

**MID OHIO TRANSIT AUTHORITY
MT. VERNON, OHIO**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS AND SUPPLEMENTAL DATA FOR THE
YEAR ENDED DECEMBER 31, 2000**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Mid Ohio Transit Authority
25 Columbus Road
Mount Vernon, Ohio 43050

We have reviewed the Independent Auditor's Report of the Mid Ohio Transit Authority, Knox County, prepared by J E Slaybaugh & Associates, Inc., for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

August 27, 2001

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MID OHIO TRANSIT AUTHORITY
MT. VERNON, OHIO

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*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Mid Ohio Transit Authority
Mt. Vernon, Ohio

We have audited the accompanying financial statements of the Mid Ohio Transit Authority, Mt. Vernon, Ohio, as of and for the year ended December 31, 2000, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid Ohio Transit Authority as of December 31, 2000, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 2, 2001, on our consideration of Mid Ohio Transit Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

J. E. Slaybaugh & Associates, Inc.
J.E. Slaybaugh & Associates, Inc.

Lexington, Ohio
August 2, 2001

MID OHIO TRANSIT AUTHORITY
 COMBINED BALANCE SHEET
 DECEMBER 31, 2000

Proprietary Fund Type

ASSETS	<u>Enterprise Fund</u>
Current Assets:	
Cash	\$ 33,397
Investments	50,000
Accounts Receivable	<u>94,296</u>
Total Current Assets	177,693
Property, Plant, & Equipment	
Vehicle	1,167,872
Office Equipment	12,696
Shop Equipment	158,613
Computer Hardware	77,552
Computer Software	22,955
Leasehold Improvement	<u>424,439</u>
	<u>1,864,127</u>
Less: Accumulated Depreciation	<u>(1,125,250)</u>
Total Fixed Assets	<u>738,877</u>
Total Assets	<u>\$ 916,570</u>

LIABILITIES AND FUND EQUITY

Current Liabilities	
Accounts Payable	\$ 53,496
Accrued Expenses	42,890
Note Payable-bank	<u>22,598</u>
Total Current Liabilities	118,984
Fund Equity	
Retained Earnings	<u>797,586</u>
Total Fund Equity	<u>797,586</u>
Total Liabilities and Fund Equity	<u>\$ 916,570</u>

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

MID OHIO TRANSIT AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2000

Proprietary Fund Type

		<u>Enterprise Fund</u>
Revenues		
Federal Grants		\$ 339,657
State Grants		222,078
Local Grants		243,349
Farebox Revenue		131,914
Special Transit Fees		181,698
Auxillary Revenue		18,356
Senior Citizen Fare		29,561
Other Revenue		<u>20,186</u>
Total Revenues		1,186,799
Expenses		
Salaries & Wages		623,633
Employee Benefits		159,865
Professional Services		15,695
Contract Maintenance		6,806
Vehicle Expense		109,693
Utilities		21,307
Insurance		15,000
Other Expense		12,581
Interest Expense		1,450
Depreciation		<u>149,469</u>
Total Expenses		<u>1,115,499</u>
Net Income		71,300
Fund Equity at the Beginning of Year		<u>726,286</u>
Fund Equity at the End of Year		<u>\$ 797,586</u>

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

MID OHIO TRANSIT AUTHORITY
MT. VERNON, OHIO

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	\$	71,300
Add Depreciation		149,469

Adjustments to reconcile net loss to net cash provided
by operating activities:

(Increase) Decrease In:		
Investments		(50,000)
Accounts Receivable		1,901
Increase (Decrease) In:		
Accounts Payable		7,045
Accrued Expenses		3,122
Deferred Credits		<u>(183,351)</u>

Net Cash Used By Operating Activities		<u>(514)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Capital Costs		<u>(62,676)</u>
---------------	--	-----------------

Net Cash Used By Investing Activities		<u>(62,676)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term debt		<u>22,598</u>
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Net Cash From Financing Activities		<u>22,598</u>
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Net Increase (Decrease) In Cash		(40,592)
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Cash At The Beginning Of Year		<u>73,989</u>
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Cash At End Of Year	\$	<u><u>33,397</u></u>
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The accompanying notes are an integral part of these financial statements.

MID OHIO TRANSIT AUTHORITY
MT. VERNON, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Mid Ohio Transit Authority is a politic and corporate of the State of Ohio, established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority operates under a Board of Directors with an appointed secretary-treasurer handling the day to day operations. The Authority provided transportation services to the residents of Knox County, to include but not limited to, elderly and handicapped riders.

Management believes the financial statements included in this report represent all of the funds of the Authority over which they have the ability to exercise direct operating control. Based on the criteria established by GASB codification 2100, there are no component units to be included with the reporting entity.

B. Basis of Accounting

The Authority's policy is to maintain its accounting records on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred.

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

C. Cash and Investments

Certificates of Deposit are valued at cost.

D. Property and Equipment

Property and Equipment are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets.

Improvements	15 years
Equipment and Vehicles	5 – 7 years

E. Fund Accounting

The Authority maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. Funds included in this report are enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

F. Budgetary Process

A budget of estimated cash receipts and disbursements is submitted to the Ohio Department of Transportation each year. From this budget the Ohio Department of Transportation determines the amount of subsidy the Authority will receive.

G. Use of Estimates

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

H. Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2- CASH AND INVESTMENTS

Legal Requirements

State law requires the classification of monies held by the Authority into two categories.

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for current demand upon the Authority treasury. Such monies must be maintained either as cash in the Authority treasury or in depository accounts payable or withdrawal on demand, negotiable order of withdrawal (NOW) accounts, or money market deposit accounts.

Category 2 consists of "inactive" monies. Inactive monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, including but not limited to, federal national mortgage association debentures and discount notes, or by the Export-Import Bank of Washington, whether or not they are guaranteed by the United States.
3. Repurchase agreements in the securities enumerated above.
4. Bonds and other obligations of the State of Ohio, its political subdivision, or other units or agencies of this state or its political subdivisions.
5. Time certificates of deposit or savings or deposit accounts.
6. The State Treasurer's investment pool (STAR Ohio)

Statutory provisions require the Secretary-Treasurer to hold all securities acquired by the Authority or deposit with them with a qualified trustee pursuant to Section 135.18, Revised Code.

At year end the Book Value of the Authority's cash, consisting of demand deposits and money market funds, was:

	<u>Book Balance</u>	<u>Bank Balance</u>
Deposits	\$ 33,397	\$ 72,628
Total Deposits	33,397	72,628
Certificate of Deposit	<u>50,000</u>	<u>50,000</u>
Total Deposits and Investments	<u>\$ 83,397</u>	<u>\$ 122,628</u>

- 1) \$ 100,000 was covered by Federal Deposit Insurance
- 2) \$ 22,628 was collateralized by the financial institution's public entity deposit pool

NOTE 3 - DEBT OBLIGATION

The Authority secured a line-of-credit with a local bank to be used when subsidy payments are not received timely. The balance outstanding at year end was \$22,598 and recorded as short-term debt.

NOTE 4 - DEFINED BENEFIT PENSION PLAN:

A. Public Employees Retirement System Pension Plan

All Mid-Ohio Transit Authority's employees participate in the Public Employees Retirement System (PERS); a statewide cost-sharing multiple-employer deferred benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report. Interested parties may obtain a copy by making a written request to 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614)-466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% of qualifying gross wages for all employees. The total 2000 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Transit Authority's contributions to PERS for the years ending December 31, were as follows:

	Contribution	Rate
December 31, 2000	\$ 80,995	13.55 %
December 31, 1999	\$ 74,119	13.55 %
December 31, 1998	\$ 63,609	13.55 %

All required contributions were made for each of those fiscal year ends.

PERS of Ohio provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions. The 2000 employer contribution rate for state employers was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for the year. The number of benefit recipients eligible for OPEB at December 31, 2000, was 401,339.

OPEB is financed through employer contributions and investment earnings and is expected to be sufficient to sustain the program indefinitely.

NOTE 5 – RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in insurance coverage and no settlements exceeded insurance coverage during the past three years.

NOTE 6 – CONTINGENCIES

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2000 the Authority was involved in no such matters.

MID OHIO TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 TWELVE MONTHS ENDED DECEMBER 31, 2000

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through the Ohio Department of Transportation				
Section 18 Grant -			\$ 296,893	\$ 296,893
Operating	20.509	RPT-0042-019-001		
Capital		RPT-0042-017-992	27,001	27,001
Public Transportation for		RPT-0042-019-002	15,763	15,763
Nonurbanized Areas				
Total Federal Financial Assistance			\$ 339,657	\$ 339,657

Basis of Accounting

The Schedule of Federal Financial Assistance is prepared on the accrual basis of accounting

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

Board of Commissioners
Mid Ohio Transit Authority
Mt. Vernon, Ohio

We have audited the financial statements of Mid Ohio Transit Authority, Mt. Vernon, Ohio, as of and for the year ended December 31, 2000, and have issued our report thereon dated August 2, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Mid Ohio Transit Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mid Ohio Transit Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and the Ohio Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

J.E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
August 2, 2001

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

Board of Commissioners
Mid Ohio Transit Authority
Mt. Vernon, Ohio

Compliance

We have audited the compliance of Mid Ohio Transit Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. Mid Ohio Transit Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Mid Ohio Transit Authority's compliance based on our audit.

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

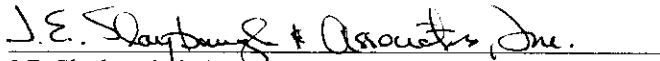
In our opinion, Mid Ohio Transit Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and the Ohio Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.



J.E. Slaybaugh & Associates, Inc.

Lexington, Ohio

August 2, 2001

MID OHIO TRANSIT AUTHORITY
MT. VERNON, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2000

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor has issued an unqualified opinion on the financial statements of Mid Ohio Transit Authority.
2. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
3. There was no noncompliance material to the financial statements disclosed by the audit.
4. There were no reportable conditions in the internal control over major programs disclosed by the audit.
5. The auditor has issued an unqualified opinion on compliance for major programs for Mid Ohio Transit Authority.
6. The audit disclosed no audit findings.
7. The major programs are:
 Section 18 Programs
8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
9. The auditor determined that Mid Ohio Transit Authority qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED
TO BE REPORTED IN ACCORDANCE WITH *GAGAS*

1. None

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS

1. None



STATE OF OHIO
OFFICE OF THE AUDITOR

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MID OHIO TRANSIT AUTHORITY

KNOX COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 4, 2001**