



**Auditor of State
Betty Montgomery**

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Butler County Regional Transit Authority
Butler County
3045 Moser Court
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited the accompanying financial statements of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Authority's management. 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 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.

As discussed in Note 1, the Authority prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Authority as of December 31, 2002 and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

The accompanying financial statements have been prepared assuming that the Authority will continue as a going concern. As discussed in Note 8, the Authority's cash balance at December 31, 2002 was \$329,470; however, the failure of the November 2002 tax levy forced the Authority to cease directly operated services, and has raised substantial doubt about the Authority's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 8. The Financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2003 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule is presented for 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 financial statements. Additionally, the supplemental information listed in the table of contents is also presented for the purpose of additional analysis and also is not a required part of the financial statements. We subjected the above described information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Trustees, federal awarding agencies, pass-through entities and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

August 15, 2003

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2002**

Cash Receipts:	
Intergovernmental - Federal	\$1,868,286
Intergovernmental -State	358,390
Intergovernmental - Local	113,790
Charges for Services	1,271,727
Donations	90,000
Other Receipts	<u>110,072</u>
 Total Cash Receipts	 <u>3,812,265</u>
 Cash Disbursements:	
Current:	
Salaries and Benefits	1,991,058
Supplies and Materials	271,862
Professional Services	490,956
Rent	17,179
Other Disbursements	296,937
Capital Outlay	414,648
Debt-Principal	500,000
Debt-Interest	<u>8,743</u>
 Total Cash Disbursements	 <u>3,991,383</u>
 Total Receipts Over Disbursements	 <u>(179,117)</u>
 Fund Cash Balances, January 1	 <u>508,588</u>
 Fund Cash Balances, December 31	 <u>\$329,471</u>

The notes to the financial statements are an integral part of this statement.

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**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Butler County Regional Transit Authority, Butler County, Ohio (the Authority), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a nine member Board, appointed by the Board of County Commissioners of Butler County. The Authority is responsible for the safe and efficient operation and maintenance of regional transportation.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Budgetary Process

The Ohio Revised Code requires a budget to be completed annually and approved by the Board of Trustees by July 15 of the preceding year.

1. Appropriations

Budgetary expenditures (that is disbursements and encumbrances) may not exceed appropriations at the function level or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be appropriated. The authority did not encumber all commitments required by Ohio Law. However, there were no encumbrances outstanding at December 31, 2002.

A summary of 2002 budgetary activity appears in Note 3.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fiscal Agent

The Butler County Auditor is the Authority's fiscal agent. The County maintains Authority funds in the County's cash pool as an agency fund.

E. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Authority.

2. EQUITY IN CASH AND DEPOSITS

Butler County maintains a cash pool for all of its funds, including those of the Authority. The Ohio Revised Code prescribes allowable deposits. The Authority's carrying amount of cash on deposit at December 31, 2002 was \$329,470.

Butler County is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and depository accounts.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts		
<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$3,700,000</u>	<u>\$3,812,265</u>	<u>\$112,265</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$4,120,408</u>	<u>\$3,991,383</u>	<u>\$129,025</u>

The Authority did not certify the availability of funds for certain commitments in 2002.

4. DEBT/LEASE

The Authority had no outstanding debt at December 31, 2002.

On January 4, 2002 the Authority issued a note of \$500,000 with an interest rate of 2.34% and a maturity date of December 31, 2002. The note is in anticipation of revenue to be received during fiscal year 2002. The note was retired on September 19, 2002

The Authority entered into a lease agreement on June 13, 2000 for 17 passenger vans to be used in regular operations, on September 9, 2002 the Authority paid the lease, and the title to the vehicles was transferred to the Authority.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

5. RETIREMENT SYSTEMS

The Authority's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, PERS members contributed 8.5% of their gross salaries. The Authority contributed an amount equal to 13.55 % of participants' gross salaries. The Authority has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omission and employment related matters, injuries to employees and employee theft and fraud. The Authority joined together with certain other transit authorities in the State of Ohio to form the Ohio Transit Insurance Pool Association, Inc. (OTIP). OTIP is a joint self-insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for member transit agencies. The Authority pays an annual premium to OTIP for its general coverage and makes quarterly payments into a loss and administration fund pursuant to OTIP's bylaws. The Agreement of Formation of the OTIP provides that OTIP will be self-sustaining through member premiums and will reinsure through commercial companies for property damage and claims in excess of \$100,000 and all liability claims in excess of \$250,000 for each occurrence. The Authority is responsible for the first \$1,000 of any claim or occurrence and amounts in excess of \$10 million for liability claims.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based upon experience, management believes such refunds, if any, would not be material.

The Authority was involved in a sex and/or national origin claim filed by a former employee, with the Ohio Civil Rights Commission. The Authority denied that charge, the Ohio Civil Rights Commission investigated the claim and a "no probable cause" finding was issued. As of December 31, 2002 no court Complaint was filed and the matter is considered resolved.

8. GOING CONCERN

The Authority's cash balance at December 31, 2002 was \$329,470. The failure of the November 5, 2002 tax levy prompted the Authority to implement shut down procedures. As a result the Authority ceased all directly serviced operations on December 20, 2002. All employees' involved in the operations of the Authority were laid off.

The Executive Director along with the Finance Director are currently researching options to either finance the restart of operations, or to contract out the direct services of the Authority to other local transit authorities.

The Federal Transit Authority has set a deadline of July 31, 2003 for the Authority to begin the orderly disposal of the vehicles, if it is unable to finance the restart of the direct services of the Authority.

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**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Transit Cluster			
Federal Transit - Capital Operating Formula Grants		20.507	\$331,688 1,058,035
Total Federal Transit - Formula Grants			<u>1,389,723</u>
Total Department of Transportation - Federal Transit Cluster			<u>\$1,389,723</u>
Total Federal Financial Assistance			<u><u>\$1,389,723</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Regional Transit Authority's federal awards programs. The schedule has been prepared on the cash basis on accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Regional Transit Authority contribute non-Federal funds (matching funds) to support the Regional Transit Authority Federally-funded programs. The Regional Transit Authority has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SUPPLEMENTAL INFORMATION
NATIONAL TRANSIT DATABASE REPORTING FORM**

**SOURCES OF FUNDS-FUNDS EXPENDED & FUNDS EARNED FORM (F-10)
DECEMBER 31, 2002**

Part A. Sources of Directly Generated Funds

		Funds Expended on Operations	Funds Expended on Capital	Funds Earned During Period
Passenger Fares for Directly Operated Service				
	DR			1,156,850
	MB			18,425
01 Total All Directly Operated Modes		1,175,275	0	1,175,275
Passenger Fares for Purchased Transportation Service				
	MB			352,734
02 Total All Purchased Transportation Modes		352,734	0	352,734
03 Park and Ride Parking Revenue		0	0	0
04 Other Transportation Revenues		12,525	0	12,525
Auxiliary Transportation Revenues				
05 Concessions		0	0	0
06 Advertising Revenue		0	0	0
07 Other		0	0	0
08 Total Auxiliary Transportation Funds		0	0	0
09 Non Transportation Funds		105,552	0	105,552
10 Revenues Accrued Through a Purchased Transportation Agreement		0	0	0
Funds Dedicated to Transit at Their Source				
Dedicated Taxes	Rate			
11 Income Taxes		0	0	0
12 Sales Taxes		0	0	0
13 Property Taxes		0	0	0
14 Gasoline Taxes		0	0	0
15 Other Taxes		0	0	0
16 Bridge, Tunnel and Highway Tolls		0	0	0
17 Other Dedicated Funds		0	0	0
18 Total Funds Dedicated to Transit At Their Source		0	0	0
Contributed Services				
19 State and Local Government		0	0	0
20 Contra Account for Expenses		0	0	0
21 Net Contributed Services		0	0	0
22 Subsidy from other sectors of operations		0	0	0
23 Total Directly Generated Funds		1,646,086	0	1,646,086

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SUPPLEMENTAL INFORMATION
NATIONAL TRANSIT DATABASE REPORTING FORM**

**SOURCES OF FUNDS-FUNDS EXPENDED & FUNDS EARNED FORM (F-10)
DECEMBER 31, 2002
(Continued)**

Part B. Federal Government Sources	Funds Expended on Operations	Funds Expended on Capital	Funds Earned During Period
Funds received from FTA			
01 Capital Program Funds		0	0
02 Urbanized Area Formula Program Funds	948,700	269,688	1,218,388
03 Other FTA Funds	0	0	0
04 Total FTA Funds	948,700	269,688	1,218,388
05 Funds Received from Other USDOT Grant Programs	0	0	0
06 Other Federal Funds	0	0	0
Describe			
07 Total Federal Funds	948,700	269,688	1,218,388

Part C. State Government Sources	Funds Expended on Operations	Funds Expended on Capital	Funds Earned During Period
01 Funds allocated to transit out of the general revenues of the government entity	183,894	34,477	218,371
Funds dedicated to transit at their source			
Dedicated Taxes Rate			
02 Income taxes	0	0	0
03 Sales taxes	0	0	0
04 Property taxes	0	0	0
05 Gasoline taxes	0	0	0
06 Other taxes	0	0	0
Describe			
07 Bridge, Tunnel and Highway Tolls	0	0	0
08 Other Dedicated Funds	0	0	0
09 Total Funds Dedicated to Transit At Their Source	0	0	0
10 Other Funds	0	0	0
Describe			
11 Total State Funds	183,894	34,477	218,371

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SUPPLEMENTAL INFORMATION
NATIONAL TRANSIT DATABASE REPORTING FORM**

**SOURCES OF FUNDS-FUNDS EXPENDED & FUNDS EARNED FORM (F-10)
DECEMBER 31, 2002
(Continued)**

Part D. Local Government Sources	Funds Expended on Operations	Funds Expended on Capital	Funds Earned During Period
01 Funds allocated to Transit out of the general revenues of the government entity	182,937	20,853	203,790
Funds dedicated to transit at their source			
Dedicated Taxes Rate			
02 Income taxes	0	0	0
03 Sales taxes	0	0	0
04 Property taxes	0	0	0
05 Gasoline taxes	0	0	0
06 Other taxes	0	0	0
Describe			
07 Bridge, Tunnel and Highway Tolls	0	0	0
08 Other Dedicated Funds	0	0	0
09 Total Funds Dedicated to Transit At Their Source	0	0	0
10 Other Funds	213,495	0	0
Describe Prior Years Excess Funds Used for Operations This Year.			
11 Total Local Funds	396,432	20,853	203,790

	Designated for Capital	Designated for Operations	Not Designated	Total
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Reconciliation to Published Financial Reports

01 Carryover from Prior Period	0	0	1,354,933	1,354,933
02 Total Funds Earned During the Period				3,286,635
03 Total Funds Available in Current Period				4,641,568
04 Funds Applied to Operations During the Period				3,175,112
05 Funds Applied to Capital During the Period				325,018
06 Funds Applied to Principal Payments				500,000
07 Total Application of Funds in Current Period				4,000,130
08 Funds Carried Over to Next Period	0	0	0	641,438

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SUPPLEMENTAL INFORMATION
NATIONAL TRANSIT DATABASE REPORTING FORM**

**USES OF CAPITAL (FORM F-20)
DECEMBER 31, 2002**

	Mode	Service	Guideway	Systems	Stations	Facilities	Rolling Stock	Other Vehicles	Other	Total
1	DR	DO		0	0	0	303,382	0	0	303,382
2	MB	PT	0	0	0	0	0	0	0	0
3	MB	DO	0	0	0	21,636	0	0	0	21,636
13	Total		0	0	0	21,636	303,382	0	0	325,018

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SUPPLEMENTAL INFORMATION
NATIONAL TRANSIT DATABASE REPORTING FORM**

**OPERATING EXPENSES MOTOR BUS DIRECTED OPERATED (FORM F-30)
DECEMBER 31, 2002**

Expense Object Class	Vehicle	Vehicle	Non-Vehicle	General	Total Modal Expenses
	Operations 010 Total	Maintenance 041 Total	Maintenance 042 Total	Administration 160 Total	
Labor (501)					
01 Operators' salaries and wages (01)	177,311	0	0	0	177,311
02 Other salaries and wages (02)	41,234	12,030	1,003	40,551	94,818
03 Fringe Benefits (502)	148,369	8,901	0	27,486	184,756
04 Services (503)	6,000	3,347	2,517	36,516	48,380
Materials and Supplies (504)					
05 Fuel and lubricants (01)	16,350	0	0	106	16,456
06 Tires and tubes (02)	559	0	0	0	559
07 Other Materials and supplies (99)	4,109	7,693	0	1,119	12,921
08 Utilities (505)	8,164	3,971	484	2,942	15,561
09 Casualty and Liability Costs (506)	0	0	0	25,036	25,036
10 Taxes (507)	3,549	0	0	25	3,574
13 Miscellaneous Expenses (509)	2,875	91	625	22,320	25,911
14 Expense Transfers (510)	0	0	0	0	0
15 Total Modal Expenses	408,520	36,033	4,629	156,101	605,283

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SUPPLEMENTAL INFORMATION
NATIONAL TRANSIT DATABASE REPORTING FORM**

**OPERATING EXPENSES DEMAND RESPOND DIRECTED OPERATED (FORM F-30)
DECEMBER 31, 2002**

Expense Object Class	Vehicle Operations 010 Total	Vehicle Maintenance 041 Total	Non-Vehicle Maintenance 042 Total	General Administration 160 Total	Total Modal Expenses
Labor (501)					
01 Operators' salaries and wages (01)	655,659	0	0	0	655,659
02 Other salaries and wages (02)	122,444	58,735	4,897	122,910	308,986
03 Fringe Benefits (502)	593,474	43,457	0	82,457	719,388
04 Services (503)	82,716	16,343	12,291	109,546	220,896
Materials and Supplies (504)					
05 Fuel and lubricants (01)	79,825	0	0	518	80,343
06 Tires and tubes (02)	2,729	0	0	0	2,729
07 Other Materials and supplies (99)	12,328	22,026	0	3,356	37,710
08 Utilities (505)	24,488	11,914	1,454	8,827	46,683
09 Casualty and Liability Costs (508)	0	0	0	121,967	121,967
10 Taxes (507)	17,328	0	0	121	17,449
13 Miscellaneous Expenses (509)	8,626	273	1,875	68,962	77,736
14 Expense Transfers (510)	0	0	0	0	0
15 Total Modal Expenses	1,599,617	152,748	20,517	516,664	2,289,546
16 Americans with Disabilities Act of 1990 (ADA)-Related Expenses					0

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SUPPLEMENTAL INFORMATION
NATIONAL TRANSIT DATABASE REPORTING FORM**

**OPERATING EXPENSES MOTOR BUS PURCHASED TRANSPORTATION (FORM F-30)
DECEMBER 31, 2002**

Expense Object Class	Vehicle Operations 010 Total	Vehicle Maintenance 041 Total	Non-Vehicle Maintenance 042 Total	General Administration 160 Total	Total Modal Expenses
Labor (501)					
01 Operators' salaries and wages (01)	0	0	0	0	0
02 Other salaries and wages (02)	0	0	0	0	0
03 Fringe Benefits (502)	0	0	0	0	0
04 Services (503)	0	0	0	0	0
Materials and Supplies (504)					
05 Fuel and lubricants (01)	0	0	0	0	0
06 Tires and tubes (02)	0	0	0	0	0
07 Other Materials and supplies (09)	0	0	0	0	0
08 Utilities (505)	0	0	0	0	0
09 Casualty and Liability Costs (506)	0	0	0	0	0
10 Taxes (507)	0	0	0	0	0
Purchased Transportation (508)					
11 In Report (01)	0	0	0	0	0
12 Filing Separate Report (02)	371,024	31,802	10,801	116,607	530,034
13 Miscellaneous Expenses (509)	0	0	0	0	0
14 Expense Transfers (510)	0	0	0	0	0
15 Total Modal Expenses	371,024	31,802	10,801	116,607	530,034

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SUPPLEMENTAL INFORMATION
NATIONAL TRANSIT DATABASE REPORTING FORM**

**OPERATING EXPENSES SUMMARY (FORM F-40)
DECEMBER 31, 2002**

Expense Object Class	Vehicle Operations 010	Vehicle Maintenance 041	Non-Vehicle Maintenance 042	General Administration 160	Total Expenses
	Total	Total	Total	Total	
Labor (501)					
01 Operators' salaries and wages (01)	832,970	0	0	0	832,970
02 Other salaries and wages (02)	163,678	70,765	5,900	163,481	403,804
03 Fringe Benefits (502)	741,843	52,358	0	109,943	904,144
04 Services (503)	88,716	19,690	14,808	146,062	289,276
Materials and Supplies (504)					
05 Fuel and lubricants (01)	96,175	0	0	624	96,799
06 Tires and tubes (02)	3,288	0	0	0	3,288
07 Other Materials and supplies (99)	16,437	29,719	0	4,475	50,631
08 Utilities (505)	32,652	15,885	1,938	11,769	62,244
09 Casualty and Liability Costs (506)	0	0	0	147,003	147,003
10 Taxes (507)	20,877	0	0	146	21,023
Purchased Transportation (508)					
11 In Report (01)	0	0	0	0	0
12 Filing Separate Report (02)	371,024	31,902	10,601	116,607	530,034
13 Miscellaneous Expenses (509)	11,501	364	2,500	89,282	103,647
14 Expense Transfers (510)	0	0	0	0	0
15 Total Modal Expenses	2,379,161	220,583	35,747	789,372	3,424,863
16 Americans with Disabilities Act of 1990 (ADA)-Related Expenses (DR Only)					0
Reconciling Items					
	Cash Expenditures	Non-Cash Expenditures	Total Expenses for Period		
17 Interest Expenses (511)	11,343	0	11,343		
18 Leases and Rentals (512)	91,640	0	91,640		
19 Purchase Lease Agreements (514)	0	0	0		
20 Related Parties Lease Agreement (515)	0	0	0		
21 Depreciation (513)	0	0	0		
22 Amortization of Intangibles (513.3)	0	0	0		
23 Other Reconciling Items (516)	-352,734	0	-352,734		
24 Total Reconciling Items	-249,751	0	-249,751		
25 Americans with Disabilities Act of 1990 (ADA) - Related Expenses (DR Only)	0	0	0		
26 Total Expenses from Published Reports	3,175,112	0	3,175,112		

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE SUPPLEMENTAL INFORMATION
DECEMBER 31, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying National Transit Database (NTD) reporting forms summarize the reporting requirements of the Federal Transit Administration as set forth in Title 49 U.S.C. 5335 (a). These reporting forms were prepared in accordance with the National Transit Database Uniform System of Accounts. These forms are prepared according to an accrual basis of accounting. Expenses are recorded as soon as they result in liabilities for benefits received, regardless of whether or not payment of the expense is made in the same accounting period. Similarly, revenues are recorded when earned, regardless of whether or not receipt of revenue takes place in the same reporting period.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Butler County Regional Transit Authority
Butler County
3045 Moser Court
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited the financial statements of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), as of and for the year ended December 31, 2002, and have issued our report thereon dated August 15, 2003, wherein we expressed substantial doubt regarding the Authority's ability to continue as a going concern. 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 the 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2002-001.

We also noted a certain immaterial instance of noncompliance that we have reported to management of the Authority in a separate letter dated August 15, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-001.

A material weakness is a condition in which the design or operation on 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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated August 15, 2003.

This report is intended solely for the information and use of management, Board of Trustees, 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.



Betty Montgomery
Auditor of State

August 15, 2003



Auditor of State Betty Montgomery

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

Butler County Regional Transit Authority
Butler County
3045 Moser Court
Hamilton, Ohio 45011

To the Board of Trustees:

Compliance

We have audited the compliance of the Butler County Regional Transit Authority, Butler County, Ohio (the 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 its major federal program for the year ended December 31, 2002. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority'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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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 Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002. However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the Authority in a separate letter dated August 15, 2003.

Internal Control Over Compliance

The management of the 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 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 compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses. However we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated August 15, 2003.

This report is intended for the information and use of the management, Board of Trustees 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.



Betty Montgomery
Auditor of State

August 15, 2003

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Federal Transit Cluster (20.500/20.507)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-001

Material Noncompliance Citation / Reportable Condition

Ohio Rev. Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. This section also provides for two exceptions to the above requirement:

- A. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Contrary to the above requirement, the Authority did not properly certify the availability of funds for 50% of transactions tested. The Authority does not utilize "Then and Now Certificates" and therefore the exception to the requirement did not apply.

Failure to certify the availability of funds and encumber appropriations can result in overspending and negative cash balances. Therefore, we recommend the Authority obtain approved purchase orders, which contain the Fiscal Officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-60409-001	Resolution 27-00 was cited failing to establish a separate account to pay principal and interest on the Revenue Anticipation Notes.	Yes	Finding No Longer Valid, debt was paid from a special cost center established by the fiscal agent.
2001-60409-002	Ohio Rev. Code §5705.41(D) was cited for not properly certifying funds.	No	Reissued as finding 2002-001.



**Auditor of State
Betty Montgomery**

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BUTLER COUNTY REGIONAL TRANSIT AUTHORITY

BUTLER 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
OCTOBER 14, 2003**