

RICHLAND COUNTY TRANSIT BOARD

RICHLAND COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2015





Dave Yost • Auditor of State

Board of Trustees
Richland County Transit Board
35 North Park Street
Mansfield, Ohio 44902

We have reviewed the *Independent Auditor's Report* of the Richland County Transit Board, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2015. 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 Richland County Transit Board is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 17, 2016

This page intentionally left blank.

RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO
Audit Report
For the Year Ended December 31, 2015

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Financial Statements	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11-14
Schedule of Federal Awards Expenditures	15
Notes to the Schedule of Federal Awards Expenditures	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17-18
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	19-20
Schedule of Findings	21
Schedule of Prior Audit Findings	22

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Richland County Transit Board
Richland County
35 North Park Street
Mansfield, OH 44902

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Richland County Transit Board, Richland County, Ohio (the Board), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Transit Board, Richland County, Ohio, as of December 31, 2015, and the changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Board had a prior period adjustment related to a recalculation of accumulated depreciation of capital assets.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2016, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
March 30, 2016

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The discussion and analysis of the Richland County Transit Board's (the "Board") financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should review the financial statements and the notes to the financial statements to enhance their understanding of the Board's financial performance.

Financial Highlights

Total assets exceeded liabilities at the close of the most recent year by \$2,867,580 (net position). Of this amount, \$75,670 (unrestricted net position) may be used to meet ongoing obligations. Total net position decreased by \$97,826 (6.3%).

State and local government funds are both used to match Federal grants. When combined, this revenue saw a slight increase in 2015. Revenue from contracts with local human service agencies continues to increase annually, and is also used to match Federal grants.

The receipt of a Federal grant through the Ohio Department of Transportation that funded all preventive maintenance activities at 90% rather than the standard 80% resulted in an increase in Federal funds being received for that purpose, and also reduced the local matching funds needed for maintenance expenses. The receipt of Federal funds for the purchase of three (3) vehicles also contributed to the increase in funds from the Federal Transit Administration.

Sustained lower fuel costs throughout 2015 resulted in a 40% reduction in that expense when compared to 2014. This and other operating cost reductions that were implemented in 2015 resulted in the overall expenses of the RCTB being less in 2015 than in 2014. This reduced the Federal reimbursement received for operating and the local funds needed for operating.

Using this Annual Financial Report

This annual report consists of three parts, the Management's Discussion and Analysis, the Financial Statements, and the Notes to the Financial Statements. The Financial Statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows.

*RCTB
Management's Discussion and Analysis
For the Year Ended December 31, 2015*

STATEMENT OF NET POSITION

The Statement of Net Position looks at how well the Board has performed financially from inception through December 31, 2015. This statement includes all of the assets, liabilities, and net position balances using the accrual basis of accounting, which is the method used by most private-sector companies, and the method that is required by the Federal Transit Administration.

This basis of accounting takes into account all revenues earned and expenses incurred during the accounting period, regardless of when the cash is received or expended.

The following schedule provides a summary of the Board's Statement of Net Position for the fiscal years ended December 31, 2015, and December 31, 2014:

Assets	2015	2014
Current Assets	\$240,122	\$212,987
Non-current Assets	2,791,910	2,965,271
Total Assets	<u>3,032,032</u>	<u>3,178,258</u>
Liabilities	<u>164,452</u>	<u>118,379</u>
Net Position		
Invested in Capital Assets	2,791,910	2,965,271
Unrestricted	75,670	94,608
Total Net Position	<u>2,867,580</u>	<u>3,059,879</u>

*RCTB
Management's Discussion and Analysis
For the Year Ended December 31, 2015*

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position reports operating and non-operating activities for the fiscal year ended December 31, 2015. The following schedule provides a summary of the Board's Statement of Revenues, Expenses, and Changes in Net Position, for the fiscal years ended December 31, 2015, and December 31, 2014.

Revenues	2015	2014
Federal Government	\$1,369,629	\$1,191,575
State Government	224,421	203,223
Local Government & other local	132,417	164,427
Lease Revenue	1,116	1,121
Transit System Revenue	364,440	358,858
Expense Reimbursement	1,982	349
Total Revenue	2,094,005	1,919,553
Expenses	2015	2014
Purchased Services	1,525,583	1,501,234
Board Member Compensation	7,031	7,944
Professional Services	7,020	7,123
Equipment and Supplies	37,647	11,129
Depreciation	330,939	307,044
Fuel	146,352	245,527
Insurance	84,646	88,382
Miscellaneous	52,613	12,276
Total Expenses	2,191,831	2,180,659
	2015	2014
Change in Net Position	(97,826)	(261,106)
Net Position – Beginning, Restated	<u>2,965,406</u>	<u>3,320,985</u>
Net Position- Ending	<u>\$2,867,580</u>	<u>\$3,059,879</u>

Revenue Variances

The Federal funds revenue increased in 2015 by 15%. Though the Federal transit operating and locally allocated Community Development Block Grant funds were reduced, the Federal maintenance and bus replacement funds were increased, making the overall Federal funds received increased.

State funds, which are used as local matching funds, were increased by over 10%. The reimbursement that is received from ODOT for fare loss related to persons that are elderly or disabled paying one-half fare for fixed route service was increased, and the general operating support from ODOT was decreased, with the net increase being 10.4%

Total local government and other local entity funds were decreased by 19% (\$32,010) in 2015. This was due to the one-time payment of \$25,500 that was received in 2014 which was used as local matching funds for the purchase of vehicles in 2015.

Though most revenue items that are included in the Transit System Revenue line were increased in 2015, the funds held by the operator (Transit Management of Richland) were decreased, which resulted in an overall decrease of 10%.

Expense Variances

The board member compensation was decreased by 12%. Mid-year 2014 it was determined that the compensation paid to RCTB members should not be subject to a Public Employees Retirement System (PERS) employer contribution. Consequently, this expense was not incurred in 2015, and a refund of payments that were made after this determination was made was received in January of 2015.

The equipment and supplies expense line is increased by 238% from 2014 to 2015. This includes a partial payment of \$27,385 for the purchase of new operational scheduling software for the demand response service that is operated by the RCTB. The remainder of the expenses related to this purchase will be incurred in 2016.

The fuel expenses were decreased by 40% in 2015. This was the result of sustained lower fuel prices throughout 2015.

STATEMENT OF CASH FLOW

The revenues and expenses of the Board are deposited into, and paid from, accounts that are managed by the Richland County Treasurer. Cash that is maintained in the accounts of the operations contractor, Transit Management of Richland (TMR), by contract, is also the property of the Board. These accounts are maintained for the purpose of day to day operation of the transit system, including paying payroll and the purchasing of parts, supplies, purchased maintenance, and other expenses of the transit system. The daily farebox receipts and other incidental income are deposited into the TMR account. On December 31, 2015, TMR was in possession of \$22,684 in Board funds. This is included in the cash flow summary and in the current assets.

Below is a summary of the cash flow activity for the year ending December 31, 2015.

STATEMENT OF CASH FLOW	Richland County Treasury	Transit Mgmt. of Richland
Beginning Balance	\$16,607	\$63,070
Receipts	1,953,753	1,084,729
Disbursements	(1,886,567)	(1,125,115)
Ending Balance	83,793	22,684

Capital Assets

As of December 31, 2015, the Board had capital assets of \$2,791,910 invested in real property, including the bus garage and transit center, rolling stock, operating equipment, furniture, tools, and other items. This is a decrease of \$78,888 from the restated January 1, 2015 amount. Though some new vehicles were added in 2015, the annual depreciation and the removal of some office equipment resulted in the net decrease.

Other Current Financial Items of Interest

Funding from the Federal Transit Administration and the Ohio Department of Transportation (ODOT) has remained level in recent years, and this is expected to continue.

The use of the Federal funds requires local matching funds, some of which is provided by ODOT. Uncertainty of the source and amount of matching funds from local governments and other entities makes planning and budgeting for future years difficult.

**RICHLAND COUNTY TRANSIT BOARD
 RICHLAND COUNTY
 STATEMENT OF NET POSITION
 DECEMBER 31, 2015**

	2015
<u>CURRENT ASSETS</u>	
Cash in TMR	\$22,684
Cash with Richland County Treasurer	83,793
Accounts Receivable	133,645
TOTAL CURRENT ASSETS	240,122
 <u>CAPITAL ASSETS</u>	
Nondepreciable Capital Assets	1,052,683
Depreciable Capital Assets, Net	1,739,227
TOTAL ASSETS	\$3,032,032
 <u>CURRENT LIABILITIES</u>	
Accounts Payable	\$164,452
TOTAL CURRENT LIABILITIES	164,452
 <u>NET POSITION</u>	
Net Investment in Capital Assets	2,791,910
Unrestricted	75,670
TOTAL NET POSITION	\$2,867,580

The notes to the financial statements are an integral part of these statements.

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015
<u>OPERATING REVENUES:</u>	
Lease Revenue	\$1,116
Transit System Revenue:	
Farebox Receipts	172,304
Local Special Fare Assistance	12,329
Contract Transit Service	149,485
Fares Retained by Provider	829
Miscellaneous	31,475
	367,538
 <u>OPERATING EXPENSES:</u>	
Purchased Services	1,525,583
Board Members Compensation	7,031
Professional Services	7,020
Equipment and Supplies	37,647
Fuel	146,352
Insurance	84,646
Miscellaneous	52,613
	1,860,892
 OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(1,493,354)
Depreciation Expense	330,939
TOTAL OPERATING EXPENSES	2,191,831
 OPERATING INCOME (LOSS)	(1,824,293)
 <u>NON-OPERATING REVENUES (EXPENSES):</u>	
Federal	1,369,629
State	224,421
Local Government	132,417
	1,726,467
 Changes in Net Position	(97,826)
 Net Position Beginning of Year - Restated (See Note 6)	2,965,406
 Net Position End of Year	\$2,867,580

The notes to the financial statements are an integral part of these statements.

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 367,538
Cash Paid for Purchased Services	(1,479,510)
Cash Paid to Board Members	(7,031)
Cash Paid to Suppliers	(328,278)
<i>Net cash provided/(used) for operating activities</i>	\$ (1,447,281)
Cash Flows from Non-Capital Financing Activities:	
Cash Received from Operating Grants	\$ 1,726,132
Cash Flows from Capital and Related Financing Activities:	
Purchases of Equipment	(252,051)
<i>Net cash provided/(used) for non-capital financing activities</i>	\$ 1,474,081
Net increase in cash and cash equivalents	26,800
<i>Cash and cash equivalents, January 1,</i>	\$ 79,677
<i>Cash and cash equivalents, December 31,</i>	\$ 106,477
Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ (1,824,293)
Adjustments to reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation expense	330,939
Increase/(decrease) in liabilities:	
Accounts Payable	46,073
Total Adjustments	377,012
<i>Net cash provided/(used) for operating activities</i>	\$ (1,447,281)

The notes to the financial statements are an integral part of these statements.

**Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2015**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Richland County Transit Board (the Transit Board) was organized in 1977 under Section 306 of the Ohio Revised Code to operate a transit system. The Transit Board provides public transportation services in the Richland County metropolitan area. The Transit Board operates under an appointed Board (seven members) that is responsible for the provisions of public transportation.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity", the Transit Board is not considered part of the Richland County financial reporting entity. There are no agencies or organizations for which the Transit Board is considered the primary government. Accordingly, the Transit Board is the sole organization of the reporting entity.

The Transit Board maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Transit Board and, accordingly, these financial statements do not present the financial position or results of operations of Richland County.

The Transit Board has no employees. A management team, through a contract with First Transit, Inc., operates the transit system. The general manager and the maintenance director are employees of First Transit. First Transit is paid a flat monthly fee for these services, per a five-year contract. The bus drivers, mechanics, office, and cleaning people are all employees of the sub-corporation of First Transit, Transit Management of Richland. On a monthly basis, the Transit Board reimburses Transit Management of Richland for all net costs incurred. The Richland County Regional Planning Commission provides fiscal and secretarial support to the Transit Board. The Planning Commission bills the Transit Board monthly for services provided.

The Board members of the Transit Board are compensated for each monthly meeting that they attend. They are paid through the Richland County payroll system. They do not accrue vacation, sick, or retirement benefits.

The accompanying financial statements have been designed to facilitate an understanding of the financial position and results of operations of the Transit Board. The financial information contained in these statements is the responsibility of the Transit Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

In accordance with generally accepted accounting principles for governmental entities such as the Transit Board, an enterprise fund is used to account for operations since they are financed and operated in a manner similar to a private business enterprise. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Transit Board follows GASB guidance as applicable to enterprise funds. The Transit Board will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

The Transit Board prepares its financial statements on the accrual basis of accounting, using a flow of economic resources measurement focus. Revenue is recognized in the period earned and expenses are recognized in the period incurred. Operating revenues consist primarily of receipts from farebox and contracted services, and operating grants. Operating expenses include purchased services, professional services, supplies, fuel and insurance costs, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Assets are recorded at the time there is a right, now or in the future, for their receipt, and liabilities are recorded when they are incurred.

**Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash Deposits

The Transit Board deposits all receipts in the Richland County Treasury and TMR bank account. The County Treasurer and TMR maintains cash and investment pools used for all County and Transit Board funds. The Transit Board has no other cash deposits or investments and does not receive interest income on its cash balances held in the County Treasury or with TMR. At year-end, the carrying amount of RCTB's deposits with the Richland County Auditor was \$83,793 and at TMR was \$22,684. The Richland County Auditor and TMR, as the fiscal agents for RCTB are responsible for maintaining adequate depository collateral for all funds in their respective cash and deposits accounts. All deposits were covered by FDIC at year-end.

C. Investments

The Ohio Revised Code does not provide the Transit Board the power to make or hold investments other than the deposits in the Richland County Treasury.

D. Capital Assets

Capital assets are stated at cost and are depreciated on the straight line method over their estimated useful lives that range from five to forty years. Donated property and equipment is recorded at fair market value on the date donated. Upon sale or disposition of furniture and equipment, the cost and related depreciation are removed from the accounts and any gain or loss is recognized.

E. Cash Equivalents

For the purposes of the statement of cash flows, the Transit Board considers all cash held by the Richland County Treasury and TMR to be cash equivalents since they are available to the Transit Board upon demand.

F. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Transit Board applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Net investment in capital assets consists of capital less accumulated depreciation.

G. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2015**

NOTE 3 – CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

Description	<u>Balance 1/1/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2015</u>
Capital assets not being depreciated:				
Land	\$ 1,052,683	\$ -	\$ -	\$ 1,052,683
Capital assets being depreciated:				
Building & building improvements	2,480,625	-	-	2,480,625
Office Equipment	65,996	-	(10,796)	55,200
Operating Equipment	<u>2,960,146</u>	<u>252,051</u>	<u>-</u>	<u>3,212,197</u>
Total capital assets being depreciated	<u>5,506,767</u>	<u>252,051</u>	<u>(10,796)</u>	<u>5,748,022</u>
Total Capital Assets	<u>6,559,450</u>	<u>252,051</u>	<u>(10,796)</u>	<u>6,800,705</u>
Less accumulated depreciation:				
Building & building improvements	(1,875,025)	(82,688)	-	(1,957,713)
Office Equipment	(65,767)	-	10,796	(54,971)
Operating Equipment	<u>(1,747,860)</u>	<u>(248,251)</u>	<u>-</u>	<u>(1,996,111)</u>
Total accumulated depreciation	<u>(3,688,652)</u>	<u>(330,939)</u>	<u>10,796</u>	<u>(4,008,795)</u>
Total capital assets being depreciated, net	<u>1,818,115</u>	<u>(78,888)</u>	<u>-</u>	<u>1,739,227</u>
Total capital assets, net	<u>\$ 2,870,798</u>	<u>\$ (78,888)</u>	<u>\$ -</u>	<u>\$ 2,791,910</u>

The January 1, 2015 balance in accumulated depreciation for operating equipment was restated. See Note 6 for details.

NOTE 4 – RISK MANAGEMENT

The Transit Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries and natural disasters. The Transit Board contracts with private carriers for coverage. Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2015**

NOTE 5 – CONTINGENCIES

Federal and State grants are subject to review and audit by the grantor agencies or their designees. Such audits could lead to requests for reimbursement to the grantor agency for expenses disallowed under terms of the grant. There are no such claims pending and no known situations which would lead to such a claim. In addition, based upon prior experience and audit results, management believes that such disallowances, if any, would be immaterial.

NOTE 6 – PRIOR PERIOD ADJUSTMENT

An adjustment of prior period fund balances was necessary due to a recalculation of accumulated depreciation, related to the disposal of several vehicles in prior years.

Net Position, Previously Reported at December 31, 2014 -	\$3,059,879
Adjustment	- (\$94,473)
Restated Net Position, January 1, 2015	<u>- \$2,965,406</u>

**Richland County Transit Board
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2015**

<u>Federal Grantor/Program Title</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Federal Transit Administration			
Federal Transit Cluster:			
Federal Transit Formula Grant	OH-90-X787	20.507	\$ 107,325
Federal Transit Formula Grant	OH-90-X810	20.507	428,894
Federal Transit Formula Grant	OH-90-X824	20.507	137,826
Federal Transit Formula Grant	OH-95-X146	20.507	272,890
Federal Transit Formula Grant	OH-95-X199	20.507	362,482
Total Federal Transit Cluster			<u>1,309,417</u>
Total Department of Transportation			<u>\$ 1,309,417</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Pass through City of Mansfield			
Community Development Block Grants	B-14-MC39-0017	14.218	\$ 22,447
Community Development Block Grants	B-15-MC39-0017	14.218	37,765
Total Department of Housing and Urban Development			<u>60,212</u>
Total Expenditures of Federal Awards			<u>\$ 1,369,629</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

RICHLAND COUNTY TRANSIT BOARD
Richland County
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2015

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the Board's federal award programs. The schedule has been prepared on the accrual basis of accounting.

2. Matching Requirements

Certain federal programs require that the Board contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on this schedule.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS

Richland County Transit Board
Richland County
35 North Park Street
Mansfield, OH 44902

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Richland County Transit Board, Richland County, (the Board) as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2016, wherein we noted a prior period adjustment was made.

Internal Control Over Financial Reporting

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

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

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

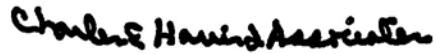
Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated March 30, 2016.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
March 30, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Richland County Transit Board
Richland County
35 North Park Street
Mansfield, OH 44902

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited Richland County Transit Board's (the Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Richland County Transit Board's major federal program for the year ended December 31, 2015. Richland County Transit Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on the Major Federal Program

In our opinion, Richland County Transit Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of Richland County Transit Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
March 30, 2016

SCHEDULE OF FINDINGS
Uniform Guidance

RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
December 31, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .717</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Federal Transit Formula Grants, CFDA #20.507
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
December 31, 2015**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending December 31, 2014, reported no material citations or recommendations.

This page intentionally left blank.



Dave Yost • Auditor of State

RICHLAND COUNTY TRANSIT BOARD

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 30, 2016**