Period July 1, 2016 to June 30, 2017
 Contract Number 4683

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$12,616
402	Special Transit Fares	306,164
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
440	Subsidy From Other Sources	
	Total Revenue	\$318,780
	Less: Non- 5311 Operating Revenues	
	Section 5311 Operating Revenue	\$318,780

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$268,220	\$511,936	\$780,156
502	Fringe Benefits	\$37,796	\$76,841	\$114,637
503	Services	\$66,435	\$72,724	\$139,159
504.01	Fuel and Oil		\$70,769	\$70,769
504.02	Tires and Tubes		\$4,202	\$4,202
504.03	Inventory Purchases	\$6,470	\$0	\$6,470
505	Utilities	\$23,879		\$23,879
506	Casualty and Liability	\$82,624		\$82,624
507	Taxes		\$0	\$0
508	Purchase of Service			\$0
509	Miscellaneous	\$35,876		\$35,876
511	Interest Expense	\$8,990		\$8,990
512	Lease and Rentals	\$9,900	\$157,514	\$167,414
	Other:			\$0
	Total Expenses	\$540,190	\$893,986	\$1,434,176

Vermilion County
CRIS Rural Mass Transit District
Section 5311 Annual Financial Report
Operating Period July 1, 2016 to June 30, 2017
Contract Number 4683

	Administrative Expenses	Operating Expenses	Total	
1) Expenses: Per Single Audit	\$540,190	\$893,986	\$1,434,176	
2) Less: Ineligible Expenses per Single Audit	(15,137)	(103,718)	(118,855)	
3) Net Eligible Expenses ((1)-(2))	\$525,053	\$790,268	\$1,315,321	
4) Less: Section 5311 Operating Revenues (From Page 1)		\$318,780	\$318,780	
5) Section 5311 Operating Deficit ((3)-(4))		\$471,488		
6) Section 5311 Deficit ((3)-(4))			\$996,541	
7) Section 5311 Reimbursement %	x 80%	x 50%		
				Grant
				Total
A) Eligible Reimbursement Per Percentages	\$420,042	\$235,744	\$655,786	
B) Funding Limits per Contract				\$143,028
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			\$143,028	\$143,028
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee				\$143,028
E) Amount (Over) Under Paid ((C)-(D))				\$0.00
F) Grantee Local Match Requirement (Operating Deficit-(C))			\$853,513	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$ 863,197
Local Contracts	\$0
In-Kind Services, Subsidies, Donations	(\$9,684)
TOTAL LOCAL MATCH (Must equal (F))	\$ 853,513
LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)	
BEGINNING CARRY FORWARD (C.F.A.) BALANCE	\$365,153
FY Local Transit (Local Contracts) Amounts Received	303,660
Less expended for Capital \$ 21,837 Operating \$296,480	318,317
ENDING CARRY FORWARD (C.F.A.) BALANCE	\$350,496

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: _____

Date: _____

CPA Approval: See Independent Auditors' Report

Date: See Independent Auditors' Report

CRIS RURAL MASS TRANSIT DISTRICT
 Schedule of Revenues and Expenses
 Under Downstate Operating Assistance Grant OP-17-28-IL
 For the Year Ended June 30, 2017

Operating Revenues and Income:	
401 Passenger Fares for Transit Services	\$ 12,616
402 Special Transit Fares	306,164
406 Auxiliary Revenue	-
407 Non-Transportation Revenue	-
413 Federal Cash Grants and Reimbursements	<u>155,181</u>
Total Operating Revenues	<u><u>\$ 473,961</u></u>
Operating Expenses:	
501 Labor	\$ 780,156
502 Fringe Benefits	114,637
503 Professional Services	139,159
504 Materials and Supplies Consumed	81,441
505 Utilities	23,879
506 Casualty and Liability	82,624
507 Taxes	-
508 Net Purchased Transportation	-
509 Miscellaneous Expense	35,876
511 Interest Expense	8,990
512 Leases, Rentals, and Purchase/Lease Payments	<u>167,414</u>
Total Operating Expenses from Audited Financial Statements	1,434,176
Non-rolling Stock Equipment Purchases Less Than \$10,000	<u>21,837</u>
Total Operating Expenses	<u><u>1,456,013</u></u>
Less: Ineligible Operating Expenses:	
Reimbursed Expenses	-
In-kind Expenses	(104,198)
APTA Dues (10%)	(411)
IPTA Dues (20%)	(343)
Funeral Flowers	(328)
Meeting Food	(143)
Bad Debt	(12,521)
Conference	(870)
Retirement Plaque	<u>(41)</u>
Total Ineligible Operating Expenses	<u>(118,855)</u>
Total Eligible Operating Expenses	<u><u>\$ 1,337,158</u></u>

CRIS RURAL MASS TRANSIT DISTRICT
 Schedule of Revenues and Expenses
 Under Downstate Operating Assistance Grant OP-17-28-IL
 For the Year Ended June 30, 2017

Total Eligible Operating Expenses	\$ 1,337,158
Total Operating Revenues	473,961
Deficit	<u>\$ (863,197)</u>
Sixty-Five Percent of Eligible Expense	<u>\$ 869,153</u>
Maximum Contract Amount	<u>\$ 900,100</u>
Eligible Downstate Operating Assistance (Deficit or Sixty-Five Percent of Eligible Expense or Maximum Contract Amount, Whichever is Less)	\$ 863,197
Fiscal Year 2017 Downstate Operating Assistance Received Through June 30, 2017	582,858
Fiscal Year 2017 Downstate Operating Assistance Received Subsequent to June 30, 2017	<u>262,121</u>
Fiscal Year 2017 Downstate Operating Assistance Under (Over) Paid	<u>\$ 18,218</u>

INDEPENDENT AUDITOR'S 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*

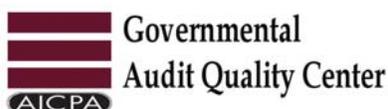
To the Board of Directors
CRIS Rural Mass Transit District
Danville, Illinois

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 the CRIS Rural Mass Transit District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2017.

Internal Control over Financial Reporting

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



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 Audit 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 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 the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin, Wood, Freese & Associates, LLC

Champaign, Illinois
December 8, 2017

CRIS RURAL MASS TRANSIT DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

Findings Relating to Internal Control over Financial Reporting and Compliance

Finding No. 2016-001 – Annual Financial Reporting Under 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 unsure they are complete and presented in accordance with U.S. generally accepted accounting principles.

Current Status:

No similar findings were noted in the audit for the year ended June 30, 2017.