BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY

TABLE OF CONTENTS

TITLE	PAGE

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority'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 Authority's internal control. Accordingly, we express no such 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 financial position of the Butler County Regional Transit Authority, Butler County as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information 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 in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information 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 June 8, 2020, 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 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 Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

June 8, 2020

This page intentionally left blank.

As management of the Butler County Regional Transit Authority, Butler County, Ohio (BCRTA, the Authority), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2019 and 2018. 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.

Financial Highlights for 2019

The Authority has a net position of $3.80 million. This net position results from the difference between total assets and deferred outflows of resources related to Pensions and OPEB of $11.97 million and total liabilities and deferred inflows of resources related to Pensions and OPEB of $8.17 million.

Current assets of $2.80 million primarily consist of non-restricted Cash and Cash Equivalents of $1.34 million; Intergovernmental/Accounts Receivable of $1.21 million; and prepaids, bid deposits, and inventory of $0.25 million.

Current liabilities of $0.65 million primarily consist of Accounts Payable, Accrued Wages and related Payroll Accruals.

Financial Highlights for 2018

The net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $6,651,373 to $4,754,340.

For the year ended December 31, 2018, the Authority has a net position of $4.12 million. This net position results from the difference between total assets and deferred outflows of resources related to Pensions and OPEB of $10.31 million and total liabilities and deferred inflows of resources related to Pensions and OPEB of $6.19 million.

Current assets of $1.98 million primarily consist of non-restricted Cash and Cash Equivalents of $1.19 million; Intergovernmental/Accounts Receivable of $0.56 million and prepaids/bid deposits of $0.23 million.

Current liabilities of $0.52 million primarily consist of Accounts Payable, Accrued Wages and related Payroll Accruals.

Basic Financial Statements and Presentation

The financial statements presented by the Authority 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. The Authority 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 are capitalized and depreciated, except land, over their estimated useful lives.

The Statement of Net Position presents information on all the Authority's assets 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 the Authority is improving or deteriorating. Net position increases 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 the Authority'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 the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into three categories: 1) Cash flows from operating activities, 2) Cash flows from non-capital financing activities, and 3) Cash flows from capital and related financing 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.

Net Position

The largest portion of the Authority's net position reflect investments in capital assets consisting of buses, an operating facility, and equipment less accumulated depreciation. The Authority uses these capital assets to provide public transportation services in Butler County, Ohio and in adjacent areas. The table below provides a summary of the Authority's net position:

(Table 1)
Butler County Regional Transit Authority
Condensed Summary of Net Position
For the Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
Current Assets	$2,799,380	$1,984,248	$1,661,659
Net Pension Asset	13,997	12,519	9,965
Capital Assets (Net of Accumulated Depreciation)	7,367,710	7,399,987	7,900,914
Deferred Outflows of Resources-Pensions	1,585,594	750,453	1,638,793
Deferred Outflows of Resources-OPEB	200,220	162,117	37,182
Total Assets & Deferred Outflows	11,966,901	10,309,324	11,248,513
Current Liabilities	647,774	517,207	358,459
Net Pension Liability	4,962,975	2,778,356	4,104,439
Net OPEB Liability	2,452,250	2,079,549	1,934,215
Deferred Inflows of Resources-Pensions	72,903	657,241	97,060
Deferred Inflows of Resources-OPEB	31,488	154,913	0
Total Liabilities & Deferred Inflows	8,167,390	6,187,266	6,494,173
Net Position			
Invested in Capital Assets	7,367,710	7,399,987	7,900,914
Unrestricted	(3,568,200)	(3,277,928)	(3,146,574)
Total Net Position	$3,799,510	$4,122,058	$4,754,340

During fiscal year 2019, the Authority's current assets increased as we received federal funds and state funds for replacement buses, facility improvements, and general operating funds. Capital assets decreased slightly due to annual depreciation charges exceeding capital replacements.

During fiscal year 2018, the Authority's current assets increased as we received federal funds for replacement buses, facility improvements, and general operating funds. Capital assets decreased due to annual depreciation charges exceeding capital replacements.

Statement of Revenues, Expenses and Changes in Net Position

Table 2 reflects the changes in net position.

(Table 2)
Butler County Regional Transit Authority
Condensed Summary of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2019, 2018, and 2017

Revenues:	**2019**	**2018**	**2017**
Passenger Fares	$ 338,306	$ 319,988	$ 423,889
State Operating Funds	401,507	4,095	125,303
Federal Operating Funds	1,625,840	1,493,180	1,261,306
Intergovernmental Funding	3,804,271	3,563,455	3,204,846
Gain on Sale of Assets	21,703	18,504	1,923
Federal Capital Funds	1,017,796	574,666	641,042
State Capital Funds	216,366	0	0
Sale of Non-Transportation Service	122,640	120,000	98,239
Other Income	75,647	78,130	74,357
Total Revenues	7,624,076	6,172,018	5,830,905
Expenses:			
Operating Expenses Net of Depreciation	6,642,093	5,581,452	5,765,237
Depreciation Expense	1,304,531	1,222,848	1,019,925
Total Expenses	7,946,624	6,804,300	6,785,162
Increase in Net Position During the Year	(322,548)	(632,282)	(954,257)
Net Position, Beginning of Year	4,122,058	4,754,340	N/A
Net Position, End of Year	$3,799,510	$4,122,058	$4,754,340

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $37,182 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report an OPEB expense of $184,395.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$6,767,118
OPEB expense under GASB 75	(184,395)
2018 contractually required contribution	9,083
Adjusted 2018 program expenses	6,591,806
Total 2017 program expenses under GASB 45	6,785,162
Decrease in program expenses not related to OPEB	($193,356)

Financial Operating Results

Revenues - For purposes of this presentation, the Authority groups its Revenues into the following categories:

Operating Revenues

- **Passenger Fares – Demand Response/Contracts** – Fares paid by the public to ride the public bus service and public/contract fares paid by agencies on behalf of the rider.
- **Federal Operating Funds –** BCRTA receives Federal Transit Administration (FTA) general operating funds as part of our 5307 allocations as well as funds from competitive grant programs.
- **State Operating Funds –** BCRTA receives State of Ohio Urban Transit Program (UTP) formula funds from Ohio's General Revenue Funds
- **Intergovernmental Funding Agreements** – BCRTA has an agreement with Southwest Ohio Regional Transit Authority (SORTA), who operates park-n-ride express service from Butler County to Downtown Cincinnati. The agreement divides a portion of Urbanized Federal Funds which are allocated to the Authority, to SORTA to operate this service. The funds reported are the "gross" funds allocated to the Authority. In addition, during 2009, the Authority entered into a service agreement with the City of Middletown to operate a shuttle between Hamilton and Middletown, another shuttle was added during 2010, between Oxford and Middletown, and another operating between Oxford and Hamilton was added in 2012. The service agreement extended to the Tri-County shuttle in 2015, and the WorkLink shuttle in 2018. During 2013 we entered into an agreement with Miami University to provide public transit services in the city of Oxford for a 10-year term.

Non-Operating Revenues

- **Gain/Loss on Sale of Assets** – Sale of surplus vehicles, property, and equipment.
- **Federal/State Capital Funds** – FTA and State funds for the purchase of capital assets.
- **Sale of Non-Transportation Services** – Funds received for management services provided to the city of Middletown Transit, as well as maintenance services for updates to the Middletown Transit Station.
- **Other Income** – Miscellaneous refunds, credits, and interest income.

Operating Expenses - For purposes of this presentation, the Authority groups its Operating Expenses into the following categories:

Labor and Fringe Benefits - These personnel costs accounted for approximately 72% of the Authority operating expenses (excluding depreciation) in 2019 as compared to 65% in 2018. These costs increased due to variances in the overall pension expense related to the Net Pension and OPEB liabilities.

Contract Services - Items under this category include Attorney, Audit, Transit Management Fees, external vehicle maintenance, facility maintenance, as well as miscellaneous professional services.

Materials and Supplies - These costs have decreased from prior years mainly due to fuel pricing and newer vehicles.

Utilities - These costs include natural gas, electric, water, and communication services.

Casualty and Liability - The Authority is a member of the Ohio Transit Risk Pool, which sets premiums based on service factors and claims experience.

Purchased Transportation – This represents the cost of the park-n-ride service operated by SORTA for the Authority and discussed under Intergovernmental Funding in the revenue section.

Other - This category summarizes various expenses not included in other expense categories.

Capital Assets – At the end of fiscal year 2019, the Authority had $7,367,710 invested in land, operating facility, equipment, and vehicles. Table 3 shows fiscal year 2019 balances in comparison to 2018 balances:

(Table 3)
Butler County Regional Transit Authority
Statement of Capital Assets
For the Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
Non-Depreciable Capital Assets			
Land	$ 294,000	$ 294,000	$ 294,000
Depreciable Capital Assets			
Operating Facility	2,450,021	2,426,912	2,368,053
Equipment & Misc.	969,137	822,881	731,330
Vehicles	9,722,583	8,921,251	8,728,408
Total Depreciable Capital Assets	13,141,741	12,171,044	11,827,791
Total Cost	$13,435,741	$12,465,044	$12,121,791
Accumulated Depreciation			
Operating Facility	(1,665,725)	(1,530,287)	(1,415,687)
Equipment	(634,618)	(437,995)	(256,458)
Vehicles	(3,767,688)	(3,096,775)	(2,548,732)
Total Depreciation	(6,068,031)	(5,065,057)	(4,220,877)
Net Value	$ 7,367,710	$ 7,399,987	$ 7,900,914

Depreciation – This category includes depreciation on all capital assets, except land and work in process.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information in this report or request for additional financial information should be addressed to the Chief Financial Officer, Butler County Regional Transit Authority, 3045 Moser Court, Hamilton, Ohio 45011.

Butler County Regional Transit Authority
Statement of Net Position
For the Years Ended December 31, 2019 and 2018

Assets and Deferred Outflows of Resources	**2019**	**2018**
Current Assets:		
Cash on Deposit	$ 1,339,251	$ 1,190,564
Intergovernmental Receivable	1,178,908	533,884
Accounts Receivable	32,319	27,500
Bid Deposits	50,000	50,000
Materials & Supplies Inventory	27,774	-
Prepaids	171,128	182,300
Total Current Assets	2,799,380	1,984,248
Non-Current Assets:		
Net Pension Asset	13,997	12,519
Property, Facilities and Equipment		
Land - Non Depreciable	294,000	294,000
Operating Facility	2,450,021	2,426,912
Vehicles & Equipment	9,722,583	8,921,251
Furniture & Equipment	886,259	755,003
Amenities & Misc.	82,878	67,878
Subtotal	13,435,741	12,465,044
Less Accumulated Depreciation	(6,068,031)	(5,065,058)
Total Property, Facility and Equipment (net of accumulated depreciation)	7,367,710	7,399,987
Total Non-Current Assets	7,381,707	7,412,506
Deferred Outflows of Resources - Pensions	1,585,594	750,453
Deferred Outflows of Resources - OPEB	200,220	162,117
Total Assets and Deferred Outflows of Resources	$ 11,966,901	$ 10,309,324
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts Payable	230,405	137,385
Accrued Payroll & Benefits	299,689	259,646
Unearned Funds	117,680	120,176
Total Current Liabilities	647,774	517,207
Net Pension Liability	4,962,975	2,778,356
Net OPEB Liability	2,452,250	2,079,549
Total Liabilities	8,062,999	5,375,112
Deferred Inflows of Resources - Pensions	72,903	657,241
Deferred Inflows of Resources - OPEB	31,488	154,913
Net Position		
Invested in Capital Assets	7,367,710	7,399,987
Unrestricted	(3,568,199)	(3,277,928)
Total Net Position	3,799,511	4,122,058
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 11,966,901	$ 10,309,324

See Accompanying Notes to the Basic Financial Statements

Butler County Regional Transit Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues		
Passenger Fares - Demand Response, Contracts	$ 338,306	$ 319,988
State Operating Funds	401,507	4,095
Federal Operating Funds	1,625,840	1,493,180
Intergovernmental Funding	3,804,271	3,563,455
Total Operating Revenues	6,169,924	5,380,718
Operating Expenses		
Labor	2,853,914	2,477,766
Fringe Benefits	1,941,467	1,177,330
Contract Services	339,209	307,019
Materials & Supplies	575,853	659,420
Utilities	87,536	86,671
Casualty & Liability Insurance	230,156	186,910
Purchased Transportation	504,629	492,534
Depreciation Expense	1,304,531	1,222,848
Other	109,329	193,803
Total Operating Expenses	7,946,624	6,804,300
Operating Gain (Loss)	(1,776,700)	(1,423,583)
Non-Operating Revenues (Expenses)		
Gain/Loss on Sale of Capital Asset	21,703	18,504
Federal Capital Funds	1,017,796	574,666
State Capital Funds	216,366	-
Sale of Non-Transportation Services	122,640	120,000
Other Income	75,647	78,130
Total Non-Operating Revenue	1,454,152	791,300
Net Gain (Loss)	(322,548)	(632,282)
Net Position, Beginning of Year	4,122,058	4,754,340
Net Position, End of Year	$ 3,799,510	$ 4,122,058

See Accompanying Notes to the Basic Financial Statements

Butler County Regional Transit Authority
Statement of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Activities		
Cash Received From Customers	$ 5,520,081	$ 5,252,308
Cash Payments - Suppliers for Goods & Services	(1,783,962)	(1,880,233)
Cash Payments - Employees for Wages & Fringes	(3,780,503)	(3,247,275)
Net Cash Provided (Used) by Operating Activities	(44,384)	124,800
Non-Capital Financing Activities		
Non-Transit Funds	198,287	198,130
Prepaids - Other	11,172	(17,912)
Net Cash Provided (Used) by Non-Capital Financing Activities	209,459	180,218
Capital and Related Financing Activities		
Improvements to Operating Facility	(23,108)	(58,859)
Purchase of Vehicles & Equipment	(1,102,890)	(562,386)
Purchase of Equipment & Furniture	(131,255)	(87,441)
Purchase of Amenities & Misc.	(15,000)	(13,234)
Federal Capital Funds	1,017,796	574,666
State Capital Funds	216,366	-
Proceeds from Disposal of Fixed Asset	21,703	18,504
Net Cash Provided (Used) by Capital and Related Financing Activities	(16,388)	(128,750)
Net Increase (Decrease) in Cash and Cash Equivalents	148,687	176,268
Cash and Cash Equivalents at Beginning of Year	1,190,564	1,014,296
Cash and Cash Equivalents at End of Year	$ 1,339,251	$ 1,190,564

Reconciliation of Operating Gain (Loss) to Net Cash Provided (Used) in Operating Activities

	2019	2018
Operating Gain (Loss)	$ (1,776,700)	$ (1,423,583)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash Used in Operating Activities		
Depreciation	1,304,532	1,222,848
Changes in Assets & Liabilities:		
Accounts/Intergovernmental Receivables	(649,843)	(128,409)
Accounts Payable	93,020	9,778
Accrued Payroll & Benefits	40,044	112,624
Accrued Tickets & Reserves	(2,496)	36,345
Materials & Inventory Supplies	(27,775)	-
Net Pension Asset	(1,478)	(2,554)
Net Pension Liability	2,184,619	(1,326,083)
Net OPEB Liability	372,701	182,516
Deferred Outflows - Pensions	(835,141)	888,340
Deferred Outflows - OPEB	(38,103)	(162,117)
Deferred Inflows - Pensions	(584,338)	560,181
Deferred Inflows - OPEB	(123,425)	154,913
Net Cash Provided (Used) in Operating Activities	$ (44,384)	$ 124,800

See Accompanying Notes to the Basic Financial Statements

1. DESCRIPTION OF THE AUTHORITY AND REPORTING ENTITY

Description of Authority - The Butler County Regional Transit Authority (BCRTA, 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. It was created pursuant to Sections 306.30 through 306.71 of the Ohio Revised Code. As a political subdivision, it is distinct from, and is not an agency of, the State of Ohio or any other local governmental unit. The Authority is not subject to federal or state income taxes.

The Authority is directed by a nine-member Board of Trustees 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 within Butler County.

Reporting Entity - The Authority complies with the provisions of Statement No. 14 of the Governmental Accounting Standards Board (GASB) regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14, the Authority has no component units. The Authority is, however, considered to be a related organization of Butler County by virtue of the fact that BCRTA's Board of Trustees is appointed by the County Commissioners and the County's ability to impose its will on the Authority.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization nor is any other organization accountable for BCRTA. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

Non-exchange Transactions - The Authority complies with the provisions of Statement No. 33 of the Governmental Accounting Standards Board (GASB) regarding the Accounting and Financial Reporting for Non-exchange Transactions. This statement requires that capital contributions be recognized as revenue. No capital contributions were received, and no related revenue was recognized as revenue in the Statement of Revenues, Expenses and Changes in Net Position for the Authority.

The Authority will continue applying all applicable pronouncements issued by the GASB.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity, at date of purchase, of three months or less to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - BCRTA maintains all available funds on deposit with financial institutions with amounts on deposit protected by FDIC coverage or through a public fund depository agreement. The investment policy prohibits any type of investing that would be considered risky.

Materials and Supplies Inventory - Materials and supplies in inventory are valued using the cost of the oldest items in inventory first and consist solely of maintenance supplies and repair parts. Fuel is purchased as needed and no inventory is maintained.

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 reported amounts of assets, liabilities, revenues and expenses, at and during the reported period. Actual results could differ from those estimates.

Property, Facilities and Equipment - Property, facilities and equipment are stated at historical cost. The cost of maintenance and repairs is charged to operations as incurred.

Depreciation - Depreciation is computed for assets acquired at or above a $5,000 threshold using the straight-line method over the estimated useful lives of the respective assets, as follows:

Description	Years
Building and improvements	5 - 40
Land improvements	5 - 20
Transportation equipment	2 - 12
Other equipment	2 - 15

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported for pension and OPEB.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension and OPEB.

Pensions/Other Postemployment Benefits (OPEB) - For purposes of measuring the net pension/ OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position - Equity is displayed in two components as follows:

Invested in Capital Assets - This consists of capital assets, net of accumulated depreciation.

Unrestricted - This consists of net position that does not meet the definition of restricted or invested in capital assets.

Operating Revenues and Expenses - The Authority has classified its revenues as either operating or non-operating. Operating revenues are those revenues that are generated directly from the primary activities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the Authority. Revenues and expenses not meeting this definition are reported as non-operating.

Recognition of Revenue and Receivables - The Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT) provide financial assistance and make allocations directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenue over the entitlement period. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as revenue when the expenditure has been made and the revenue is available. Capital grant funds received in advance of project costs being incurred are deferred.

When assets acquired with capital grants funds are disposed of, the Authority is required to notify the granting agency. 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 to the granting agency.

Compensated Absences - The Authority offers employees paid time off (PTO). These benefits are accrued as a liability as the benefits are earned if the employee’s right to receive compensation is attributable to services already rendered and it is probable the Authority will compensate employees for the benefits through time off or some other means. An annual accrual for PTO balances at year end is made to the extent that it is probable that benefits will result in future payments.

3. EQUITY IN CASH AND DEPOSITS

The Authority’s funds are invested in a manner consistent with applicable local, state, and federal laws. Adequate funds are held in cash and deposits to meet short-term and long-term obligations as follows:

- All agency funds will be kept on deposit with financial institutions that are experienced in handling “public funds”.
- Funds shall be maintained in checking or short-term savings accounts equal to at least an amount to cover ninety days of approved operating/capital expenditures.
- Excess funds will be invested in instruments considered “low risk” such as money market savings accounts (or similar) and certificates of deposit.

At December 31, 2019, and December 31, 2018, the Authority had no excess funds for investment, and $1,000 in undeposited cash on hand which is included on the financial statements of the Authority as part of “Cash on Deposit”.

3. EQUITY IN CASH AND DEPOSITS (Continued)

The Authority had bank balance and carrying amount of $1,417,294 and $1,338,251 respectively at December 31, 2019, and $1,348,546 and $1,189,564 respectively at December 31, 2018 with financial institutions authorized to accept public funds. Of the bank balance at December 31, 2019 $250,000 was covered by federal depository insurance and $1,167,294 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the Authority's name. Of the bank balance at December 31, 2018 $250,000 was covered by federal depository insurance and $1,098,546 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the Authority's name.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority has no deposit policy for custodial risk beyond the requirements of State statute. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by the financial institutions' participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

4. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board

4. DEFINED BENEFIT PENSION PLANS (Continued)

must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - Ohio Public Employees Retirement System (OPERS)

BCRTA employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the State and Local group under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

4. DEFINED BENEFIT PENSION PLANS (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%. A death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Funding Policy - Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remains 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

The member and employer contribution rates for the State and Local divisions are currently set at the maximums authorized by the ORC of 10% and 14%, respectively.

ORC Chapter 145 assigns authority to the Board to amend the funding policy. As of December 31, 2018, the Board adopted the contribution rates recommended by the actuary. The contribution rates were included in a funding policy adopted by the Board in October 2013, and are certified periodically by the Board as required by the ORC.

4. DEFINED BENEFIT PENSION PLANS (Continued)

As of December 31, 2018, the date of the last pension actuarial study, the funding period for all defined benefits of the System was 27 years.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $431,325 for 2019.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and expense:

	Traditional Plan	Combined Plan
Proportionate Share of the Net Pension Liability/(Asset)	$4,965,975	($13,997)
Proportion of the Net Pension Liability	0.018121%	0.012517%
Proportionate Share of the Employer Pension Expense	$1,163,956	$3,362

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan	Combined Plan	Total
Deferred Outflows of Resources - Pensions			
Difference between expected and actual experience	$229	$0	$229
Changes in proportion and differences in assumptions	501,894	3,183	505,077
Net difference between projected and actual earning on pension plan investments	673,615	3,015	676,630
BCRTA contributions subsequent to the measurement date	394,160	9,498	403,658
Total Deferred Outflows of Resources - Pensions	$1,569,898	$15,696	$1,585,594
Deferred Inflows of Resources - Pensions			
Differences between expected and actual experience	$65,167	$5,717	$70,884
Changes in proportion and differences in assumptions	0	2,019	2,019
Total Deferred Inflows of Resources - Pensions	$65,167	$7,736	$72,903

4. DEFINED BENEFIT PENSION PLANS (Continued)

The reported $403,658 as deferred outflows of resources related to pension resulting from BCRTA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional Plan	Combined Plan
Year Ending December 31:		
2019	($447,667)	($472)
2020	(217,276)	129
2021	(62,491)	66
2022	(313,280)	(877)
2023	0	361
Thereafter	0	369
Total	($1,040,714)	($424)

Actuarial Assumptions – Pensions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Combined Plan
Measurement and Valuation Date	December 31, 2018	December 31, 2018
Experience Study	5-Year Period Ended December 31, 2015	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25%-10.75% (includes wage inflation at 3.25%)	3.25%-8.25% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

4. DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Discount Rate - Pensions The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those

of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the net pension liability or asset calculated using the discount rate of 7.2%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

BCRTA's Net Pension Liability/(Asset) as of December 31, 2018	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Plan	$7,332	$4,962	$2,994
Combined Plan	($5)	($14)	($21)
		(in thousands)	

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation for 2018	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
TOTAL	100.00%	5.95%

4. DEFINED BENEFIT PENSION PLANS (Continued)

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Net OPEB Liability

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in payables on both the accrual and modified accrual bases of accounting.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability Current Measurement Date	0.018809%
Proportionate Share of the Net OPEB Liability	$2,452,250
OPEB Expense	$219,077

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources - OPEB	
Difference between expected and actual experience	$831
Changes in proportion and differences in assumptions	79,063
Net difference between projected and actual earning on pension plan investments	112,421
BCRTA contributions subsequent to the measurement date	7,905
Total Deferred Outflows of Resources - OPEB	$200,220
Deferred Inflows of Resources - OPEB	
Differences between expected and actual experience	$6,654
Changes in proportion and differences in assumptions	24,834
Total Deferred Inflows of Resources - OPEB	$31,488

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The reported $7,905 as deferred outflows of resources related to OPEB resulting from BCRTA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2019	($87,895)
2020	(22,615)
2021	(18,517)
2022	(56,634)
2023	0
Thereafter	0
Total	($185,661)

Actuarial Assumptions – OPEB

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Actuarial Information	
Actuarial Valuation Date	December 31, 2017
Rolled-Forward Measurement Date	December 31, 2018
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Assumptions	
Single Discount Rate	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Wage Inflation	3.25%
Projected Salary Increases	3.25%-10.75% (includes wage inflation at 3.25%)
Health Care Cost Trend Rate	7.5% initial, 3.25% ultimate in 2029

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Discount Rate - OPEB A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Health Care Trend Rate The following table presents the OPEB liability calculated using the single discount rate of 3.96%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

As of December 31, 2018	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
BCRTA's Net OPEB Liability	$3,137	$2,452	$1,907
		(in thousands)	

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

As of December 31, 2018	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
BCRTA's Net OPEB Liability	$2,357	$2,452 (in thousands)	$2,562

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit.

The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return

Asset Class	Target Allocation for 2017	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	2.42%
Domestic Equities	21.00	6.21
REITs	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
TOTAL	100.00%	5.16%

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: The Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60% for 2018.

6. RISK MANAGEMENT

The Authority participates in the Ohio Transit Risk Pool Association, (OTRP), related to its risk of property and casualty loss. Under this plan, the Authority receives property and casualty loss coverage in exchange for premiums paid. OTRP retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts. Per-occurrence retention for auto physical damage was $250,000 and the per-occurrence retention for commercial property damage was $100,000. OTRP's per-occurrence retention for liability claims (including auto liability, public officials' liability, and general liability) was $2,000,000. OTRP's per-occurrence retention for crime and fidelity coverage was $100,000. OTRP's per-occurrence retention for boiler and machinery was $50,000. For each per-occurrence claim within OTRP's self-insured retention, the Authority is charged a deductible. Per occurrence, reinsurance coverage is maintained by OTRP equal to approximately $200,000,000 for qualified property losses and $10,000,000 for qualified casualty losses. Any underfunding of the plans liabilities is shared pro-rata by the members based on pool contribution factors comprised of population, full-time employees, vehicles, property values, budget, claims history times two and net operating expenses.

The Authority continues to carry commercial insurance for all other risks of loss, including workers compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

7. CAPITAL ASSETS – 2019

	January 1, 2019	Additions	Deletions	December 31, 2019
Non-Depreciable Capital Assets				
Land	$ 294,000	$ -	$ -	$ 294,000
Depreciable Capital Assets				
Operating Facility	2,426,912	23,109	-	2,450,021
Equipment	822,881	146,256	-	969,137
Vehicles	8,921,251	1,102,890	(301,558)	9,722,583
Total Depreciable Capital Assets	12,171,044	1,272,255	(301,558)	13,141,741
Total Cost	$ 12,465,044	$ 1,272,255	$(301,558)	$ 13,435,741
Accumulated Depreciation				
Operating Facility	(1,530,288)	(135,437)	-	(1,665,725)
Equipment	(437,995)	(196,623)	-	(634,618)
Vehicles	(3,096,775)	(972,472)	301,558	(3,767,688)
Total Depreciation	$(5,065,058)	$(1,304,532)	$ 301,558	$ (6,068,031)
Net Value	$ 7,399,987	$ (32,277)	$ -	$ 7,367,710

7. CAPITAL ASSETS – 2018

	January 1, 2018	Additions	Deletions	December 31, 2018
Non-Depreciable Capital Assets				
Land	$ 294,000	$ -	$ -	$ 294,000
Depreciable Capital Assets				
Operating Facility	2,368,053	58,859	-	2,426,912
Equipment	731,330	100,675	(9,124)	822,881
Vehicles	8,728,408	562,386	(369,543)	8,921,251
Total Depreciable Capital Assets	11,827,791	721,920	(378,667)	12,171,044
Total Cost	$ 12,121,791	$ 721,920	$ (378,667)	$ 12,465,044
Accumulated Depreciation				
Operating Facility	(1,415,688)	(114,600)	-	(1,530,288)
Equipment	(256,458)	(190,661)	9,124	(437,995)
Vehicles	(2,548,731)	(917,587)	369,543	(3,096,775)
Total Depreciation	$ (4,220,877)	$(1,222,848)	$ 378,667	$ (5,065,058)
Net Value	$ 7,900,914	$ (500,928)	$ 0	$ 7,399,987

8. CONTINGENT LIABILITIES

For the period January 1, 2019 to December 31, 2019, the Authority received federal grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Authority believes such disallowance, if any, would be immaterial.

9. SUBSEQUENT EVENT DISCLOSURE

The United States and the State of Ohio declared a state of emergency in March 2020, due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The investments of the pension and other employee benefit plan in which the Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BCRTA CONTRIBUTIONS - PENSIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS ENDED DECEMBER 31

	2019	2018	2017	2016	2015
Contractually Required Contribution	$431,325	$381,945	$379,837	$366,899	$345,054
Contributions in Relation to the Contractually Required Contribution	$431,325	$381,945	$379,837	$366,899	$345,054
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
BCRTA Covered-Employee Payroll	$3,096,071	$2,848,966	$2,787,620	$2,710,406	$2,532,610
Contribution as a Percentage of Covered-Employee Payroll	13.9%	13.4%	13.6%	13.6%	13.5%

	2014	2013	2012	2011	2010
Contractually Required Contribution	$322,316	$238,425	$171,079	$141,800	$95,793
Contributions in Relation to the Contractually Required Contribution	$322,316	$238,425	$171,079	$141,800	$95,793
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
BCRTA Covered-Employee Payroll	$2,375,026	$1,766,282	$1,256,193	$1,038,909	$696,546
Contribution as a Percentage of Covered-Employee Payroll	13.6%	13.5%	13.6%	13.6%	13.8%

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BCRTA PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE YEARS ENDED DECEMBER 31 (1)

	2018		2017	
	Traditional Plan	Combined Plan	Traditional Plan	Combined Plan
BCRTA's proportion of the Net Pension Liability/(Asset)	0.018121%	0.012517%	0.017710%	0.009196%
BCRTA's Proportionate Share of the Net Pension Liability/(Asset)	$4,962,975	$ (13,997)	$2,778,356	$ (12,519)
BCRTA's Covered-Employee Payroll	$2,848,966	$2,848,966	$2,787,620	$2,787,620
BCRTA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.20%	-0.49%	99.67%	-0.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	126.64%	84.66%	137.28%

	2016		2015		2014	
	Traditional Plan	Combined Plan	Traditional Plan	Combined Plan	Traditional Plan	Combined Plan
BCRTA's proportion of the Net Pension Liability/(Asset)	0.017294%	0.008339%	0.016842%	0.012560%	0.015496%	0.016240%
BCRTA's Proportionate Share of the Net Pension Liability/(Asset)	$4,104,440	$ (9,965)	$2,922,737	$ (6,514)	$1,868,991	$ (6,253)
BCRTA's Covered-Employee Payroll	$2,710,406	$2,710,406	$2,532,610	$2,532,610	$2,375,026	$2,375,026
BCRTA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	151.43%	-.037%	115.40%	-0.26%	78.69%	-0.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	116.55%	81.08%	116.90%	86.45%	114.83%

(1) Information prior to 2014 is not available.

Amounts presented as of the Authority’s measurement date which is the prior year end.

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BCRTA CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX YEARS ENDED DECEMBER 31 (1)

	2019	2018	2017
Contractually Required Contribution	$ 7,905	$ 9,083	$37,182
Contributions in Relation to the Contractually Required Contribution	$ 7,905	$ 9,083	$37,182
Contribution Deficiency (Excess)	$ -	$ -	$ -
BCRTA Covered-Employee Payroll	$3,096,071	$2,848,966	2,787,620
Contribution as a Percentage of Covered-Employee Payroll	0.25%	0.32%	1.33%

	2016	2015	2014
Contractually Required Contribution	$59,466	$42,758	$49,162
Contributions in Relation to the Contractually Required Contribution	$59,466	$42,758	$49,162
Contribution Deficiency (Excess)	$ -	$ -	$ -
BCRTA Covered-Employee Payroll	$2,710,406	$2,532,610	$2,375,026
Contribution as a Percentage of Covered-Employee Payroll	2.19%	1.69%	2.07%

(1) Information prior to 2014 is not available.

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BCRTA'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO YEARS ENDED DECEMBER 31 (1)

	2018	2017
BCRTA's proportion of the Net OPEB Liability	0.018809%	0.019150%
BCRTA's Proportionate Share of the Net OPEB Liability	$2,452,250	$2,079,549
BCRTA's Covered-Employee Payroll	$2,848,966	$2,787,620
BCRTA's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	86.07%	74.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%

(1) Information prior to 2017 is not available.

Amounts presented as of the Authority's measurement date which is the prior year end.

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Transportation			
Federal Transit Cluster:			
5307 - Urbanized Area Formula Program	20.507	OH-2018-021	2,289,196
5307 - Urbanized Area Formula Program	20.507	OH-2016-056	10,498
5339 - Bus and Bus Facilities Program	20.526	OH-2018-021	6,487
5339 - Bus and Bus Facilities Program	20.526	OH-2016-056	4,094
Total Federal Transit Cluster			2,310,275
Transit Services Program Cluster:			
5310 - Enhanced Mobility for Seniors and Individuals with Disabilities Program	20.513	OH-2016-056	12,665
5310 - Enhanced Mobility for Seniors and Individuals with Disabilities Program	20.513	OH-2018-021	320,696
Total Transit Services Program Cluster			333,361
Total U.S. Department of Transportation			2,643,636
Total Expenditures of Federal Awards			**$ 2,643,636**

The accompanying notes are an integral part of this schedule.

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Butler County Regional Transit Authority (the Authority's) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require the Authority to contribute non-Federal funds (matching funds) to support the Federally funded programs. The Authority has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE D – INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

This page intentionally left blank

OHIO AUDITOR OF STATE
KEITH FABER

Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, 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 Butler County Regional Transit Authority, Butler County, (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 8, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority'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 Authority'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 Authority'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.

Compliance and Other Matters

As part of reasonably assuring whether the Authority'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 Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State

Columbus, Ohio

June 8, 2020

Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Butler County Regional Transit Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Butler County Regional Transit Authority's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 Authority'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 Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Butler County Regional Transit Authority 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, 2019.

Report on Internal Control Over Compliance

The Authority'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 Authority'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 the Uniform Guidance, 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 Authority'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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

June 8, 2020

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Federal Transit Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

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
JUNE 25, 2020