

RICHLAND COUNTY TRANSIT BOARD

AUDITED FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 Guillan & Company, for the audit period January 1, 2001 through December 31, 2001. 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, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 18, 2002

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RICHLAND COUNTY TRANSIT BOARD
DECEMBER 31, 2001

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RICHLAND COUNTY TRANSIT BOARD
35 NORTH PARK STREET
MANSFIELD, OHIO 44902
DECEMBER 31, 2001

APPOINTED OFFICIALS

OFFICIAL

APPOINTED DATES

Ezra Jordan

1/1/00 to 12/31/03

Florentine Dearman

1/1/01 to 12/31/04

Lee Preston

1/1/99 to 12/31/02

Ken Kreiger

1/1/00 to 12/31/03

Don Hoover

1/1/00 to 12/31/03

Jeff Delianides

1/1/01 to 12/31/04

Guillan & Company

Independent Auditor's Report

Richland County Transit Board
Mansfield, Ohio

We have audited the accompanying general-purpose financial statements of the Richland County Transit Board, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Richland County Transit Board's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Transit Board, as of December 31, 2001, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2002 on our consideration of the Richland County Transit Board's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Richland County Transit Board, taken as a whole. The accompanying schedule of expenditures of federal awards and Schedules 1, 2, and 3 are presented for purposes of additional analysis as required by U.S. Office of

**Richland County Transit Board
Mansfield, Ohio**

Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

June 6, 2002

Guillan & Company

RICHLAND COUNTY TRANSIT BOARD
BALANCE SHEET
DECEMBER 31, 2001

ASSETS

Current Assets

Cash in Treasury	\$ 10,497
Due From Local Governments	1,708
Due from TMR	186,045
Other Receivables	<u>11,273</u>

Total Current Assets 209,523

Property and Equipment	5,505,504
Less: Accumulated Depreciation (Note E)	<u>(1,661,853)</u>

Net Property and Equipment 3,843,651

Total Assets **\$ 4,053,174**

LIABILITIES AND EQUITY

Liabilities

Due to the Richland Co. Planning Commission	\$ 10,462
Unearned Revenue	50,000
Other Payables	32,245
Unapplied Local Government Funds (Note D)	<u>116,816</u>

Total Liabilities 209,523

Equity

Retained Earnings	<u>3,843,651</u>
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Total Liabilities and Equity **\$ 4,053,174**

The accompanying notes are an integral part of these financial statements.

RICHLAND COUNTY TRANSIT BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED DECEMEBR 31, 2001

REVENUES

Federal Grant Funds	768,908
State Grant Funds	416,662
Local Government Funds	197,268
Coordinating Revenue	51,505
Lease Revenue	20,908
Transit System Revenue:	
Farebox Receipts	122,757
Local Special Fare Assistance	61,021
Advertising	13,393
Miscellaneous	404
	1,652,826
Total Revenues	1,652,826

EXPENSES

Purchased Services:	
System Operators - TMR	694,952
Richland Co. Regional Planning Commission	92,507
Coordinating	126,757
Board Members Compensation	7,733
Professional Services	17,358
Equipment and Supplies	318,961
Depreciation	199,689
Fuel	55,124
Insurance	37,229
Extra	205,359
Miscellaneous	20,092
	1,775,761
Total Expenses	1,775,761

Net Loss	(122,935)
Retained Earnings - January 1, 2001	3,966,586
Retained Earnings - December 31, 2001	\$ 3,843,651

The accompanying notes are an integral part of these financial statements.

RICHLAND COUNTY TRANSIT BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMEBR 31, 2001

Cash Flows from Operations:

Net Loss	\$ (122,935)
Depreciation	199,689
<u>(Increase) Decrease in Current Assets:</u>	
Due from Federal Sources	57,679
Other Receivables	19,897
Due From State Sources	206
Due From TMR	(30,997)
<u>Increase (Decrease) in Current Liabilities:</u>	
Other Payables	(22,004)
Unearned Revenues	35,398
Due to Richland Co Planning Commissions	(3,131)
Unapplied Local Government Funds	<u>(71,828)</u>
Net Cash Provided By Operations	61,974

Cash Flows from Capital Activities:

Acquisition of Capital Assets	(62,151)
Net Decrease in Cash	(177)
Cash - January 1, 2001	<u>10,674</u>
Cash - December 31, 2001	<u><u>\$ 10,497</u></u>

The accompanying notes are an integral part of these financial statements.

RICHLAND COUNTY TRANSIT BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been designed to facilitate an understanding of the financial position and results of operations of the Richland County Transit Board (RCTB). The financial information contained in these statements is the responsibility of RCTB and is in agreement with that reflected in the accounting books and records of RCTB, including adjustments proposed by the independent accountant and accepted by the RCTB.

1. Description of the Entity - The Richland County Transit Board was created pursuant to Sections 306.30 through 306.53, inclusive of the Ohio Revised Code, for the purpose of providing public transportation in the Richland County metropolitan area. The Transit Board operates under an appointed Board (6 members) that is responsible for the provision of public transportation to residents of the Transit Board.
2. Basis of Accounting - The Richland County Transit Board's financial records are maintained on the accrual basis of accounting. Revenues and related assets are recognized when earned, and expenditures are recognized when an obligation is incurred. This basis of accounting is similar to that of the proprietary fund types.
3. Receivables - Amounts due to RCTB are accrued when legally enforceable claims arise. See Notes B, C, and D for more discussion on receivables involving government funds.
4. Fixed Assets and Depreciation - Fixed assets are stated at cost and depreciated using the straight line method over their estimated useful lives. The estimated lives range from 5 to 40 years. See Note E for more detail.
5. Unapplied Local Government Funds - Funds provided by local governments to support RCTB's transit system operations and capital improvement programs are applied to current revenue as needed for local matching requirements. The unapplied balance is treated as revenue designated for future periods to be utilized as required. See Note D for more detail.
6. Cash and Investments - The Richland County Auditor acts as fiscal agent for the RCTB and the County Treasurer maintains a cash and investment pool used by all county funds. The RCTB's portion of this pool is displayed on the Balance Sheet as "Cash in Treasury" on Page 4 of the report.

RICHLAND COUNTY TRANSIT BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)

NOTE A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

At year end, the carrying amount on the county auditor's records for the RCTB's fund balance was \$10,497 and the balance in the county treasury was \$10,497.

The Richland County Treasurer, as fiscal agent, also carries out the responsibility of securing adequate collateral to cover all public funds on deposit, through federal depository insurance and by collateral held by third party trustees pursuant to Section 135.181, Revised Code.

NOTE B: FEDERAL GRANT FUNDS

RCTB receives a substantial portion of its funding under an operating assistance grant with United States Department of Transportation. In addition to the operating assistance grant, RCTB was also awarded a capital assistance grant by the Federal Transit Administration (FTA) to assist in the purchase of transit property. FTA is funding transit planning under a separate planning assistance grant. Schedules 1 and 2 present, respectively, the computation of earned FTA operating assistance and planning assistance grants for the fiscal year. Schedule 3 presents the cumulative capital project cost for the FTA capital assistance grant from the grant approval date through December 31, 2001.

Following is a summary of the earned FTA grant funds by project along with the status of each as of December.

<u>Project Number</u>	<u>Earned Grant</u>	<u>Due from Federal Sources</u>
Operating Assistance		
OH90-4370	\$ 331,000	\$ -
Planning Assistance		
OH90-2345	40,842	-
OH90-2370	75,719	-

RICHLAND COUNTY TRANSIT BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)

NOTE B: FEDERAL GRANT FUNDS (Continued)

Capital Assistance		
OH90-0297	344	-
OH90-0193	51,496	-
OH90-0370	208,053	-
OH90-8370	52,000	-
OH90-0196	<u>9,506</u>	<u>-</u>
Totals	<u>\$ 768,960</u>	<u>\$ -</u>

NOTE C: STATE GRANT FUNDS - ODOT

The Ohio Department of Transportation (ODOT) provided funding for RCTB under five different grant programs. Three of the grant programs related directly to the federal counterparts, i.e., operating assistance, planning assistance, and capital assistance. The remaining grant programs provide funding through the Ohio Elderly and Handicapped (E&H) Transit Fare Assistance and Ohio Coordination Assistance Programs. The E&H funds are based on a formula determined by the grantor and applied to the applicants prior year actual miles. The coordination grant funds are provided to assist in the establishing of a transit coordinator.

The following is a summary of the status of State Grant Funds as of December 31, 2001.

	<u>For the Year Ended</u> <u>December 31, 2001</u>	
<u>Project Number</u>	<u>Earned Grant</u>	<u>Due from State Sources</u>
Operating Assistance		
OH-90-4370	\$ 145,672	\$ -
Ohio Elderly and Handicapped		
Transit Fare Assistance		
EHTA-0070-001-011	25,767	-
EHTA-0070-000-001	6,512	-

RICHLAND COUNTY TRANSIT BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)

NOTE C: STATE GRANT FUNDS – ODOT (Continued)

State Coordinating Assistance		
CRD-4070-001-011	50,000	-
OH-81-9002	10,000	-
Capital Assistance		
OH-90-0196	248	-
OH-90-0193	<u>18,000</u>	-
Total	<u>\$256,199</u>	<u>\$ -</u>

NOTE D: LOCAL GOVERNMENT FUNDS

RCTB received funds for its transit operations from Richland County, City of Mansfield, City of Shelby, and the Village of Ontario during the current year. As discussed in Note A, these local government funds are applied as current year revenue on a required basis to satisfy Federal and State grant requirements. The following schedule reflects the amount available from these governments, the amount applied to current operations, and the unapplied amounts carried over for future operations.

Unapplied funds, January 1, 2001	\$188,644
Funds provided during the period	
Richland County	44,000
City of Mansfield	102,000
City of Shelby	5,505
Village of Ontario	<u>15,000</u>
Total Funds Provided	<u>166,505</u>
Total funds available	355,149
Less: revenue applied	<u>238,332</u>
Unapplied funds, December 31, 2001	<u>\$ 116,817</u>

RICHLAND COUNTY TRANSIT BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)

NOTE E: TANGIBLE TRANSIT OPERATING PROPERTY

The following schedule reflects changes in the tangible transit operating property reflected in the financial statements.

	<u>ASSETS</u>			<u>BALANCE</u> <u>12/31/01</u>
	<u>BALANCE</u> <u>12/31/00</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	
Land	\$ 1,052,683	\$ -	\$ -	\$1,052,683
Building	2,453,294	-	-	2,453,294
Office Equipment	76,783	-	-	76,783
Operating Equipment	<u>1,860,593</u>	<u>90,171</u>	<u>28,020</u>	<u>1,922,744</u>
TOTALS	<u>\$ 5,443,353</u>	<u>\$ 90,171</u>	<u>\$ 28,020</u>	<u>\$5,505,504</u>

ACCUMULATED DEPRECIATION

	<u>BALANCE</u> <u>12/31/00</u>	<u>CURRENT</u> <u>PROVISION</u>	<u>BALANCE</u> <u>12/31/01</u>	<u>REPORT VALUE</u> <u>12/31/01</u>
	Land	\$ -	\$ -	\$ -
Building	711,421	87,835	799,256	1,654,038
Office Equipment	52,479	5,414	57,893	18,890
Operating Equipment	<u>712,867</u>	<u>91,837</u>	<u>804,704</u>	<u>1,118,040</u>
TOTALS	<u>\$ 1,476,767</u>	<u>\$ 185,086</u>	<u>\$ 1,661,853</u>	<u>\$ 3,843,651</u>

NOTE F: LEASE AGREEMENT

The Richland County Transit Board is a party to a lease agreement with Bridgestone/Firestone, Inc. for the use of tires on the Transit Board's buses. The agreement with Bridgestone/Firestone, Inc. was competitively bid and entered into on April 1, 1994 for three years. During 1999, the agreement was extended for two more years. The rates charged on the use of the tires vary depending on the type of tire used and the actual miles put on them.

NOTE G: RISK MANAGEMENT

The Richland County Transit Board is a member of the Ohio Transit Insurance Pool (OTIP), a self-insurance pool created under Chapter 2744 of the Ohio Revised Code. There has been no significant reductions in insurance coverage from the prior period and settlement costs have not exceeded insurance coverage in any of the past three years.

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RICHLAND COUNTY TRANSIT BOARD
COMPUTATION OF FEDERAL GRANT - OPERATING ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2001

SCHEDULE 1

PROJECT # OH90-4370

Operating Expenses (No ineligible or questioned costs)	\$	837,214
Revenues applied to eligible operating expenses not included as local share:		<u>173,481</u>
Net Project Cost		663,733
Local Share:		
State Operating Assistance		145,672
State Special Fare Assistance		32,279
Advertising		13,392
Leases		20,908
Local Government Revenue		120,078
Other Revenue		<u>404</u>
Total Local Share		<u>332,733</u>
Deficit before applying FTA Assistance		<u><u>331,000</u></u>
Federal Assistance Available:		
Project Funds Received during the Year:		331,000
Project Funds Receivable at 12/31/01:		<u>-</u>
Total Federal Assistance Available		<u><u>331,000</u></u>
Federal Funds Due to/ (from) Grantee	\$	<u><u>-</u></u>

RICHLAND COUNTY TRANSIT BOARD
COMPUTATION OF FEDERAL GRANT - PLANNING ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2001

SCHEDULE 2

PROJECT # OH90-2345/ OH90-2370

Planning Costs for the year ended December 31, 2001 \$ 152,758

Local Share:

Local Government Support 36,197

Total Local Share 36,197

Deficit before applying FTA Assistance 116,561

Federal Assistance Available:

Project Funds Received during the Year: 116,561

Project Funds Receivable at 12/31/01: -

Total Federal Assistance Available 116,561

Federal Funds Due to/ (from) Grantee \$ -

RICHLAND COUNTY TRANSIT BOARD
COMPUTATION OF FEDERAL GRANT - CAPITAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2001

SCHEDULE 3

PROJECT #	OH90-0193	OH90-0297
 <u>PROJECT COSTS:</u>		
Capital Acquisitions	\$ 85,289	\$ 344
 LESS:		
State Share	(18,000)	-
Local Share	(15,793)	-
Total Project Costs	51,496	344
 Federal Assistance Available:		
Project Funds Received during the Year:	51,496	344
Project Funds Receivable at 12/31/01:	-	-
Total Federal Assistance Available	51,496	344
 Federal Funds Due to/ (from) Grantee		
	\$ -	\$ -

<u>OH90-0370</u>	<u>OH90-0196</u>	<u>OH90-08370</u>	<u>TOTAL</u>
\$ 260,000	11,883	65,000	\$ 422,516
-	(248)	-	(18,248)
(52,000)	(2,129)	(13,000)	(82,922)
<u>208,000</u>	<u>9,506</u>	<u>52,000</u>	<u>321,346</u>
208,000	9,506	52,000	321,346
-	-	-	-
<u>208,000</u>	<u>9,506</u>	<u>52,000</u>	<u>321,346</u>
\$ -	\$ -	\$ -	\$ -

RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

<u>Federal Grantor/ Sub-Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through Ohio Department of Transportation			
Urban Mass Transportation Administration	20.507		
Operating Assistance		OH90-4345 OH90-4370	\$ 338,233 331,000
Total Operating Assistance			
Planning Assistance		OH90-2345 OH90-2370	\$ 140,000 75,719
Total Planning Assistance			
Capital Assistance		OH90-0297 OH90-0370 OH90-0345 OH90-0196 OH90-8345 OH90-0193 OH90-8370	\$ 459,000 239,200 154,750 14,000 56,003 51,500 52,000
Total Capital Assistance			
Total U.S. Department of Transportation			
Total Federal Financial Assistance (A)			

(A) Schedule is presented on a cash basis. Federal Financial Assistance is determined to be on a first-in, first-out basis.

<u>Balance</u> <u>1/1/01</u>	<u>Federal</u> <u>Receipts</u>	<u>Federal</u> <u>Disbursements</u>	<u>Balance</u> <u>12/31/01</u>
\$ (28,574)	\$ 28,574	\$ -	\$ -
<u>-</u>	<u>331,000</u>	<u>331,000</u>	<u>-</u>
(28,574)	359,574	331,000	-
14,929	55,771	40,842	-
<u>-</u>	<u>75,719</u>	<u>75,719</u>	<u>-</u>
14,929	131,490	116,561	-
(2,757)	3,101	344	-
-	208,000	208,000	-
(12,607)	12,607	-	-
(1,651)	11,157	9,506	-
(4,688)	4,688	-	-
-	51,496	51,496	-
<u>-</u>	<u>52,000</u>	<u>52,000</u>	<u>-</u>
<u>(21,703)</u>	<u>343,049</u>	<u>321,346</u>	<u>-</u>
<u>(35,348)</u>	<u>834,113</u>	<u>768,907</u>	<u>-</u>
<u>\$ (35,348)</u>	<u>\$ 834,113</u>	<u>\$ 768,907</u>	<u>\$ -</u>

Guillan & Company

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Richland County Transit Board
Mansfield, Ohio

We have audited the financial statements of the Richland County Transit Board as of and for the year ended December 31, 2001, and have issued our report thereon dated June 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Richland County Transit Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Richland County Transit Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more in the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Richland County Transit Board
Mansfield, Ohio**

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties.

June 6, 2002

Guillan & Company

Guillan & Company

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

Richland County Transit Board
Mansfield, Ohio

Compliance

We have audited the compliance of the Richland County Transit Board with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The Transit Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Transit Board's management. Our responsibility is to express an opinion on the Transit Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Transit 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. Our audit does not provide a legal determination on the Transit Board's compliance with those requirements.

In our opinion, Richland County Transit Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

**Richland County Transit Board
Mansfield, Ohio**

Internal Control Over Compliance

The management of the Richland County Transit Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Transit Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more in the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 6, 2002

Guillan & Company

RICHLAND COUNTY TRANSIT BOARD
MANSFIELD, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2001

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Richland County Transit Board.
2. No reportable conditions were disclosed during the audit of the financial statements of the Richland County Transit Board.
3. No instances of noncompliance material to the financial statements of the Richland County Transit Board were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the Richland County Transit Board expresses an unqualified opinion.
6. No audit findings relative to the major programs for the Richland County Transit Board were disclosed during the audit.
7. The programs tested as major included: Urban Mass Transportation Administration (20.507).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Richland County Transit Board was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

none

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

none

RICHLAND COUNTY TRANSIT BOARD
MANSFIELD, OHIO

GENERAL COMMENTS

The audit report, including citations and recommendations, was reviewed with and acknowledged by the following official on June 6, 2002 :

Mike Wackerly: Fiscal Officer

This official was informed that he had five working days for the Auditor of State and sixty days for the federal government from the date of the post audit conference to respond to, or contest, in writing, the contents of this report. No such response was received.

Transit Board personnel were cooperative and available for questions and assistance during regular working hours.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 8, 2002**