

RICHLAND COUNTY TRANSIT BOARD
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA
Auditor of State

Board of Directors
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 Varney, Fink & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 11, 2009

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**RICHLAND COUNTY TRANSIT BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Richland County Transit Board (the Transit Board), Mansfield, Ohio, as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Transit Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 respective financial position of the Richland County Transit Board, as of December 31, 2008, and the respective changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2009, on our consideration of the Transit Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Transit Board's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Transit Board. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

July 31, 2009

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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, 2008. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should review the financial statements and the notes to the financial statements to enhance their understanding of the Board's financial performance.

Financial Highlights

Net assets exceeded liabilities at the close of the most recent year by \$3,317,921 (net assets). Of this amount, \$59,884 (unrestricted net assets) may be used to meet ongoing obligations.

Total net assets decreased by \$262,548 (7.3%). No major assets were purchased in 2008.

Revenue from the Ohio Department of Transportation was again decreased in 2008. This was unexpected, and due to reductions in the State budget for public transportation.

The total expenses and revenue for 2008 were very close to the amounts that were budgeted for the year .

Farebox revenue increased by nearly 15% above the expected amount. This increase can be attributed mainly to increased ridership in 2008 by adults paying full fare, as opposed to students, elderly or disabled persons which pay reduced fare, and also increased.

Fuel expenses were nearly 37% above the budgeted amount for the year.

There were no major buildings and grounds expenses incurred in 2008.

Using this Annual Financial Report

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

Statement of Net Assets

The Statement of Net Assets looks at how well the Board has performed financially from inception through December 31, 2008. This statement includes all of the assets, liabilities, and net asset balances using the accrual basis of accounting, which is the method used by most

*RCTB
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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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 Assets for the fiscal years ended December 31, 2008, and December 31, 2007:

Assets	2008	2007
Current Assets	\$ 170,792	\$ 151,639
Noncurrent Assets	<u>3,258,037</u>	<u>3,517,383</u>
Total Assets	\$3,428,829	\$3,669,022
Liabilities		
Current Liabilities	<u>\$ 110,908</u>	<u>\$ 88,553</u>
Net Assets		
Invested in Capital Assets	\$3,258,037	\$3,517,383
Unrestricted	<u>59,884</u>	<u>63,086</u>
Total Net Assets	<u>\$3,317,921</u>	<u>\$3,580,469</u>

Statement of Revenues and Expenses

The Statement of Revenues, Expenses, and Changes in Net Assets reports operating and non-operating activities for the fiscal year ended December 31, 2008. The following schedule provides a summary of the Board's Statement of Revenues, Expenses, and Changes in Net Assets, for the fiscal years ended December 31, 2008, and December 31, 2007:

Revenues	2008	2007
Federal	\$ 855,698	\$1,314,789
State	132,113	155,883
Local Governments	300,167	352,200
Coordinating Revenue	182,796	217,307
Lease Revenue	16,123	16,173
Transit System Revenue	293,510	207,037
Expense Reimbursement	<u>3,601</u>	<u>2,056</u>
Total Revenues	<u>\$1,784,008</u>	<u>\$2,265,445</u>

*RCTB
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Expenses	2008	2007
Purchased Services	\$1,246,720	\$1,162,048
Coordinating & RCT Extra	208,572	213,167
Board Member Compensation	7,923	6,900
Professional Services	7,905	27,844
Equipment and Supplies	8,130	8,939
Depreciation	260,531	261,720
Fuel	218,699	155,010
Insurance	70,597	103,392
Miscellaneous	13,796	14,379
Bad Debt write off	<u>3,683</u>	<u>0</u>
TOTAL Expenses	<u>\$2,046,556</u>	<u>\$1,953,399</u>
Change in Net Assets	(262,548)	312,046
Net Assets - Beginning	<u>\$3,580,469</u>	<u>\$3,268,423</u>
Net Assets - Ending	<u>\$3,317,921</u>	<u>\$3,580,469</u>

Revenue Variances

The nearly 35% reduction in federal funds received in 2008 compared to 2007 is due to a large amount of capital funds received in 2007 for reimbursement of 2007 vehicle purchase expenses.

Local Government funds are decreased in 2008 from 2007. In 2007 a one-time receipt of \$60,000 was used for vehicle replacement matching fund.

Coordinating revenue was reduced in 2008, as the RCTB did not receive the grant for this purpose from ODOT that had been received in previous years.

The Transit System Revenue line item includes a one-time reimbursement of insurance premium overpayment of \$57,530. This, along with the previously mentioned fare related revenue increase, and increases in advertising and agency assistance revenue, resulted in a nearly 44% increase in this revenue line item.

Expense Variances

The professional services expense line in 2007 was much greater than in 2008 due to the purchase of services of a consultant. These services were not needed in 2008.

Fuel expenses were increased in 2008 by 41% more than 2007.

Insurance expenses were decreased in 2008 by nearly 32% compared to 2007.

The bad debt expense is an accumulation of unrecoverable debt from prior years.

Statement of Cash Flow

The revenues and expenses of the Board are deposited into, and paid from, the accounts of the Richland County Treasurer's office.

Included here is a summary of the cash flow activity for the year ending December 31, 2008.

Beginning Balance	\$ 14,821
Receipts	\$ 1,679,447
Disbursements	\$ 1,621,669
Ending Balance	\$ 72,599

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, 2008, TMR was in possession of \$59,943 in Board funds.

Capital Assets

As of December 31, 2008, the Board had capital assets of \$3,258,037 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 \$259,346 over December 31, 2007, attributed to normal depreciation, and only one (1) small capital purchase of less than \$2,000 in 2008.

Other Current Financial Items of Interest

Continued funding uncertainty at the State and local level make year to year planning and budgeting difficult. The receipt of federally appropriated funds requires an assurance of local matching funds.

It was recently announced that the RCTB will soon have available Federal funds for capital needs through the American Recovery and Reinvestment Act of 2009. These funds will be used to replace aging rolling stock which will be purchased over the next two (2) years. A total of five (5) buses are expected to be replaced using this 100% Federal funding source, funds from an additional Federal grant at 80%, and a very minimal local share contribution for the balance of the purchase. It is expected that when these vehicles are placed in service they will be more fuel efficient, saving on fuel costs, and require less outlays for maintenance expenses.

Should there be a significant increase in local funding, the Board would consider restoring hourly service on all routes and some level of Saturday service.

Richland County Transit Board
Statement of Net Assets
December 31, 2008

Assets

Current Assets:

Cash in Richland County Treasury	\$72,599
Accounts Receivable	98,193

Noncurrent Assets:

Capital Assets (Net, Where Applicable, of Accumulated Depreciation)	<u>3,258,037</u>
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Total Assets	<u>\$3,428,829</u>
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Liabilities

Current Liabilities:

Accounts Payable	<u>\$110,908</u>
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Total Liabilities	<u>\$110,908</u>
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Net Assets

Invested in Capital Assets	\$3,258,037
Unrestricted	<u>59,884</u>

Total Net Assets	<u><u>\$3,317,921</u></u>
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The accompanying notes are an integral part of the financial statements.

Richland County Transit Board
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended December 31, 2008

Operating Revenues	
Federal	\$855,698
State	132,113
Local Government	300,167
Coordinating Revenue	182,796
Lease Revenue	16,123
Transit System Revenue:	
Farebox Receipts	136,602
Local Special Fare Assistance	52,951
Miscellaneous	96,421
Fares Retained by Provider	7,536
Expense Reimbursement	<u>3,601</u>
 Total Operating Revenues	 <u>1,784,008</u>
 Operating Expenses	
Purchased Services	1,246,720
Coordinating & RCT Extra	208,572
Board Members Compensation	7,923
Professional Services	7,905
Equipment and Supplies	8,130
Depreciation	260,531
Fuel	218,699
Insurance	70,597
Miscellaneous	13,796
Bad Debt	<u>3,683</u>
 Total Operating Expenses	 <u>2,046,556</u>
 Change in Net Assets	 (262,548)
 Net Assets Beginning of Year	 <u>3,580,469</u>
 Net Assets End of Year	 <u><u>\$3,317,921</u></u>

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

Richland County Transit Board
Statement of Cash Flows
For the Year Ended December 31, 2008

Cash Flow from Operating Activities

Cash Received From Customers	\$204,026
Cash Received From Operating Grants	1,480,753
Cash Paid for Purchased Services	(1,104,437)
Cash Paid to Board Members	(7,923)
Cash Paid to Suppliers	<u>(513,456)</u>

Net Cash Provided by Operating Activities 58,963

Cash Flow from Capital and Related Financing Activities

Acquisition of Capital Assets	<u>(1,185)</u>
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Net Cash Used by Capital and Related Financing Activities (1,185)

Net Decrease in Cash 57,778

Cash Beginning of Year 14,821

Cash End of Year \$72,599

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating Loss (\$262,548)

Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities

Depreciation Expense	260,531
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Change in Operating Assets and Liabilities

Decrease in Accounts Receivable	38,625
Increase in Accounts Payable	<u>22,355</u>

Total Adjustments 321,511

Net Cash Provided by Operating Activities \$58,963

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

RICHLAND COUNTY TRANSIT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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 operates the transit system. The general manager, assistant general manager and the maintenance director are all employees of First Transit. First Transit is paid a flat monthly fee for these services, per a five-year contract. The bus drivers, mechanics, office and cleaning people are all employees of the sub-corporation of First Transit, Transit Management of Richland. The Transit Board pays Transit Management of Richland monthly for all costs incurred. The Richland County Regional Planning Commission provides fiscal and secretarial support to the Transit Board. The Planning Commission bills the Transit Board monthly for services provided.

The Board members of the Transit Board are compensated for each monthly meeting that they attend. They are paid through the Richland County payroll system.

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. The Transit Board applies all applicable pronouncements from the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 unless the pronouncements conflict with or contradict GASB pronouncements. The Transit Board has elected not to follow subsequent FASB guidance. 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 of farebox receipts and operating grants. Operating expenses include purchased services, professional services, supplies, fuel costs and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash Deposits

The Transit Board deposits all receipts in the Richland County Treasury. The County Treasurer maintains a cash and investment pool 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.

Pursuant to Section 135.181, Ohio Revised Code, the County's deposits are covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with specific depository institutions. In accordance with GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements", all deposits are classified as to risk.

The following risk categories most typically used are:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name.

The Transit Board's deposits with Richland County are classified in Category 3. Richland County's deposits of the Transit Board's funds are held by third party trustees pursuant to Section 135.181, Ohio Revised Code in collateral pools securing all public monies on deposit with specific depository institutions.

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 explained above.

D. Capital Assets

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

E. Cash Equivalents

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

RICHLAND COUNTY TRANSIT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Transit Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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.

NOTE 3 – CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

	Balance 12/31/2007	Additions	Deletions	Balance 12/31/2008
Capital Assets, Not Being Depreciated:				
Land	\$1,052,683	\$0	\$0	\$1,052,683
Capital Assets, Being Depreciated:				
Building	2,480,625	0		2,480,625
Office Equipment	76,193	1,185		77,378
Operating Equipment	2,730,379	0	0	2,730,379
Total Capital Assets				
Being Depreciated	5,287,197	1,185	0	5,288,382
Total Capital Assets	6,339,880	1,185	0	6,341,065
Less Accumulated Depreciation For:				
Buildings	(1,296,212)	(82,687)	0	(1,378,899)
Office Equipment	(73,172)	(2,230)	0	(75,402)
Operating Equipment	(1,453,113)	(175,614)	0	(1,628,727)
Total Accumulated Depreciation	(2,822,497)	(260,531)	0	(3,083,028)
Capital Assets, Net	\$3,517,383	(259,346)	\$0	\$3,258,037

**RICHLAND COUNTY TRANSIT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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. There have 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.

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.

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

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

To the Board of Trustees:

We have audited the financial statements of Richland County Transit Board (the Transit Board), as of and for the year ended December 31, 2008, and have issued our report thereon dated July 31, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Transit Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transit Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Transit Board's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Transit Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Transit Board's financial statements that is more than inconsequential will not be prevented or detected by the Transit Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Transit Board's internal control.

Richland County Transit Board
Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements performed in
Accordance with *Government Auditing Standards*
Page 2

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transit Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Trustees, others within the organization, 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.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

July 31, 2009

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

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

To the Board of Trustees:

Compliance

We have audited the compliance of the Richland County Transit Board (the 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 its major federal programs for the year ended December 31, 2008. 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 of the Transit Board's compliance with those requirements.

In our opinion, the 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, 2008.

Internal Control Over Compliance

The management of the Transit Board is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the

**Richland County Transit Board
Report on Compliance with
Requirements Applicable to each
Major Program and on Internal
Control over Compliance in
Accordance with *OMB CIRCULAR A-133***

Page 2

purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Transit Board's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, 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.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

July 31, 2009

Richland County Transit Board
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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U.S. Department of Transportation

Federal Transit Cluster:

Federal Transit - Formula Grants			
Operating Assistance	20.507	OH-90-X574	148,952
Capital/Preventive Maintenance	20.507	OH-90-X574	17,960
Metropolitan Planning	20.507	OH-90-X574	20,195
Operating Assistance	20.507	OH-90-X613	189,721
Capital/Preventive Maintenance	20.507	OH-90-X613	327,064
Metropolitan Planning	20.507	OH-90-X613	144,353
Bus: Support Equipment and Facilities	20.507	OH-90-X613	949
Metropolitan Planning	20.507	OH-90-X524	6,504
Total Federal Transit - Formula Grants			855,698
Total U.S. Department of Transportation - Federal Transit Cluster			855,698

U.S. Department of Housing and Urban Development

Passed through the City of Mansfield

CDBG - Entitlement and (HUD-Administered) Small Cities Cluster:

Community Development Block Grants/Entitlement Grants	14.218	CB-08-MC-39-0017	102,000
Community Development Block Grants/Entitlement Grants	14.218	CB-07-MC-39-0017	2,199
Total U.S. Department of Housing and Urban Development - CDBG - Entitlement and (HUD-Administered) Small Cities Cluster			104,199
Total Expenditures of Federal Awards			959,897

RICHLAND COUNTY TRANSIT BOARD

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Transit Board's federal award program. The Schedule has been prepared on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

RICHLAND COUNTY TRANSIT BOARD

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §505**

FOR THE YEAR ENDED DECEMBER 31, 2008

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the general purpose financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the general purpose financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the general purpose financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

RICHLAND COUNTY TRANSIT BOARD

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

(d)(1)(vii)	Major Program:	Federal Transit Cluster: Federal Transit-Formula Grants, CFDA #20.507
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
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
SEPTEMBER 24, 2009**