



**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Richland County Transit Board
Richland County
19 North Main Street
Mansfield, Ohio 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, 2018, 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, Ohio, as of December 31, 2018, 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 July 23, 2019, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

July 23, 2019

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Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2018
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, 2018. 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 \$2,528,515 (net position). Of this amount, \$63,083 (unrestricted net position) may be used to meet ongoing obligations. Total net position decreased by \$264,572 (9.5%).

State and local government funds are both used to match Federal grants. Though there was a decrease in funds from the State of Ohio, the local funds provided were increased by an amount sufficient to make up the shortfall.

The receipt of a Federal grant through the Ohio Department of Transportation that funded the majority of the 2018 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.

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, 2018
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, 2018. 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, 2018, and December 31, 2017:

Assets	2017	2018
Current Assets	\$210,105	\$191,705
Non-current Assets	<u>2,757,917</u>	<u>2,465,432</u>
Total Assets	2,968,022	2,657,137
 Current Liabilities	 174,935	 128,622
 Net Position		
Net Investment in Capital Assets	2,757,917	2,465,432
Unrestricted	<u>35,170</u>	<u>63,083</u>
Total Net Position	<u>\$2,793,087</u>	<u>\$2,528,515</u>

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2018
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, 2018. 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, 2018, and December 31, 2017.

Revenues	2017	2018
Federal Government	\$2,010,377	\$1,480,648
State Government	209,802	170,723
Local Government & other local	120,922	167,906
Lease Revenue	369	590
Transit System Revenue	<u>330,520</u>	<u>421,696</u>
Total Revenue	2,671,990	2,241,563
Expenses		
Purchased Services	1,708,235	1,886,348
Board Member Compensation	5,999	2,247
Professional Services	7,790	8,036
Equipment and Supplies	115,670	22,199
Depreciation	388,362	321,664
Fuel	162,340	178,648
Insurance	71,777	70,050
Miscellaneous	42,636	12,443
Capital Contributions	<u>4,000</u>	<u>4,500</u>
Total Expenses	2,506,809	2,506,135
Change in Net Position	165,181	(264,572)
Net Position – Beginning	<u>2,627,906</u>	<u>2,793,087</u>
Net Position – Ending	<u>\$2,793,087</u>	<u>\$2,528,515</u>

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited
(Continued)

Revenue Variances

Federal funds received were reduced by 26% (\$529,729) in 2018. There were no major capital purchases using Federal funds in 2018.

State funds were reduced by 19% (\$39,079) in 2018. This reduction is in funding from the Ohio Department of Transportation's transit specific programs.

The local government funds were increased by 39% (\$46,984) as a direct response to the reduction in State funding, as both sources are used to match the Federal grants.

The lease revenue line was increased by 60% (\$221) in 2018. This reflects a full year with the new vending provider.

The transit system revenue line was increased by \$91,176 in 2018 due to a large insurance settlement in the miscellaneous category.

The total revenue variance is a 16% decrease in 2018 compared to 2017.

Expense Variances

The purchased services expense was increased by 10% (\$178,113) in 2018. The expenses of the transit operator were the main contributing factor to this increase.

The fuel expenses were increased by 10% (\$16,308).

The equipment and supplies expense line is decreased by 81% (\$93,471) in 2018, as there was no major equipment purchased.

The depreciation expenses were decreased by 17% (\$66,698), as several vehicles became fully depreciated in 2017 and were removed from the depreciation schedule.

The miscellaneous expenses decreased by 73% (\$34,193) due primarily to the change in cash held by the operator at the end of the year.

In 2018, there was again a reduction in the number of Transit Board members that received compensation which resulted in a decrease of 63% (\$3,752) in the related expense line.

The total expenses for 2018 remained nearly the same as 2017.

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2018
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, 2018, TMR's balance of available funds was \$29,596 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, 2018.

STATEMENT OF CASH FLOW	Richland County Treasury	Transit Mgmt. of Richland
Beginning Balance	\$34,130	(\$4,722)
Receipts	2,169,935	1,579,713
Disbursements	<u>(2,137,865)</u>	<u>(1,545,395)</u>
Ending Balance	<u>\$66,200</u>	<u>\$29,596</u>

Capital Assets

As of December 31, 2018, the Board had capital assets of \$2,465,432 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 \$292,485 from the December 31, 2017 amount. This is attributed mainly to the annual depreciation of the buildings and the operating equipment.

Other Current Financial Items of Interest

Funding from the Federal Transit Administration has remained level in recent years, and this trend is expected to continue.

The use of the Federal funds requires local matching funds, some of which is provided by ODOT, which was reduced in 2018. Uncertainty of the source and amount of matching funds from ODOT, local governments, and other entities makes planning and budgeting for future years difficult.

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**RICHLAND COUNTY TRANSIT BOARD
 RICHLAND COUNTY
 STATEMENT OF NET POSITION
 DECEMBER 31, 2018**

<u>CURRENT ASSETS</u>	
Cash in TMR	\$ 29,596
Cash with Richland County Treasurer	66,200
Accounts Receivable	11,335
Intergovernmental Receivable	84,574
TOTAL CURRENT ASSETS	191,705
<u>CAPITAL ASSETS</u>	
Nondepreciable Capital Assets	1,052,683
Depreciable Capital assets, Net	1,412,749
TOTAL ASSETS	2,657,137
<u>CURRENT LIABILITIES</u>	
Accounts Payable	128,622
TOTAL CURRENT LIABILITIES	128,622
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,465,432
Unrestricted	63,083
TOTAL NET POSITION	\$ 2,528,515

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, 2018**

<u>OPERATING REVENUES:</u>	
Lease Revenue	\$ 590
Transit System Revenue:	
Farebox Receipts	154,460
Local Special Fair Assistance	18,738
Contract Transit Service	119,381
Fares Retained by Provider	1,051
Miscellaneous	128,066
TOTAL OPERATING REVENUES	<u>422,286</u>
<u>OPERATING EXPENSES:</u>	
Purchased Services	1,886,348
Board Members Compensation	2,247
Professional Services	8,036
Equipment and Supplies	22,199
Fuel	178,648
Insurance	70,050
Miscellaneous	12,443
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	<u>2,179,971</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	<u>(1,757,685)</u>
Depreciation Expense	321,664
TOTAL OPERATING EXPENSES	<u>2,501,635</u>
OPERATING INCOME (LOSS)	(2,079,349)
<u>NON-OPERATING REVENUES:</u>	
Federal	1,480,648
State	170,723
Local Government	167,906
TOTAL NON-OPERATING REVENUES	<u>1,819,277</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(260,072)
Capital Contributions (Remaining value of removed assets)	<u>(4,500)</u>
Change in Net Position	(264,572)
Net Position Beginning of Year	<u>2,793,087</u>
Net Position End of Year	<u><u>\$ 2,528,515</u></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, 2018**

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 421,501
Cash Paid for Purchased Services	(1,919,007)
Cash Paid to Board Members	(2,247)
Cash Paid to Suppliers	(305,030)
	(1,804,783)
Net cash used for operating activities	(1,804,783)
Cash Flows from Non-Capital Financing Activities:	
Cash Received from Non-Operating Grants	1,904,850
	1,904,850
Net cash provided by non-capital financing activities	1,904,850
Cash Flows from Capital and Related Financing Activities:	
Purchases of Equipment	(33,679)
	(33,679)
Net cash used for capital and related financing activities	(33,679)
Net increase in cash and cash equivalents	66,388
Cash and cash equivalents, January 1	29,408
Cash and cash equivalents, December 31	\$ 95,796
Reconciliation of Operating Loss to Net Cash Used For Operating Activities	
Operating Loss	\$ (2,079,349)
Adjustments to reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation expense	321,664
Changes in assets and liabilities:	
Decrease in Accounts Payable	(46,313)
Increase in Accounts Receivable	(785)
	(785)
Net cash used for operating activities	\$ (1,804,783)

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

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**Richland County Transit Board
Richland County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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.

In 2018, the County Commissioners took action to discontinue the board member stipend for monthly meetings attended. There were two members grandfathered under the prior arrangement that continued to receive compensation in 2018. One of these members will also receive compensation in 2019. The stipends 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, 2018**

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 Treasurer was \$66,200 and at TMR was \$29,598. The Richland County Treasurer and TMR 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. 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, 2018**

NOTE 3 – CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

Description	<u>1/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2018</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	41,966	-	(1,308)	40,658
Operating Equipment	<u>3,595,905</u>	<u>33,679</u>	<u>(381,419)</u>	<u>3,248,165</u>
Total capital assets being depreciated	<u>6,118,496</u>	<u>33,679</u>	<u>(382,727)</u>	<u>5,769,448</u>
Total Capital Assets	7,171,179	33,679	(382,727)	6,822,131
Less accumulated depreciation:				
Building & building improvements	(2,123,089)	(82,687)	-	(2,205,776)
Office Equipment	(41,965)	-	1,308	(40,657)
Operating Equipment	<u>(2,248,208)</u>	<u>(238,977)</u>	<u>376,919</u>	<u>(2,110,266)</u>
Total accumulated depreciation	(4,413,262)	(321,664)	378,227	(4,356,699)
Total capital assets being depreciated, net	<u>1,705,234</u>	<u>(287,985)</u>	<u>(4,500)</u>	<u>1,412,749</u>
Total capital assets, net	<u>\$ 2,757,917</u>	<u>\$ (287,985)</u>	<u>\$ (4,500)</u>	<u>\$ 2,465,432</u>

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, 2018**

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, 2018

<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	\$ -	\$ 58,222
<i>Passed Through Richland County</i>				
Community Development Block Grants/Entitlement Grants	14.218	B-F-17-1CM-1	-	28,575
Total Community Development Block Grants/Entitlement Grants Cluster			-	86,797
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	86,797
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct Program</i>				
Federal Transit Cluster:				
Federal Transit Formula Grants (OH-2016-006-02)	20.507	N/A	2,047	108,108
Federal Transit Formula Grants (OH-90-X810)	20.507	N/A	-	15,446
Federal Transit Formula Grants (OH-90-X824)	20.507	N/A	1,952	122,943
Federal Transit Formula Grants (OH-2018-010-00)	20.507	N/A	-	450,000
Federal Transit Formula Grants (OH-2017-022-01)	20.507	N/A	10,969	691,331
Bus and Bus Facilities Formula Program (OH-2016-033-00)	20.526	N/A	-	6,023
Total Federal Transit Cluster			14,968	1,393,851
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			14,968	1,393,851
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 14,968	\$ 1,480,648

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, 2018**

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, 2018. 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.

NOTE C – INDIRECT COST RATE

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - 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 E - 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.



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**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
19 North Main Street
Mansfield, Ohio 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, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated July 23, 2019.

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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

July 23, 2019



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**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, 2018. 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, 2018.

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.



Keith Faber
Auditor of State

Columbus, Ohio

July 23, 2019

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018**

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

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OHIO AUDITOR OF STATE KEITH FABER



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 29, 2019**