



Dave Yost • Auditor of State

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses and Change in Net Position	12
Statement of Cash Flows	13
Notes to the Basic Financial Statements	15
Schedule of Expenditures of Federal Awards.....	19
Notes to the Schedule of Expenditures of Federal Awards	20
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	23
Schedule of Findings.....	25

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

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, 2017, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Transit Board, Richland County as of December 31, 2017, and the change in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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 Information

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2018, 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.

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
Columbus, Ohio

August 6, 2018

THIS PAGE INTENTIONALLY LEFT BLANK

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2017
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, 2017. 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 basic 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 \$2,793,087 (net position). Of this amount, \$35,170 (unrestricted net position) may be used to meet ongoing obligations. Total net position increased by \$165,181 (6.3%).

State and local government funds are both used to match Federal grants. Though there was a decrease in funds from the State of Ohio, there was also a reduced need for matching funds, as some of the Federal grants were for projects that were funded at 100% Federal participation.

The receipt of a Federal grant through the Ohio Department of Transportation that funded the majority of the 2017 preventive maintenance activities at 100%, 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.

Five (5) new buses and vehicle and building surveillance equipment were purchased at 100% Federal participation, through Federal Transit Administration (FTA) grants that were in addition to the customary annual apportionment of funds from the FTA for the Mansfield urbanized area.

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 Basic Financial Statements. The Financial Statements include a Statement of Net Position; a Statement of Revenues, Expenses and Change in Net Position; and a Statement of Cash Flows.

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited
(Continued)

STATEMENT OF NET POSITION

The Statement of Net Position looks at how well the Board has performed financially from inception through December 31, 2017. 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, 2017, and December 31, 2016:

Assets	2017	2016
Current Assets	210,105	323,465
Non-current Assets	<u>2,757,917</u>	<u>2,539,466</u>
Total Assets	2,968,022	2,862,911
 Liabilities	 174,935	 235,005
 Net Position		
Investment in Capital Assets	2,757,917	2,539,446
Unrestricted	<u>35,170</u>	<u>88,460</u>
Total Net Position	2,793,087	2,627,906

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited
(Continued)

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

The Statement of Revenues, Expenses, and Change in Net Position reports operating and non-operating activities for the fiscal year ended December 31, 2017. The following schedule provides a summary of the Board's Statement of Revenues, Expenses, and Change in Net Position, for the fiscal years ended December 31, 2017, and December 31, 2016.

Revenues	2017	2016
Federal Government	2,010,377	1,391,927
State Government	209,802	218,726
Local Government & other local	120,922	120,753
Lease Revenue	369	866
Transit System Revenue	<u>330,520</u>	<u>377,573</u>
Total Revenue	2,671,990	2,109,844
Expenses	2017	2016
Purchased Services	1,708,235	1,664,603
Board Member Compensation	5,999	7,274
Professional Services	7,790	7,280
Equipment and Supplies	115,670	85,662
Depreciation	388,362	302,417
Fuel	162,340	135,310
Insurance	71,777	110,046
Miscellaneous	46,636	13,679
Loss of Sale of Capital Assets	<u>0</u>	<u>23,248</u>
Total Expenses	2,506,809	2,349,519
	2017	2016
Change in Net Position	165,181	(239,674)
Net Position - Beginning	2,627,906	2,867,580
Net Position - Ending	2,793,087	2,627,906

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited
(Continued)

Revenue Variances

Federal funds received were increased by 44% (\$618,450) in 2017. This is mainly due to a grant for the purchase of replacement vehicles in the amount of \$596,430.

The lease revenue line item decreased by 57% (\$497) in 2017. This is due to a change in vendor for the vending services which generate commissions that are reflected in this line.

The transit system revenue line was decreased by 12% (\$47,053) in 2017. This is primarily due to a reduction of \$28,374 in contract revenue.

The local government funds, which are used as matching funds for the Federal grants, remained nearly unchanged.

The total revenue variance is a 27% increase in 2017 compared to 2016.

Expense Variances

The equipment and supplies expense line is increased by 35% (\$30,008) in 2017. This includes the purchase of building surveillance cameras using 100% federal funding.

The fuel expenses were increased by 20% (\$27,030). An increase of approximately this amount was expected and was included in the 2017 budget.

Due to the new vehicle purchases mentioned in the revenue variances section, the depreciation expenses were increased by 28% (\$85,945).

There was a small increase of 7% (\$510) in professional services expenses, due to the timing of bills received for audit related expenses over the two year period.

In 2017, there was a reduction in the number of Transit Board members that elected to receive compensation which resulted in a decrease of 18% (\$1,275) in the related expense line.

Overall expenses for 2017 were increased by 7% in comparison to 2016.

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited
(Continued)

STATEMENT OF CASH FLOWS

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, 2017, TMR's balance of available funds was in a negative position, with a balance of -\$4,722 in Board funds. TMR payroll liabilities, which are included as TMR expenses in the amount of \$12,903, contributed to the negative balance. 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, 2017.

STATEMENT OF CASH FLOW	Richland County Treasury	Transit Mgmt. of Richland
Beginning Balance	125,553	22,175
Receipts	2,544,647	1,343,729
Disbursements	(2,636,070)	(1,370,626)
Ending Balance	34,130	-4,722

Capital Assets

As of December 31, 2017, the Board had capital assets of \$2,757,917 invested in real property, including the bus garage and transit center, rolling stock, operating equipment, furniture, tools, and other items. This is an increase of \$218,471 from the December 31, 2016 amount. This is attributed to the purchase of capital assets in 2017.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

**RICHLAND COUNTY TRANSIT BOARD
 RICHLAND COUNTY
 STATEMENT OF NET POSITION
 DECEMBER 31, 2017**

<u>CURRENT ASSETS</u>	
Cash in TMR	\$ (4,722)
Cash with Richland County Treasurer	34,130
Accounts Receivable	24,023
Intergovernmental Receivable	<u>156,674</u>
TOTAL CURRENT ASSETS	<u>210,105</u>
<u>CAPITAL ASSETS</u>	
Nondepreciable Capital Assets	1,052,683
Depreciable Capital assets, Net	<u>1,705,234</u>
TOTAL ASSETS	<u>2,968,022</u>
<u>CURRENT LIABILITIES</u>	
Accounts Payable	<u>174,935</u>
TOTAL CURRENT LIABILITIES	<u>174,935</u>
<u>NET POSITION</u>	
Investment in Capital Assets	2,757,917
Unrestricted	<u>35,170</u>
TOTAL NET POSITION	<u>\$ 2,793,087</u>

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

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>OPERATING REVENUES:</u>	
Lease Revenue	\$ 369
Transit System Revenue:	
Farebox Receipts	153,851
Local Special Fare Assistance	13,688
Contract Transit Service	124,774
Fares Retained by Provider	870
Miscellaneous	37,337
TOTAL OPERATING REVENUES	<u>330,889</u>
<u>OPERATING EXPENSES:</u>	
Purchased Services	1,708,235
Board Members Compensation	5,999
Professional Services	7,790
Equipment and Supplies	115,670
Fuel	162,340
Insurance	71,777
Miscellaneous	42,636
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	<u>2,114,447</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	<u>(1,783,558)</u>
Depreciation Expense	388,362
TOTAL OPERATING EXPENSES	<u>2,502,809</u>
OPERATING (LOSS)	(2,171,920)
<u>NON-OPERATING REVENUES:</u>	
Federal	2,010,377
State	209,802
Local Government	120,922
TOTAL NON-OPERATING REVENUES	<u>2,341,101</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	169,181
Capital Contributions - Remaining value of removed assets	(4,000)
Change in Net Position	165,181
Net Position Beginning of Year	<u>2,627,906</u>
Net Position End of Year	<u>\$ 2,793,087</u>

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, 2017**

Cash flows from operating activities:	
Cash Received from Customers	\$ 335,326
Cash Paid for Purchased Services	(1,748,639)
Cash Paid to Board Members	(5,999)
Cash Paid to Suppliers	(416,971)
Net cash used for operating activities	(1,836,283)
Cash flows from noncapital financing activities:	
Cash Received from Non-Operating Grants	2,328,797
Net cash provided by noncapital financing activities	2,328,797
Cash flows from capital and related financing activities:	
Purchases of Equipment	(610,834)
Net cash used for capital and related financing activities	(610,834)
Net decrease in cash and cash equivalents	(118,320)
Cash and cash equivalents, January 1	147,728
Cash and cash equivalents, December 31	\$ 29,408
Reconciliation of Operating Loss to Net Cash Used For Operating Activities	
Operating Loss	\$ (2,171,920)
Adjustments to reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation expense	388,362
Changes in assets and liabilities:	
Decrease in Accounts Payable	(60,070)
Decrease in Accounts Receivable	7,345
Net cash used for operating activities	\$ (1,836,283)

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

THIS PAGE INTENTIONALLY LEFT BLANK

**Richland County Transit Board
Richland County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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 assistant general manager 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 staff are all employees of the sub-corporation of First Transit, Transit Management of Richland (TMR). On a monthly basis, the Transit Board reimburses TMR 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 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 Basic Financial Statements
For the Year Ended December 31, 2017**

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 the Transit Board's deposits with the Richland County Auditor was \$34,130 and at TMR was \$-4,722. The Richland County Auditor and TMR, as the fiscal agents for the Transit Board 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. three 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. Depreciation is computed on the straight line method over the following useful lives:

Description	Useful Lives
Buildings and Building Improvements	30 - 40 years
Office Equipment	3 - 20 years
Operating Equipment	3 - 20 years

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 it, 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. Investment in capital assets consists of capital assets 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 Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 3 – CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

Description	1/1/2017	Increases	Decreases	12/31/2017
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	52,523	-	(10,557)	41,966
Operating Equipment	3,120,855	610,834	(135,784)	3,595,905
Total capital assets being depreciated	5,654,003	610,834	(146,341)	6,118,496
Total Capital Assets	6,706,686	610,834	(146,341)	7,171,179
Less accumulated depreciation:				
Building & building improvements	(2,040,400)	(82,689)	-	(2,123,089)
Office Equipment	(52,522)	-	10,557	(41,965)
Operating Equipment	(2,074,318)	(305,674)	131,784	(2,248,208)
Total accumulated depreciation	(4,167,240)	(388,363)	142,341	(4,413,262)
Total capital assets being depreciated, net	1,486,763	222,471	(4,000)	1,705,234
Total capital assets, net	\$ 2,539,446	\$ 222,471	\$ (4,000)	\$ 2,757,917

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 Basic Financial Statements
For the Year Ended December 31, 2017**

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.

RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>FEDERAL GRANTOR</u> <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through City of Mansfield</i>				
Community Development Block Grants/Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-39-0017	-	\$ 16,294
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-39-0017	-	44,226
<i>Passed Through Richland County</i>				
Community Development Block Grants/Entitlement Grants	14.218	B-F-17-1CM-1	-	4,225
Total Community Development Block Grants/Entitlement Grants Cluster			-	64,745
TOTAL U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	64,745
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct Program</i>				
Federal Transit Cluster:				
Federal Transit Formula Grants (OH-2016-006-01)	20.507	N/A	15,393	717,923
Federal Transit Formula Grants (OH-90-X810-01)	20.507	N/A	1,608	51,734
Federal Transit Formula Grants (OH-90-X824-00)	20.507	N/A	-	39,454
Federal Transit Formula Grants (OH-2017-011-00)	20.507	N/A	-	400,000
Federal Transit Formula Grants (OH-2017-022-01)	20.507	N/A	-	37,710
Bus and Bus Facilities Formula Program (OH-2016-033-00)	20.526	N/A	-	698,811
Total Federal Transit Cluster			17,001	1,945,632
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			17,001	1,945,632
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 17,001	\$ 2,010,377

The accompanying notes are an integral part of this schedule.

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Richland County Transit Board, Richland County, Ohio, (the Board) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, change in net position, or cash flows of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowed or may be limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The Board passes certain federal awards received from the U.S. Department of Transportation to the City of Shelby (subrecipient). As Note B describes, the Board reports expenditures of Federal awards to subrecipients on an accrual basis.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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, Ohio (the Board), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 6, 2018.

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 opinion 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*.

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.

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
Columbus, Ohio

August 6, 2018



Dave Yost • Auditor of State

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

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 the Richland County Transit Board's, Richland County, Ohio (the Board's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal program.

Management's Responsibility

The Board's Management is responsible for complying 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 opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on the Major Federal Program

In our opinion, the Richland County Transit Board, Richland County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 6, 2018

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control 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 weaknesses in internal control 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	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Transit Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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
AUGUST, 23 2018**