

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**FINANCIAL STATEMENTS
(AUDITED)**

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

HILARY PATTERSON, ADMINISTRATOR



Dave Yost • Auditor of State

Board of Directors
Knox County Transit Authority dba Knox Area Transit
25 Columbus Road
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of the Knox County Transit Authority dba Knox Area Transit, Knox County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 Knox County Transit Authority dba Knox Area Transit is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 17, 2013

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**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Knox County Transit Board dba Knox Area Transit
Knox County
25 Columbus Road
Mount Vernon, Ohio 43050

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Knox County Transit Board doing business as (dba) Knox Area Transit, Knox County, Ohio, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Knox County Transit Board dba Knox Area Transit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Knox County Transit Board dba Knox Area Transit's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Knox County Transit Board dba Knox Area Transit's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support 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 Knox County Transit Board dba Knox Area Transit, Knox County, Ohio, as of December 31, 2012, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with the 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 this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

The Schedule of Federal Award Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this 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, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2013, on our consideration of the Knox County Transit Board dba Knox Area Transit's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Knox County Transit Board dba Knox Area Transit's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 8, 2013

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended December 31, 2012

The management's discussion and analysis of the Knox County Transit Board dba Knox Area Transit (KAT), financial performance provides an overall review of KAT's financial activities for the year ended December 31, 2012. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Overview of Financial Highlights for Knox County Transit Board DBA Knox Area Transit

- KAT has a net position of \$619,427. This net position results from the difference between total assets of \$873,919 and total liabilities of \$254,492.
- Assets of \$272,533 primarily consist of non-restricted Cash and Cash Equivalents of \$210,749, Accounts Receivable of \$36,535 and Intergovernmental Receivables of \$25,249.
- Liabilities of \$254,492 primarily consist of Accrued Expenses of \$132,317 and Accounts Payable of \$57,935, and Intergovernmental Payables of \$64,240.

Basic Financial Statements and Presentation

KAT complies with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", and Statement No. 38, "Certain Financial Statement Disclosures".

The financial statements presented by KAT are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. KAT is structured as a single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets over the \$5,000 threshold are capitalized and depreciated over their estimated useful lives.

The *Statement of Net Position* presents information on all of KAT's position and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of KAT is improving or deteriorating. Net position increase when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicate improved financial position.

The *Statement of Revenues, Expenses and Changes in Net Position* present information showing how KAT's net position changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists capital grant revenues received from federal, state and local governments.

The *Statement of Cash Flows* allows financial statement users to assess KAT's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) Cash flows from operating activities, 2) Cash flows from noncapital financing activities, 3) Cash flows from capital and related financing activities, and 4) Cash flows from investing activities.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended December 31, 2012

Financial Analysis of KAT

Table 1 provides a summary of KAT's net position for 2012 and 2011:

Table 1
Condensed Summary of Net Position

<i>Assets:</i>	2012	2011
Current Assets	\$ 272,533	\$ 246,068
Capital Assets, net	601,386	557,737
Total Assets	<u>873,919</u>	<u>803,805</u>
<i>Liabilities:</i>		
Current Liabilities	<u>254,492</u>	<u>238,326</u>
<i>Net Assets:</i>		
Net investment in capital assets	601,386	557,737
Unrestricted net assets	18,041	7,742
Total Net Position	<u>\$ 619,427</u>	<u>\$ 565,479</u>

The largest portion of KAT's net assets reflect investment in capital assets consisting of vehicles, office equipment, shop equipment, computer hardware/software and leasehold improvements. KAT uses these capital assets to provide public transportation services for mainly Knox County and throughout Ohio; consequently, these assets are not available to liquidate liabilities or to cover other spending.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended December 31, 2012

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

	2012	2011
<i>Operating Revenues (Expenses):</i>		
Operating Revenues	\$ 351,338	\$ 370,759
Operating Expenses (excluding depreciation)	(1,353,056)	(1,345,229)
Depreciation Expense	(176,257)	(190,352)
Operating Loss	(1,177,975)	(1,164,822)
 <i>Non-Operating Revenues:</i>		
Federal Grants	820,678	680,458
State Grants	202,654	191,654
State Elderly and Disabled Fare Assistance	110,351	113,225
Local Grants	52,000	52,000
Investment Income	75	61
Gain (Loss) on Disposal of Assets	11,771	-
Other Revenues	34,394	26,224
Total Non-Operating Revenues	1,231,923	1,063,622
 Decrease / Increase in Net Position During Year	 53,948	 (101,200)
 Net Position, Beginning of Year	 565,479	 666,679
 Net Position, End of Year	 \$ 619,427	 \$ 565,479

Financial Operating Activities

The most significant operating expenses for KAT are Salary and Wages, Employee Benefits, Depreciation expense, and Vehicle Expense. These expenses account for 92.8% of the total operating expenses. Salary and Wages, which accounts for 46.5% of the total, represents costs associated with salaried and hourly employees. Employee Benefits, which account for 19.6% of the total, represents costs associated with the health insurance premiums and workers compensation premiums paid by KAT covering its employees. Depreciation expense, which accounts for 11.6% of the total, represents current year depreciation less any disposals. Vehicle Expense, which accounts for 15.3% of the total, represents costs associated with materials and supplies used for vehicle operations consisting of fuel, motor oils and tires for vehicles, etc.

Funding for the most significant operating expenses indicated above is from Passenger fares including Special Transit Fees and Farebox revenue, as well as Nonoperating Revenues of \$1,231,923 in the form of Federal Grants, State Grants, State Elderly and Disabled (E&D) Fare Assistance, Local Grants and Investment Income, Gain (Loss) on Disposal of Assets and Other Revenues. These revenues account for 77.8% of the total combined revenues of \$1,583,261. Farebox revenue for 2012 was \$126,242, and accounts for .08% of the total revenues. Special Transit fees revenue for 2012 was \$225,096, and accounts for 14.3% of the total revenue.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended December 31, 2012

Financial Operating Activities, continued

Federal Grants revenue for 2012 was \$820,678, and accounts for 51.9% of the total revenue. State Grants revenue for 2012 was \$202,654, and accounts for 12.8% of the total revenue. State E&D Fare Assistance revenue for 2012 was \$110,351, and accounts for .07% of the total revenue. Local Grants revenue for 2012 was \$52,000, and accounts for .03% of the total revenue. Investment Income, Gain (Loss) on Disposal of Assets and Other Revenues make up the remaining .03% of total revenue.

KAT monitors its sources of revenues closely for fluctuations.

Capital Assets and Debt Administration

KAT's investment in capital assets as of December 31, 2012, amounts to \$601,386 (net of accumulated depreciation). This investment in capital assets includes Vehicles, Office and Other Equipment, Shop Equipment, Computer Hardware/Software and Leasehold Improvements.

Additional information concerning KAT's capital assets can be found in Note 2 and 4 of the Notes to the Basic Financial Statements.

Contingencies

As of December 31, 2012, KAT has to repay the Ohio Department of Transportation (ODOT) \$64,240 due to the release of their 2005-2009 Audit findings on April 6, 2011. This repayment will occur over two (2) Calendar years beginning in Calendar Year 2013. The repayment will be in a form of a deduction that will begin with the First Quarter Calendar Year 2013 ODOT monthly federal grant allocation and again in Fourth Quarter Calendar Year 2013 ODOT monthly federal grant allocation. The final payment will be a deduction in the Calendar Year 2014 ODOT monthly federal grant allocation.

Contacting KAT's Financial Management

This financial report is designed to provide our citizens, customers, and creditors, with a general overview of KAT's finances and to show KAT's accountability and transparency for the money it receives. Questions concerning any of the information in this report or to request additional information should be addressed to: Hilary Patterson, Administrator, Knox Area Transit, 25 Columbus Road, Mount Vernon, Ohio 43050.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**STATEMENT OF NET POSITION
DECEMBER 31, 2012**

ASSETS

Assets

Cash & Cash Equivalents	\$ 210,749
Accounts Receivable	36,535
Intergovernmental Receivable	25,249
Total Current Assets	<u>272,533</u>

Capital Assets:

Vehicles	1,044,078
Office Equipment	21,107
Shop Equipment	192,174
Computer Hardware/Software	149,362
Leasehold Improvements	517,050
	<u>1,923,771</u>
Less: Accumulated Depreciation	1,322,385
Total Capital Assets, net	<u>601,386</u>

Total Assets	<u>873,919</u>
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LIABILITIES AND FUND EQUITY

Liabilities

Accounts Payable	\$ 57,935
Intergovernmental Payable	64,240
Accrued Expenses	132,317
Total Liabilities	<u>254,492</u>

Net Position

Net investment in capital assets	601,386
Unrestricted net assets	18,041
Total Net Position	<u>\$ 619,427</u>

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

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012**

Operating Revenues	
Farebox Revenue	\$ 126,242
Special Transit Fees	225,096
Total Operating Revenues	<u>351,338</u>
 Operating Expenses	
Salaries & Wages	709,847
Employee Benefits	299,273
Professional Services	21,074
Contract Maintenance	16,582
Vehicle Expense	233,937
Other Material and Supplies	19,815
Utilities	19,335
Insurance	23,495
Other Expense	9,698
Depreciation	176,257
Total Operating Expenses	<u>1,529,313</u>
 Operating Loss	 (1,177,975)
 Nonoperating Revenues	
Federal Grants	820,678
State Grants	202,654
State Elderly and Disabled Fare Assistance	110,351
Local Grants	52,000
Investment Income	75
Gain (loss) on Disposal of Assets	11,771
Other Revenues	34,394
Total Nonoperating Revenues	<u>1,231,923</u>
Change in Net Position	53,948
Net Position at beginning of year	<u>565,479</u>
Net Position at end of year	<u>\$ 619,427</u>

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

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Cash Flow from Operating Activities

Cash received from Customers		\$ 351,278
Cash Payments for Employee Services and Benefits		(1,008,391)
Cash Payments to Suppliers for Goods and Services		(305,044)
		(962,157)
Net Cash Used in Operating Activities		(962,157)

Cash Flow from Noncapital Financing Activities

Federal, State and Local Grants	930,913	
Other Revenues	34,394	
	965,307	
Net Cash Provided by Noncapital Financing Activities		965,307

Cash Flow from Capital and Related Financing Activities

Capital Grants	259,295	
Purchase of Capital Assets		
Vehicles	(213,658)	
Furnishings & Equipment	(6,248)	
Gain/(Loss) on Disposal of Assets	11,771	
	51,160	
Net Cash Provided by Financing Activities		51,160

Cash Flow from Investing Activities

Investment Income	75	
	75	
Net Cash Provided by Investing Activities		75

Net Increases in Cash		54,385
Cash, Beginning of Year		156,364
		\$ 210,749
Cash, End of Year		\$ 210,749

**Reconciliation of Operating Loss to Net Cash Provided
by Operating Activities:**

Operating Loss		\$ (1,177,975)
Adjustments		
Depreciation		176,257
(Increase)/Decrease in Assets:		
Accounts Receivable	(60)	
Prepaid Expenses	23,455	
Increase/(Decrease) in Liabilities:		
Accounts Payable	13,461	
Intergovernmental Payable	1,976	
Accrued Expenses	729	
Total Adjustments		39,561
Net Cash Used by Operating Activities		\$ (962,157)

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

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 - DESCRIPTION OF REPORTING ENTITY

The Knox County Transit Board dba Knox Area Transit (“KAT”) is a body politic and corporate of the State of Ohio, established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. KAT operates under a Board appointed by the City of Mount Vernon and Knox County Commissioners with an appointed secretary-treasurer handling the daily operations. Mid-Ohio Transit Authority merged into a County Transit Board on January 31, 2012, and is now the Knox County Transit Board DBA Knox Area Transit (KAT). KAT is now a County entity, and the KAT Board is appointed by the Knox County Board of Commissioners with an appointed Administrator/Fiscal Officer handling the daily operations. KAT provides transportation services mainly in Knox County, to include but not limited to, the disadvantaged, elderly and riders who use mobility devices.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, “The Reporting Entity”, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”, KAT is not considered part of any other financial reporting entity. There are not agencies or organizations for which KAT is considered the primary government. Accordingly, KAT is the sole organization of the reporting entity. Management believes the Financial Statements included in this report represent all of the funds of KAT over which they have the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of KAT’s accounting policies are described below.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises and focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, KAT follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

KAT complies with the provisions of GASB Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.”

KAT will continue applying all applicable pronouncements issued by the GASB.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows reflects how KAT finances and meets its cash flow needs. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred inflow of resources is an acquisition of net assets by KAT that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets by the KAT that is applicable to a future reporting period. The KAT had no deferred inflows of resources and deferred outflows of resources.

C. Budgetary Accounting and Control

KAT's annual budget is prepared on the accrual basis of accounting as permitted by law. KAT maintains budgetary control by not permitting total expenditures to exceed total appropriations without approval of the Board of Directors.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking accounts and are stated at cost, which approximates fair value. Cash and cash equivalents represent the funds that are used for general operations. For purposes of the statement of cash flows, KAT considers all highly liquid instruments with maturity of three months or less at the time they are purchased to be cash equivalents. Interest income earned by KAT totaled \$75 for the year ended December 31, 2012.

E. Recognition of Receivables and Revenue

Passenger fares are recorded as revenue at the time services are provided and revenues pass through the fare box. Grants and assistance revenues are received from reimbursable, non-reimbursable, and entitlement type grant programs. These grant programs involve transactions that are categorized as either government-mandated or voluntary non-exchange transactions. Grant and assistance revenues from government-mandated and voluntary non-exchange transactions are recorded as a receivable and non-operating revenue when all eligibility requirements are met. Grants and assistance revenues received before the eligibility requirements are met are deferred.

F. Noncurrent Assets

Property and Equipment are recorded at cost. KAT has a \$5,000 depreciation threshold. Current year depreciation expense is \$176,257 and recorded using the straight-line method over the estimated useful lives of the assets as follows:

Improvements	15 years
Equipment and Vehicles	5 -7 years
Computers/Software	5 years

When assets acquired with capital grants are disposed of, KAT is required to notify the granting federal agency for permission to dispose. If vehicles are not past their useful life and are approved to be disposed, a proportional amount of the proceeds or fair market value, if any, of such property and equipment may be used to acquire like-kind replacement vehicles or remitted back to the granting federal agency. If vehicles or equipment are past their useful life the proceeds from the disposed equipment or vehicles will be re-invested and used as local match for future capital purchases.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Compensated Absences

KAT accrues vacation benefits as earned by its full-time employees. Employees are encouraged to use their vacation throughout the year as to not accumulate more than they earn annually. Unused vacation benefits are paid to the employee upon separation from KAT according to the Knox County Policy manual, and they are to not exceed eighty (80) hours unless prior permission from the Appointing Authority is obtained.

Full-time and part-time employees accrue sick leave while employed at KAT. Upon retirement only, and in addition to having ten (10) years of public service they will be paid 25% of the value of (up to 960 hours) accumulated unused sick leave credit. This will never be more than 240 hours at their regular rate of pay. The GAAP vesting method is utilized in determining the liability for sick leave.

H. Use of Estimates

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

I. Operating and Non-Operating Revenues

Operating revenues are those revenues that are generated directly from the primary activities. For KAT, these revenues are primarily charges for transportation services. Non-operating revenues are primarily operating and capital grants from federal, state and local sources.

J. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The KAT applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2012, the carrying amount of KAT's deposits was \$210,749. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2012, all of KAT's bank balance of \$205,117 was covered by the Federal Deposit Insurance Corporation (FDIC) and therefore was not subject to custodial credit risk.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, KAT's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of KAT.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation, or may pledge a pool of government securities with a market value equal to 105% of public monies on deposit at the institution. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 is as follows:

<u>Description</u>	Balance at	<u>Capital Assets</u>		Balance at
	<u>1/1/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/2012</u>
Vehicles	\$ 943,852	\$ 213,658	\$ (113,431)	\$ 1,044,079
Office Equipment	14,858	6,249	-	21,107
Shop Equipment	192,174	-	-	192,174
Computer Hardware/Software	149,362	-	-	149,362
Leasehold Improvements	517,050	-	-	517,050
Total Capital Assets	<u>1,817,296</u>	<u>219,907</u>	<u>(113,431)</u>	<u>1,923,772</u>
Less Accumulated Depreciation				
Vehicles	(463,395)	(161,264)	113,431	(511,228)
Office Equipment	(14,858)	(625)	-	(15,483)
Shop Equipment	(192,174)	-	-	(192,174)
Computer Hardware/Software	(143,560)	(2,363)	-	(145,923)
Leasehold Improvements	(445,572)	(12,005)	-	(457,577)
Total Accumulated Depreciation	<u>(1,259,559)</u>	<u>(176,257)</u>	<u>113,431</u>	<u>(1,322,385)</u>
Total Capital Assets, Net	<u>\$ 557,737</u>	<u>\$ 43,650</u>	<u>\$ -</u>	<u>\$ 601,387</u>

NOTE 5 - RETIREMENT SYSTEM

Plan Description - KAT participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans.

1. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 5 - RETIREMENT SYSTEM - (Continued)

3. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in to the Traditional Pension Plan benefit. Member contributions whose investment is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and contribution rates were consistent across all three plans. 2012 member contribution rates were 10.00% of covered payroll for members in State and local classifications. KAT's contribution rate for 2012 was 14.00%.

KAT's contribution rate for pension benefits for members in the Traditional and Combined Plans for the 2012 was 10% and 7.95% respectively. KAT's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$68,783, \$69,117, and \$67,500, respectively; 100% has been contributed for 2010 through 2012.

NOTE 6 - POSTRETIREMENT BENEFIT PLANS

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement healthcare through their contributions to OPERS. A portion of each employer's contribution is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2012, local government employers contributed 14.00% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 6 - POSTRETIREMENT BENEFIT PLANS - (Continued)

OPERS post employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). Each year the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for the funding of the post employment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2012 was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2013 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2013. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

KAT's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$27,438, \$27,811, and \$38,481, respectively. The portion of your employer contributions that were used to fund post-employment benefits is approximated by multiplying actual employer contributions for 2012 by 0.2857 for state and local employers.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 7 - RISK MANAGEMENT

KAT is exposed to various risks of loss related to torts: theft of, damaged to, and destruction of assets flood and earthquake; errors and omission; employment related matters; inquiries to employees; and employee theft and fraud. KAT maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. KAT continues to carry commercial insurance for all other risks of loss, including workers' compensation. There was no significant reduction in insurance coverage and no settlements exceeded insurance coverage during the past three years.

NOTE 8 - CONTINGENCIES

A. Litigation

In the normal course of operations, KAT may be subject to litigation and claims. On 8/21/12 the former Administrator plead guilty to a fifth-degree felony charge of theft in office, and was ordered to pay restitution in the amount of \$6,250. As of December 31, 2012, \$2,990 has been repaid. At December 31, 2012 KAT has no pending litigation.

B. Grants

KAT receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of KAT. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of KAT.

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 9 - CHANGES IN ACCOUNTING PRINCIPLE

For 2012, KAT has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of KAT.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of KAT.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows or resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of KAT's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of KAT.

SUPPLEMENTARY DATA

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor/Pass through Grantor Program Title	Pass through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Transportation</u>			
<u>Passed-through the Ohio Department of Transportation</u>			
Formulas Grants For Other Than Urbanized Areas - Operating	RPT-4042-032-121	20.509	\$ 230,193
Formulas Grants For Other Than Urbanized Areas - Operating	RPT-4042-029-121	20.509	331,028
Formulas Grants For Other Than Urbanized Areas - Capital	RPT-0042-032-122	20.509	29,842
Formulas Grants For Other Than Urbanized Areas - Capital	RPT-0042-032-123	20.509	110,263
Formulas Grants For Other Than Urbanized Areas- Capital	RPT-0042-031-112	20.509	120,934
Formulas Grants For Other Than Urbanized Areas - Stimulus	RPTS-0042-001-093	20.509	394
Total Federal Awards Expenditures			<u>\$ 822,654</u>

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

KAT prepares its Schedule of Federal Awards Expenditures on the accrual basis of accounting.

NOTE 2 – MATCHING REQUIREMENTS

KAT is required to contribute non-federal funds (matching funds) to support federally funded programs. KAT has complied with the matching requirements. The expenditure of non-federal matching funds is not included in this schedule.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Knox County Transit Board dba Knox Area Transit
Knox County
25 Columbus Road
Mount Vernon, Ohio 43050

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Knox County Transit Board dba Knox Area Transit, Knox County, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Knox County Transit Board dba Knox Area Transit's basic financial statements and have issued our report thereon dated May 8, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Knox County Transit Board dba Knox Area Transit's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Knox County Transit Board dba Knox Area Transit's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Knox County Transit Board dba Knox Area Transit's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Directors
Knox County Transit Board dba Knox Area Transit

Compliance and Other Matters

As part of reasonably assuring whether the Knox County Transit Board dba Knox Area Transit's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Knox County Transit Board dba Knox Area Transit's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Knox County Transit Board dba Knox Area Transit's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 8, 2013



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Knox County Transit Board dba Knox Area Transit
Knox County
25 Columbus Road
Mount Vernon, Ohio 43050

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Knox County Transit Board dba Knox Area Transit's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Knox County Transit Board dba Knox Area Transit's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Knox County Transit Board dba Knox Area Transit's major federal program.

Management's Responsibility

The Knox County Transit Board dba Knox Area Transit's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Knox County Transit Board dba Knox Area Transit's compliance for each of the Knox County Transit Board dba Knox Area Transit's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Knox County Transit Board dba Knox Area Transit's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Knox County Transit Board dba Knox Area Transit's major program. However, our audit does not provide a legal determination of the Knox County Transit Board dba Knox Area Transit's compliance.

Opinion on the Major Federal Program

In our opinion, the Knox County Transit Board dba Knox Area Transit complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Board of Directors
Knox County Transit Board dba Knox Area Transit

Report on Internal Control Over Compliance

The Knox County Transit Board dba Knox Area Transit's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Knox County Transit Board dba Knox Area Transit's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Knox County Transit Board dba Knox Area Transit's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
May 8, 2013

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDIT RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness reported for the major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Program:	Formula Grants for Other Than Urbanized Areas - CFDA #20.509
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**KNOX COUNTY TRANSIT BOARD DBA KNOX AREA TRANSIT
KNOX COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-MOTA-001	<u>Significant Deficiency - Restatement of Net Assets and Capital Assets</u> - Amounts reported at December 31, 2010 for capital assets and accumulated depreciation, respectively, were improperly reported.	Yes	N/A
2011-MOTA-002	<u>Significant Deficiency - Financial Statement Presentation</u> - A misstatement in the financial statements for the fiscal year under audit was not initially identified by internal controls.	Yes	N/A



Dave Yost • Auditor of State

KNOX COUNTY TRANSIT BOARD dba KNOX AREA TRANSIT

KNOX 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
JUNE 27, 2013**