

**MID-OHIO TRANSIT AUTHORITY FINANCIAL CONDITION**  
**SINGLE AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**  
**FISCAL YEAR AUDITED UNDER GAGAS: 2002**





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
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 Haran, Watson & Company, Inc., for the audit period January 1, 2002 through December 31, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

October 20, 2003

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MID-OHIO TRANSIT AUTHORITY  
MT. VERNON, OHIO

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## INDEPENDENT AUDITOR'S REPORT

Boards of Directors  
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, 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2002, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated August 11, 2003, 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 made 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 is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements of the Mid-Ohio Transit Authority. 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.

Haran, Watson & Company, Inc.  
Columbus, Ohio  
August 11, 2003

MID-OHIO TRANSIT AUTHORITY  
BALANCE SHEET  
DECEMBER 31, 2002

Proprietary Fund Type

Enterprise Fund

**ASSETS**

**Current Assets:**

Cash & Cash Equivalent	\$	73,624
Accounts Receivable		62,807
Prepaid Expenses		13,128
<b>Total Current Assets</b>		149,559

**Property, Plant & Equipment**

Vehicle		1,383,144
Office Equipment		20,835
Shop Equipment		235,053
Computer Hardware/Software		137,704
Leasehold Improvement		444,303
		2,221,039
Less: Accumulated Depreciation		(1,426,938)
<b>Total Property, Plant &amp; Equipment</b>		794,101

**Total Assets**

\$ 943,660

**LIABILITIES AND FUND EQUITY**

**Current Liabilities**

Accounts Payable		20,487
Accrued Expenses		72,679
Other Payable		200
<b>Total Current Liabilities</b>		93,366

**Fund Equity**

Retained Earnings		850,294
<b>Total Current Liabilities</b>		850,294

**Total Liabilities and Fund Equity**

\$ 943,660



MID-OHIO TRANSIT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2002

**Proprietary Fund Type**

	<b><u>Enterprise Fund</u></b>
<b>Operating Revenues</b>	
Farebox Revenue	\$ 127,959
Special Transit Fees	250,373
<b>Total Operating Revenues</b>	378,332
 <b>Operating Expenses</b>	
Salaries & Wages	698,679
Employee Benefits	232,435
Professional Services	14,909
Contract Maintenance	4,660
Vehicle Expense	70,125
Other Material and Supplies	23,863
Utilities	21,831
Insurance	18,920
Other Expense	14,745
Interest Expense	1,111
Depreciation	253,765
<b>Total Operating Expenses</b>	1,355,043
<b>Operating Loss</b>	(976,711)
 <b>Nonoperating Revenues</b>	
Federal Grants	350,561
State Grants	295,644
Local Grants	70,000
Gain on Sale of Assets	13,397
Investment Income	2,570
<b>Total Nonoperating Expenses</b>	732,172
<b>Net Income</b>	(244,539)
<b>Beginning Fund Equity</b>	1,094,833
<b>Ending Fund Equity</b>	\$ 850,294

MID-OHIO TRANSIT AUTHORITY  
MT. VERNON, OHIO

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**Cash Flow from Operating Activities**

Net Income	\$ (244,539)
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	253,765
Changes in operating assets and liabilities that increase (decrease) cash flows:	
Accounts Receivable	146,215
Prepaid Expenses	(13,128)
Accounts Payable	(126,410)
Accrued Expenses	21,039
Interest & Other Payables	200
Total Adjustments	<u>27,916</u>
Net Cash Provided (Used) by Operating Activities	37,142

**Cash Flow from Investing Activities**

Purchase Miscellaneous Equipment	(8,139)
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**Cash Flow from Capital and Related Financing Activities**

Change in Notes Payable	<u>(10,950)</u>
Net Increase (Decrease) in Cash	18,053
Cash at the Beginning of Year	<u>55,571</u>
Cash at the End of Year	<u><u>73,624</u></u>

MID-OHIO TRANSIT AUTHORITY  
MT. VERNON, OHIO

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2002

**NOTE 1 – DESCRIPTION OF REPORTING ENTITY**

Description of the Reporting Entity

The Mid-Ohio Transit Authority, (the “Authority”) is a body politic and corporate of the State of Ohio, established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority operates under a Board of Commissioners with an appointed secretary-treasurer handling the daily 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 Statement No. 14, there are no component units to be included with the reporting entity.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Authority’s policy is to maintain its accounting records on the accrual basis of accounting, whereby revenues and expenditures 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 reported in a single enterprise fund.

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.

**Budgetary Accounting and Control**

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

**Cash and Cash Equivalents**

Cash and cash equivalents consist of funds deposited in checking accounts and are stated at cost, which approximates market value. Cash and cash equivalents represent the funds that are used for general operations. For purposes of the statement of cash flows, the authority considers all highly liquid instruments with maturity of three months or less at the time they are purchased to be cash and cash equivalents.

MID-OHIO TRANSIT AUTHORITY  
MT. VERNON, OHIO

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2002

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**Recognition of Receivables and Revenue**

Passenger fares are recorded as revenue at the time services are provided and revenues pass through the fare box.

Grants and assistance revenues are received from reimbursable, nonreimbursable, and entitlement type grant programs. These grant programs involve transactions that are categorized as either government-mandated or voluntary nonexchange transactions. Grants and assistance revenues from government-mandated and voluntary nonexchange transactions are recorded as a receivable and nonoperating revenue when all eligibility requirements are met. Grants and assistance revenues received before the eligibility requirements are met are deferred.

**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 as follows:

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

**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 reports 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.

**Compensated Absences**

The Authority accrues vacation benefits as earned by its employees. Unused vacation benefits are paid to the employee upon separation from the Authority. Employees with 10 or more years with the transit authority will be paid .25 of the value of the unused sick leave credit, not to exceed 30 days.

MID-OHIO TRANSIT AUTHORITY  
MT. VERNON, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2002

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**Use of Estimates**

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the 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.

**NOTE 3 – CASH AND INVESTMENTS**

The provisions of the Ohio Revised Code govern the investments and deposits of the Authority. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest in monies in certificates of deposits, saving accounts, money market accounts, the State Treasurer's investment pool (STAROhio) and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities with a market value equal to 105% of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require that security maintained for public deposits and investments be held in the Authority's name.

The Authority is prohibited from investing in any financial instrument contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

**Deposits**

The carrying amount of the Authority's deposits was \$73,624 at December 31, 2002 with a \$94,168 bank balance. Of the bank balance, all was covered by federal depository insurance.

**NOTE 4 – DEBT OBLIGATION**

The Authority has available a line-of-credit with a local bank to be used when subsidy payments are not received timely. There was no balance outstanding at December 31, 2002.

MID-OHIO TRANSIT AUTHORITY  
MT. VERNON, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2002

**NOTE 5 – DEFINED BENEFIT PENSION PLAN AND POST EMPLOYMENT BENEFITS:**

**Defined Benefit Pension Plan**

All Mid-Ohio Transit Authority's employees participate in the Ohio Public Employees Retirement System (OPERS); a statewide cost-sharing multiple-employer deferred benefit pension plan. OPERS 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. OPERS 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) 222-6705.

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 2002 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 Authority's contribution to OPERS for the years ending December 31 were as follows:

	<u>Contribution</u>	<u>Rate</u>
December 31, 2002	\$94,671	13.55%
December 31, 2001	\$98,856	13.55%
December 31, 2000	\$80,995	13.55%

All required contributions were made prior to each of those fiscal year ends except for 2002 for which \$12,610 was unpaid as of December 31, 2002 and is recorded as a liability.

**Postemployment Benefits**

OPERS 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 retirees. Health care coverage for disability recipients and primary survivor 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 OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For the Authority, the rate was 13.55% of covered payroll and 5% was the portion used to fund health care for the year. The portion of office contributions that actually were used to fund post-employment benefits can be determined by multiplying actual employer contributions by .3690.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

MID-OHIO TRANSIT AUTHORITY  
MT. VERNON, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2002

**Postemployment Benefits (cont)**

As of December 31, 2001, the actuarial value of net assets available for future OPEB payment was \$11.6 billion. The actuarial accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used were \$16.4 billion and \$4.8 billion respectively. The number of active contributing participants was 402,041 as of December 31, 2001.

**NOTE 6 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts: theft of, damaged to, and destruction of assets flood and earthquake; errors and omission; employment related matters; inquires to employees; and employee theft and fraud. 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. The Authority continues to carry commercial insurance for all other risks of loss, including workers' compensation. There was no significant reduction in insurance coverage and no settlements exceeded insurance coverage during the past three years.

**NOTE 7 – CONTIGENCIES**

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2002 the Authority was involved in no such matters.

The Authority receives a substantial amount of support from federal, state, and local governments. A significant reduction in the level of this support, if such were to occur, would have a material effect on the Authority's programs and activities.

**NOTE 8 – ACCOUNTS RECEIVABLE**

Receivables at December 31, 2002 consisted of accounts (billings) and intergovernmental grants. All receivables are considered collectible in full; therefore, an allowance for uncollectible accounts receivable is not considered necessary.

MID-OHIO TRANSIT AUTHORITY  
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Federal Grantor/Pass through Grantor/ Program Title</u>	<u>Pass through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Transportation</u></b>			
Pass through Ohio Department of Transportation			
Formula Grants For Other Than Urbanized Areas - Operating	RPT-4042-021-021	20.509	\$ 350,561
Formula Grants For Other Than Urbanized Areas - Capital	RPT-0042-021-022	20.509	<u>6,511</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$ 357,072</u></u></b>

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

The Authority prepares its Schedule of Federal Awards Expenditures of the accrual basis of accounting.

**NOTE 2 – MATCHING REQUIREMENTS**

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



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, 2002, and have issued our report thereon dated August 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 statements 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.

Haran, Watson & Company, Inc.  
Columbus, Ohio  
August, 11 2003

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, Mt. Vernon, Ohio 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, 2002. 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 Mid-Ohio Transit 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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, 2002.

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

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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.

Haran, Watson & Company, Inc.  
Columbus, Ohio  
August 11, 2003

MID-OHIO TRANSIT AUTHORITY  
MT. VERNON, OHIO

SCHEDULE OF FINDINGS

December 31, 2002

PART I – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unqualified opinion on the financial statements of the Mid-Ohio Transit Authority.
2. There were no reportable conditions disclosed during the audit of the financial statements as reported in the Report on Compliance and of Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Mid-Ohio Transit Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of internal control over major federal award programs as reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor’s report on compliance for the major federal award programs for Mid-Ohio Transit Authority expresses an unqualified opinion of all major federal programs.
6. The audit disclosed no audit findings.
7. The program tested as a major program was: CFDA 20.509 - Federal Formula Grants for Other than Urbanized Areas
8. The dollar threshold used to distinguish between Type A and Type B program was \$300,000.
9. Mid Ohio Transit Authority qualified as a low-risk auditee.

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

1. None

PART III – FINDINGS FOR MAJOR FEDERAL AWARD PROGRAM INCLUDING AUDIT FINDINGS

1. None



**Auditor of State  
Betty Montgomery**

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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  
NOVEMBER 6, 2003**