

ALLEN COUNTY REGIONAL
TRANSIT AUTHORITY

AUDITED FINANCIAL STATEMENTS
AND AUDITORS' REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Transit Authority Board
Allen County Regional Transit Authority
240 North Central Avenue
Lima, OH 45801

We have reviewed the Independent Auditor's Report of the Allen County Regional Transit Authority, prepared by Nagel, Weigand & Company, LLC, for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Allen County Regional Transit Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 21, 2003

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ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
DECEMBER 31, 2002

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ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
240 NORTH CENTRAL AVENUE
LIMA, OHIO 45801
DECEMBER 31, 2002

APPOINTED OFFICIALS

<u>OFFICIAL</u>	<u>APPOINTED DATES</u>
<u>Transit Authority Board</u>	
John A. Robenalt Board President	11/25/02 - 11/25/05
George Jefferson Board Vice President	12/31/02 - 12/31/05
Mark Malone Board Member	11/01/02 – 10/19/05
Dr. Jon Rockhold Board Member	11/26/02 - 11/26/05
Dr. Chris Crawford Board Member	01/01/02 - 12/31/05

Legal Counsel

William G. Kendall
317 North Elizabeth
Lima, Ohio 45801

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
240 NORTH CENTRAL AVENUE
LIMA, OHIO 45801
DECEMBER 31, 2002

ADMINISTRATIVE PERSONNEL

<u>NAME/TITLE</u>	<u>CONTRACT PERIOD</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>DIRECTOR</u>				
Carole Grapner	Indefinite	(A)	\$10,000	1/1/02-12/31/04
<u>FINANCIAL MANAGER</u>				
Lynn Cary	Indefinite	(A)	\$10,000	1/1/02-12/31/04

(A) The Hartford - Blanket Dishonesty Bond

Nagel, Weigand & Co., LLC

Independent Auditor's Report

Allen County Regional Transit Authority
Lima, Ohio 45801

We have audited the accompanying general-purpose financial statements of the Allen County Regional Transit Authority, as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Allen County Regional Transit Authority, as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2003 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report when considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Allen County Regional Transit Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

June 24, 2003

Nagel, Weigand & Co., LLC

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

BALANCE SHEET
DECEMBER 31, 2002

ASSETS:

Current Assets:

Cash	\$ 172,664
Accounts Receivable	37,076
Material and Supplies Inventory	<u>105,814</u>

Total Current Assets: 315,554

Property, Facilities, and Equipment	4,905,758
Less: Accumulated Depreciation	<u>(2,414,616)</u>

Net Property, Facilities, and Equipment 2,491,142

TOTAL ASSETS **\$ 2,806,696**

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

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

BALANCE SHEET
DECEMBER 31, 2002

(Continued)

LIABILITIES AND RETAINED EARNINGS:

Current Liabilities:

Accounts Payable	\$ 30,580
Accrued Payroll and Benefits	<u>28,216</u>
Total Liabilities	<u>58,796</u>

Retained Earnings:

Investment in Transit Property	2,491,142
Accumulated Earnings	<u>256,758</u>
Total Retained Earnings	<u>2,747,900</u>

TOTAL LIABILITIES AND RETAINED EARNINGS **\$ 2,806,696**

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

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2002

OPERATING REVENUES:

Passenger Fares	\$ 111,323
Incidental Charter Service Revenue	12,710
	<hr/>
Total Revenues	124,033
	<hr/>

OPERATING EXPENSES:

Labor	526,962
Fringe Benefits	140,706
Services	54,418
Materials and Supplies	69,159
Utilities	21,771
Depreciation	255,380
	<hr/>
Total Operating Expenses	1,068,396
	<hr/>

Excess of Operating Expenses Over Operating Revenue (944,363)

OTHER REVENUES:

Interest Income	431
Nontransportation Revenue	96,106
Federal Grants and Assistance	899,990
State Grants and Assistance	335,953
Local Grants and Assistance	175,014
	<hr/>
Total Other Revenue	1,507,494
	<hr/>

Net Revenues Over Expenses 563,131

Retained Earnings - January 1, 2002

 2,184,769

Retained Earnings - December 31, 2002 \$ 2,747,900

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

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Allen County Regional Transit Authority was created pursuant to Sections 306.30 through 306.53, inclusive of the Ohio Revised Code, for the purpose of providing public transportation in the Allen County metropolitan area. The Transit Authority operates under an appointed Board (5 members) that is responsible for the provision of public transportation to residents of the Transit Authority.

Management believes the financial statements included in this report represent all of the funds of the Transit Authority over which the Transit Authority has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Transit Authority prepares its financial statements on an accrual basis of accounting, consequently, certain revenues and the related assets are recognized when earned, and expenditures are recognized when the obligation is incurred.

C. CASH AND INVESTMENTS

Legal Requirements

Statutes require the classification of money held by the Transit Authority into three categories.

Category 1 consists of "active" money, which is required to be kept in a "cash" or "near-cash" status for immediate use by the Transit Authority. Such money must be maintained either as cash in the Transit Authority treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" money, which is not required for use within the current two-year period of designation of depositories. Inactive money may be deposited or invested only as certificates of deposits maturing not later than the end of the current period of designation of depositories.

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. CASH AND INVESTMENTS (Continued)

Category 3 consists of "interim" money, which is not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim money may be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim money;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool; and
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Deposits

At year-end, the carrying amount of the Allen County Regional Transit Authority's deposits were \$172,664 and the bank balance was \$175,854. The entire bank balance was covered by federal depository insurance.

The Transit Authority does not have any investments.

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GRANTS

Federal, state, and local grants for acquisition of property, facilities, and equipment are credited to capital as the related expenditures are incurred. Grants for operating assistance are included in revenue in the period to which the grant applies.

E. CAPITALIZATION AND DEPRECIATION

Property, facilities, and equipment are stated at cost and include expenditures which substantially increase the useful life of existing assets. Routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Assets acquired with capital expenditures are included in property, facilities, and equipment and depreciation on those assets is included in the statement of revenues and expenses.

F. MATERIALS AND SUPPLIES

Materials and supplies are stated at the lower of cost or market. Cost is determined on the first-in, first-out (FIFO) basis. The costs of inventory items are recorded as expenses when used.

G. ACCUMULATED UNPAID VACATION AND PERSONAL LEAVE

Employees of the Transit Authority are not permitted to carry over year-end vacation and personal leave balances. Vacation pay is charged to expense when used.

H. INTERGOVERNMENTAL REVENUES

Grants are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable.

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

(Continued)

2. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEMS

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5% of their annual covered salary and the Transit Board is required to contribute 13.55%. The Transit Board's contributions to the plan for the years ending December 31, 2000, 2001, and 2002, were \$59,714, \$78,653, and \$103,371 respectively, equal to the required contributions for the year.

3. POST-EMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit pension plan created by the State of Ohio.

OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

The Ohio Public Employees Retirement System provides post-employment health care coverage to age and service retirants with ten or more years of qualifying Ohio service credits. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to the System is set aside for the funding of post retirement health care based on the authority granted by State statute. The employer contribution rate was 13.55% of covered payroll.

Ohio Public Employees Retirement System provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

(Continued)

3. POST-EMPLOYMENT BENEFITS (Continued)

authority for employer contributions. The 2002 employer contribution rate was 13.55% of covered payroll; 5.0% was the portion that was used to fund health care for the year 2002.

OPEB is financed through employer contributions and investment earnings there on. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for OPEB during 2001 were \$523,599,349. As of December 31, 2002, the unaudited estimated net assets available for future OPEB payments were \$11.6 billion. The number of benefits recipients eligible for OPEB at December 31, 2002 was 402,041. During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.3% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

4. PROPERTY, FACILITIES, AND EQUIPMENT

The following schedule reflects changes in the Transit Authority's tangible operating property reflected in the financial statements.

ASSETS

	<u>Balance</u> <u>12/31/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/02</u>
Land and Improvements	\$ 293,649	\$ -	\$ -	\$ 293,649
Building and Improvements	1,342,568	197,353	-	1,539,921
Equipment	262,633	3,219	(44,904)	220,948
Construction In Progress	-	714,264	-	714,264
Vehicles	<u>2,473,291</u>	<u>32,483</u>	<u>(171,445)</u>	<u>2,334,329</u>
Totals	<u>\$ 4,372,141</u>	<u>\$749,666</u>	<u>\$(216,349)</u>	<u>\$ 4,905,758</u>

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

(Continued)

4. PROPERTY, FACILITIES, AND EQUIPMENT (Continued)

ACCUMULATED DEPRECIATION

	<u>Balance</u> <u>12/31/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/02</u>
Land and Improvements	\$ -	\$ -	\$ -	\$ -
Building and Improvements	(513,066)	(12,716)	-	(525,782)
Equipment	(202,659)	(5,261)	44,904	(163,016)
Vehicles	<u>(1,659,860)</u>	<u>(237,403)</u>	<u>171,445</u>	<u>(1,725,818)</u>
Totals	<u>\$(2,375,585)</u>	<u>\$(255,380)</u>	<u>\$216,349</u>	<u>\$(2,414,616)</u>

5. LEASE AGREEMENTS

The Allen County Regional Transit Authority is involved in lease agreements where individuals lease garage space for storage.

6. RISK MANAGEMENT

The Allen County Transit Authority is a member of the Ohio Transit Insurance Pool (OTIP), a self-insurance pool created under Chapter 2744 of the Ohio Revised Code. The Transit Authority has the following insurance coverage: Commercial Property, Crime, Public Officials and Employees Liability, General Liability, and Auto Liability. There has not been a reduction in coverage from the prior year and claims have not exceeded the coverage in any of the past three years.

7. CONTINGENCIES

The Transit Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreements. These grants are subject to audit by the grantor agencies and any disallowed claims resulting from these audits could become a liability of the Transit Authority and may have a material adverse effect on the overall financial position of the Transit Authority as of December 31, 2002.

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

(Continued)

8. LEGAL COMPLIANCE

Pursuant to Section 117.11 of the Ohio Revised Code, we have performed tests of compliance with various provisions of local, state, and/or federal laws as appropriate. The results of these tests are included in a separate part of this report.

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ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Project</u>	<u>Program Award Amount</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Ohio Department of Transportation			
Urban Mass Transportation Administration	20.507		
Operating Grant		OH-90-0374	\$ 335,596
		OH-90-4405	262,217
Total Operating Grants			
Planning Grant		OH-90-2374	72,000
		OH-90-2405	74,880
Total Planning Grants			
Capital Grant		OH-90-0349	805,347
		OH-90-0405	270,318
		OH-90-0244	45,000
		OH-90-0307	36,500
Total Capital Grants			
Total U.S. Department of Transportation			
Total Federal Financial Assistance (A)			

(A) Schedule is presented on an accrual basis of accounting

Accrued Revenue <u>1/1/02</u>	Cash Receipts	Total Revenues <u>Recognized</u>	<u>Disbursements</u>	Accrued Revenue <u>12/31/02</u>
\$ 64,500 -	\$ 64,500 241,944	\$ - 241,944	\$ - 241,944	\$ - -
64,500	306,444	241,944	241,944	-
11,171 -	11,171 57,917	- 57,917	- 57,917	- -
11,171	69,088	57,917	57,917	-
25,000 - - -	318,631 236,890 993 10,098	293,631 236,890 993 10,098	293,631 236,890 993 10,098	- - - -
25,000	566,612	541,612	541,612	-
100,671	942,144	841,473	841,473	-
<u>\$ 100,671</u>	<u>\$ 942,144</u>	<u>\$ 841,473</u>	<u>\$ 841,473</u>	<u>\$ -</u>

Nagel, Weigand & Co., LLC

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Allen County Regional Transit Authority
Lima, Ohio 45801

We have audited the financial statements of the Allen County Regional Transit Authority as of and for the year ended December 31, 2002, and have issued our report thereon dated June 24, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Transit Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Transit Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Allen County Regional Transit Authority
Lima, Ohio**

We noted no matters involving the internal control over financial reporting and its operations that we consider to be a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Transit Authority in a separate letter dated June 24, 2003.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 24, 2003

Nagel, Weigand & Co., LLC

Nagel, Weigand & Co., LLC

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Allen County Regional Transit Authority
Lima, Ohio 45801

Compliance

We have audited the compliance of the Allen County Regional Transit Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2002. The Transit Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Transit Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Transit Authority's compliance with those requirements.

In our opinion, Allen County Regional Transit Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

**Allen County Regional Transit Authority
Lima, Ohio**

Internal Control Over Compliance

The management of the Allen County Regional Transit Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Transit Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more in the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and are not intended to be and should not be used by anyone other than these specified parties.

June 24, 2003

Nagel, Weigand & Co., LLC

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
LIMA, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Allen County Regional Transit Authority.
2. No reportable condition was disclosed during the audit of the financial statements of the Allen County Regional Transit Authority.
3. No instances of noncompliance material to the financial statements of the Allen County Regional Transit Authority were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the Allen County Regional Transit Authority expresses an unqualified opinion.
6. No audit findings relative to the major programs for the Allen County Regional Transit Authority were disclosed during the audit.
7. The programs tested as major included: Urban Mass Transportation Association (20.507)
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Allen County Regional Transit Authority was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

none

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

none

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY
ALLEN COUNTY

GENERAL COMMENTS

The audit report, including citations and recommendations was reviewed and acknowledged by the following officials on June 24, 2003:

Lynn Cary Financial Manager

These officials were informed that they had five working days for the Auditor of State and sixty days for the federal government from the date of the post audit conference to respond to, or contest, in writing, the contents of this report. No such response was received.

Transit Authority personnel were very cooperative and available for questions and assistance during regular working hours.



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ALLEN COUNTY REGIONAL TRANSIT AUTHORITY

ALLEN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 14, 2003**