



Dave Yost • Auditor of State

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

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, Ohio as of December 31, 2011 and 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

August 13, 2012

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)**

As management of the Butler County Regional Transit Authority, Butler County, Ohio (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, 2011 and 2010. 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 2011

The Authority has net assets of \$4.32 million. These net assets result from the difference between total assets of \$4.56 million and total liabilities of \$.24 million.

Current assets of \$1.83 million primarily consist of non-restricted Cash and Cash Equivalents of \$1.49 million; Intergovernmental/Accounts Receivable of \$.24 million and prepaid/bid deposits of \$.09 million.

Current liabilities of \$.24 million primarily consist of Accounts Payable, Accrued Wages and related Payroll Accruals.

Financial Highlights for 2010

The Authority has net assets of \$4.20 million. These net assets result from the difference between total assets of \$4.41 million and total liabilities of \$.21 million.

Current assets of \$1.91 million primarily consist of non-restricted Cash and Cash Equivalents of \$1.04 million; Intergovernmental/Accounts Receivable of \$.77 million and prepaid/bid deposits of \$.10 million.

Current liabilities of \$.21 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 Assets, the Statement of Revenues, Expenses and Changes in Net Assets 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 Assets presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net assets, which indicate improved financial position.

The Statement of Revenues, Expenses and Changes in Net Assets present information showing how the Authority's net assets 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.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)
(Continued)**

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 Assets

The largest portion of the Authority's net assets 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 assets:

**(Table 1)
Butler County Regional Transit Authority
Condensed Summary of Net Assets
For the Years Ended December 31, 2011 and 2010**

	2011	2010	2009
Current Assets	\$ 1,827,194	\$ 1,912,883	\$ 1,622,925
Capital Assets (Net of Accumulated Depreciation)	2,732,449	2,484,833	2,484,833
Total Assets	<u>4,559,643</u>	<u>4,411,054</u>	<u>4,107,758</u>
Current Liabilities	<u>237,543</u>	<u>215,588</u>	<u>110,735</u>
Total Liabilities	<u>237,543</u>	<u>215,588</u>	<u>110,735</u>
Net Assets			
Invested in Capital Assets	2,732,449	2,498,171	2,484,833
Unrestricted	<u>1,589,651</u>	<u>1,697,295</u>	<u>1,512,190</u>
Total Net Assets	<u>\$ 4,322,100</u>	<u>\$ 4,195,466</u>	<u>\$ 3,997,023</u>

During fiscal year 2011, the Authority's current assets decreased as we provided matching funds for projects supported by federal grants. Capital assets increased as we worked on completing facility improvements, purchased some transit vehicles and vehicle equipment.

During fiscal year 2010, the Authority's current assets increased as we received federal funds for the continued operation of a medical shuttle, the start of a job shuttle, and general operating funds. Capital assets increased as we worked on completing federally funded facility improvements which was slightly offset by some vehicle disposals.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)
(Continued)**

Statement of Revenues, Expenses and Changes in Net Assets

Table 2 reflects the changes in net assets.

**(Table 2)
Butler County Regional Transit Authority
Condensed Summary of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2011 and 2010**

	2011	2010	2009
Revenues:			
Passenger Fares	\$ 576,256	\$ 292,971	\$ 202,482
Federal Operating Funds	393,449	394,596	238,270
Intergovernmental Funding	1,567,994	1,374,858	1,564,808
Gain on Sale of Assets	0	9,000	0
Federal Capital Funds	482,055	381,523	836,562
Other Income	20,971	34,115	107,784
Total Revenues	3,040,725	2,487,063	2,950,906
Expenses:			
Operating Expenses			
Net of Depreciation	2,491,943	1,920,431	1,521,999
Depreciation Expense	422,148	368,189	181,828
Total Expenses	2,914,091	2,288,620	1,703,827
 Increase in Net Assets During the Year	 126,634	 198,443	 1,247,079
Net Assets, Beginning of Year	4,195,466	3,997,023	2,749,944
 Net Assets, End of Year	 \$ 4,322,100	 \$ 4,195,466	 \$ 3,997,023

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)
(Continued)**

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 county wide curb to curb service and public/contract fares paid by agencies on behalf of the rider.
- **Federal Operating Funds** – Federal Transit Administration (FTA) operating subsidy funds for the medical and job shuttle service. The medical shuttle began in 2008 and the job shuttle began operations in 2010. BCRTA also received some general operating funds from FTA in 2010.
- **Intergovernmental Funding Agreement** – This represents Urbanized Federal Funds, which are allocated to the Authority, who in turn passes them on to the Southwest Ohio Regional Transit Authority (SORTA), who then operates park-n-ride express service from Butler County to Downtown Cincinnati. The funds reported are the “gross” funds allocated to the Authority. In addition during 2009 we entered into a service agreement with the City of Middletown to operate a shuttle between Hamilton and Middletown and added a shuttle between Oxford and Middletown during 2010.

Non-Operating Revenues

- **Gain/Loss on Sale of Assets** – Sale of surplus vehicles, property, and equipment.
- **Federal Capital Funds** – FTA funds for the purchase of capital assets.
- **Other Income** – Miscellaneous refunds, credits, and revenue earned by providing dispatch services to others.

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 49.9% of the Authority operating expenses (excluding depreciation) in 2011 as compared to 45.3% in 2010 and 38.8% in 2009. This reflects our continued expansion of services.

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 increased from prior years mainly due to fuel pricing and service expansion.

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.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)**

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

Capital Assets – At the end of fiscal year 2011, the Authority had \$2,732,449 invested in land, operating facility, and vehicles. Table 3 shows fiscal year 2011 balances in comparison to 2010 & 2009 balances:

**(Table 3)
Butler County Regional Transit Authority
Statement of Capital Assets
For the Years Ended December 31, 2011 and 2010**

	2011	2010	2009
Non-Depreciable Capital Assets			
Land	\$ 294,000	\$ 294,000	\$ 294,000
Depreciable Capital Assets			
Operating Facility	2,227,829	2,087,895	1,819,769
Equipment & Misc.	221,539	122,077	96,168
Vehicles	1,619,295	1,202,265	1,334,502
Total Depreciable Capital Assets	<u>4,068,663</u>	<u>3,412,237</u>	<u>3,250,439</u>
Total Cost	<u><u>\$ 4,362,663</u></u>	<u><u>\$ 3,706,237</u></u>	<u><u>\$ 3,544,439</u></u>
Accumulated Depreciation			
Operating Facility	(789,527)	(689,671)	(609,985)
Equipment	(81,703)	(51,610)	(22,645)
Vehicles	(758,984)	(466,785)	(426,976)
Total Depreciation	<u>(1,630,214)</u>	<u>(1,208,066)</u>	<u>(1,059,606)</u>
Net Value	<u><u>\$ 2,732,449</u></u>	<u><u>\$ 2,498,171</u></u>	<u><u>\$ 2,484,833</u></u>

Depreciation – This category includes depreciation on all capital assets, except land.

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

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Butler County Regional Transit Authority
Statement of Net Assets
For the Years Ended December 31, 2011 and 2010

Assets	2011	2010
Current Assets:		
Cash on Deposit	\$ 1,487,705	\$ 1,041,295
Intergovernmental Receivable	244,528	772,584
Accounts Receivable	1,589	1,153
Prepays	43,372	22,851
Bid Deposits	50,000	75,000
Total Current Assets	<u>1,827,194</u>	<u>1,912,883</u>
Non-Current Assets:		
Property, Facilities and Equipment		
Land - Non Depreciable	294,000	294,000
Operating Facility	2,227,829	2,087,895
Vehicles & Equipment	1,619,295	1,202,265
Furniture & Equipment	205,197	105,735
Amenities & Misc.	16,342	16,342
Subtotal	<u>4,362,663</u>	<u>3,706,237</u>
Less Accumulated Depreciation	<u>(1,630,214)</u>	<u>(1,208,066)</u>
Total Property, Facility and Equipment (net of accumulated depreciation)	<u>2,732,449</u>	<u>2,498,171</u>
Total Assets	<u><u>4,559,643</u></u>	<u><u>4,411,054</u></u>
 Liabilities		
Current Liabilities		
Accounts Payable	72,628	92,776
Accrued Payroll & Benefits	119,093	90,160
Unearned Funds	45,822	32,652
Total Liabilities	<u><u>237,543</u></u>	<u><u>215,588</u></u>
 Net Assets		
Invested in Capital Assets	2,732,449	2,498,171
Unrestricted	1,589,651	1,697,295
Total Net Assets	<u><u>\$ 4,322,100</u></u>	<u><u>\$ 4,195,466</u></u>

See Accompanying Notes to the Basic Financial Statements

Butler County Regional Transit Authority
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues		
Passenger Fares - Demand Response, Contracts	\$ 576,256	\$ 292,971
Federal Operating Funds	393,449	394,596
Intergovernmental Funding	1,567,994	1,374,858
Total Operating Revenues	<u>2,537,699</u>	<u>2,062,425</u>
Operating Expenses		
Labor	946,303	606,382
Fringe Benefits	299,136	262,993
Contract Services	192,936	173,849
Materials & Supplies	310,511	157,907
Utilities	42,648	39,732
Casualty & Liability Insurance	81,310	67,225
Purchased Transportation	598,585	600,096
Depreciation Expense	422,148	368,189
Other	20,514	12,247
Total Operating Expenses	<u>2,914,091</u>	<u>2,288,620</u>
Operating Gain (Loss)	(376,392)	(226,195)
Non-Operating Revenues (Expenses)		
Gain/Loss on Sale of Capital Assets	-	9,000
Federal Capital Funds	482,055	381,523
Sale of Non-Transportation Services	4,817	26,840
Other Income	16,154	7,275
Total Non-Operating Revenue	<u>503,026</u>	<u>424,638</u>
Net Gain (Loss)	126,634	198,443
Net Assets, Beginning of Year	<u>4,195,466</u>	<u>3,997,023</u>
Net Assets, End of Year	<u><u>\$ 4,322,100</u></u>	<u><u>\$ 4,195,466</u></u>

See Accompanying Notes to the Basic Financial Statements

Butler County Regional Transit Authority
Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Operating Activities		
Cash Received From Customers	\$ 2,498,409	\$ 817,062
Cash Payments - Suppliers for Goods & Services	(686,122)	(468,404)
Cash Payments - Employees for Wages & Fringes	(1,216,506)	(812,254)
Net Cash Provided (Used) by Operating Activities	595,781	(463,596)
Non-Capital Financing Activities		
Contributions Received	-	24,000
Bid Deposit Disbursed	25,000	(75,000)
Other	471	13,334
Net Cash Provided (Used) by Non-Capital Financing Activities	25,471	(37,666)
Capital and Related Financing Activities		
Purchase of Vehicles & Equipment	(417,030)	(87,490)
Purchase of Facilities & Land	(140,405)	(268,126)
Purchase of Equipment & Furniture	(99,462)	(25,909)
Purchase of Amenities & Misc.	-	-
Federal Capital Funds	482,055	381,523
Proceeds from Disposal of Fixed Assets	-	9,000
Net Cash Provided (Used) by Capital and Related Financing Activities	(174,842)	8,998
Net Increase (Decrease) in Cash and Cash Equivalents	446,410	(492,264)
Cash and Cash Equivalents at Beginning of Year	1,041,295	1,533,559
Cash and Cash Equivalents at End of Year	\$ 1,487,705	\$ 1,041,295

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

Operating Gain (Loss)	\$ (376,392)	\$ (226,195)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash Used in Operating Activities		
Depreciation	422,148	368,368
Other Non-Cash Activities	450	(2,252)
Changes in Assets & Liabilities:		
Accounts/Intergovernmental Receivables	527,620	(684,370)
Accounts Payable	(20,148)	53,156
Accrued Payroll & Benefits	28,933	19,045
Accrued Tickets & Reserves	13,170	8,652
Net Cash Provided (Used) in Operating Activities	\$ 595,781	\$ (463,596)

See Accompanying Notes to the Basic Financial Statements

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**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Entity – 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.

Basis of Accounting – The Authority's basic financial statements consist of a Statement of Net Assets, a Statement of Revenue, Expenses and Changes in Net Assets, 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.

In accordance with Statement No. 20 of the GASB, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund accounting, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989.

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 Assets for the Authority.

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

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Materials and Supplies Inventory - Materials and supplies (including fuel) are purchased as needed and no parts or fuel inventory are 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 using the straight-line method over the estimated useful lives of the respective assets, as follows:

<u>Description</u>	<u>Years</u>
Building and improvements	5 - 40
Land improvements	5 - 20
Transportation equipment	3 - 12
Other equipment	3 - 15

Net Assets - 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 assets that do not meet the definition of restricted or invested in capital assets.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN CASH AND DEPOSITS

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. The Authority had a bank balance and carrying amount of \$1,487,705 at December 31, 2011 and \$1,041,295 at December 31, 2010 with financial institutions authorized to accept public funds. Of the bank balance at December 31, 2011 \$250,000 was covered by federal depository insurance and \$1,237,705 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, 2010 \$355,926 was covered by federal depository insurance and \$685,369 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.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. EMPLOYEE RETIREMENT PLANS

Ohio Public Employees Retirement System

The BCRTA participates in the Ohio Public Employees Retirement System (OPERS).

A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2011 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively. The 2011 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

F. Plan members are required to contribute a percentage of their annual covered salary (10% in 2011 and 2010), and the Authority is required to contribute an actuarially determined rate. The employer contribution rates were 14% for 2011 and 2010, of annual covered payroll. The contribution requirements of plan members and the Authority are established and may be amended by the Board. The Authority's contributions to OPERS for the years ended December 31, 2011 and 2010 were \$141,800 and \$95,793, respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount billed to each employer.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. EMPLOYEE RETIREMENT PLANS (Continued)

Post-employment Benefits

A. Plan Description

Ohio Public Employees Retirement System (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 plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. EMPLOYEE RETIREMENT PLANS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

C. Employer Specific Information.

The rates stated in Section B, above, are the contractually required contribution rates for OPERS. The Authority's contributions for post-employment benefits were \$40,512 and \$47,897 for the years ended December 31, 2011 and 2010, respectively. For 2011 this was estimated by multiplying actual employer contributions for calendar year 2011 by 0.2857 for state and local employees.

D. OPERS Retirement Board Implements its Health Care Preservation Plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

4. MANAGEMENT SERVICES

In 2010, the Authority contracted with the Lakatos Group to provide management services. Specifically, the Lakatos Group is providing the services of Executive Director. The Director works for the Board of Trustees and oversees the day to day operations as well as directing the strategic planning of the organization. The Executive Director also serves as the liaison to local, state, and federal officials.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. RISK MANAGEMENT

The Authority participates in the Ohio Transit Insurance Pool Association, Inc. (OTIP), renamed in 2002 as 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 self-insures the first \$250,000 of any qualified property loss and the first \$1,000,000 of any qualified casualty loss subject to a \$1,000 per loss deductible. Per occurrence, reinsurance coverage is maintained by OTRP equal to approximately \$200,000,000 for qualified property losses and \$7,500,000 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.

6. CAPITAL ASSETS - 2011

	January 1, 2011	Additions	Deletions	December 31, 2011
Non-Depreciable Capital Assets				
Land	\$ 294,000	\$ -	\$ -	\$ 294,000
Depreciable Capital Assets				
Operating Facility	2,087,895	139,934	-	2,227,829
Equipment	122,077	99,462	-	221,539
Vehicles	1,202,265	417,030	-	1,619,295
Total Depreciable Capital Assets	3,412,237	656,426	-	4,068,663
Total Cost	\$ 3,706,237	\$ 656,426	\$ -	\$ 4,362,663
Accumulated Depreciation				
Operating Facility	(689,671)	(99,855)	-	(789,527)
Equipment	(51,609)	(30,094)	-	(81,703)
Vehicles	(466,785)	(292,199)	-	(758,984)
Total Depreciation	\$ (1,208,066)	\$ (422,148)	\$ -	\$ (1,630,214)
Net Value	\$ 2,498,171	\$ 234,278	\$ -	\$ 2,732,449

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. CAPITAL ASSETS - 2010

	January 1, 2010	Additions	Deletions	December 31, 2010
Non-Depreciable Capital Assets				
Land	\$ 294,000	\$ -	\$ -	294,000
Depreciable Capital Assets				
Operating Facility	1,819,769	268,126	-	2,087,895
Equipment	96,168	25,909	-	122,077
Vehicles	1,334,502	87,490	(219,727)	1,202,265
Total Depreciable Capital Assets	3,250,439	381,525	(219,727)	3,412,237
Total Cost	<u>\$ 3,544,439</u>	<u>\$ 381,525</u>	<u>\$ (219,727)</u>	<u>\$ 3,706,237</u>
Accumulated Depreciation				
Operating Facility	(609,985)	(79,686)	-	(689,671)
Equipment	(22,645)	(28,964)	-	(51,609)
Vehicles	(426,976)	(259,536)	219,727	(466,785)
Total Depreciation	<u>\$ (1,059,606)</u>	<u>\$ (368,186)</u>	<u>\$ 219,727</u>	<u>\$ (1,208,066)</u>
Net Value	<u>\$ 2,484,833</u>	<u>\$ 13,339</u>	<u>\$ -</u>	<u>\$ 2,498,171</u>

BUTLER COUNTY REGIONAL TRANSIT AUTHORITY

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Grant Award Year	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION			
Transit Services Program Cluster:			
New Freedom Program	2010	20.521	\$ 202,955
Job Access and Reverse Commute Program	2010	20.516	190,494
Total Transit Services Program Cluster			<u>393,449</u>
Federal Transit Cluster:			
ARRA - Federal Transit - Formula Capital Program	2009	20.507	93,610
5306 - Federal Transit - Formula Operating Program	2011	20.507	79,569
5307 - Federal Transit - Formula Operating Program	2011	20.507	308,876
Total Federal Transit Cluster			<u>482,055</u>
Total			<u><u>\$ 875,504</u></u>

The accompanying notes are an integral part of this schedule.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Award Expenditures Schedule (the Schedule) reports the Butler County Regional Transit Authority's (the Authority's) federal award programs' disbursements. The schedule has been prepared on the accrual basis of accounting.

NOTE B – 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.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), as of and for the year ended December 31, 2011, and have issued our report thereon dated August 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

Butler County Regional Transit Authority
Butler County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, federal awarding agencies and others within the Authority. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 13, 2012



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

Compliance

We have audited the compliance of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Butler County Regional Transit Authority's major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Authority's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with these requirements.

In our opinion, the Butler County Regional Transit Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.auditor.state.oh.us

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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, others within the entity, and federal awarding agencies. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

August 13, 2012

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Transit Services Program Cluster, CFDA #20.521 and #20.516
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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.

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Dave Yost • Auditor of State

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
SEPTEMBER 13, 2012**