

RICHLAND COUNTY TRANSIT BOARD

RICHLAND COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Richland County Transit Board, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Richland County Transit Board is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 15, 2011

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RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO
Audit Report
For the Year Ended December 31, 2010

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the financial statements of the Richland County Transit Board (RCTB), Richland County as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of RCTB'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 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, Richland County, as of December 31, 2010, and the results of its operations 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 a report dated June 23, 2011, on our consideration of the RCTB internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on 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 opinions on the financial statements that collectively comprise the Richland County Transit Board's basic financial statements. The accompanying schedule of federal awards expenditures is presented for the 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. Such information as 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 basic financial statements taken as a whole.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
June 23, 2011

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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, 2010. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should review the financial statements and the notes to the financial statements to enhance their understanding of the Board's financial performance.

Financial Highlights

Total assets exceeded liabilities at the close of the most recent year by \$4,056,481 (net assets). Of this amount, \$58,353 (unrestricted net assets) may be used to meet ongoing obligations.

Total net assets increased by \$863,476 (27%). Four (4) replacement vehicles, with a purchase price total of \$1,233,024, were purchased in 2010 using 100% Federal funds through the American Recovery and Reinvestment Act of 2009 (ARRA).

Revenue received from local governments was only 50% of the amount that was budgeted for 2010, however, this shortfall was mitigated by State (ODOT) grant revenue received that was 230% of the amount budgeted. Some of the shortfall in local funds will be recovered in the first half of 2011.

The Ohio Department of Transportation distributed SFY 2010 and SFY 2011 grant funds in calendar year 2010. ODOT has indicated that it is their intent to distribute SFY 2012 funds during calendar year 2011, and continue this schedule indefinitely.

With the ARRA funds excluded, the expenses and revenue for 2010 were nearly even with each other, with both ending the year at 105% of the budgeted amount for the year. Individual line item variances are demonstrated in the December 2010 Board report, which excludes the vehicle purchases that were made with ARRA funding.

Early in 2010, it was determined that revenue that is generated as the result of a contract to provide transit service to human service agencies can be used as local matching share. Such contracts were implemented, and this revenue line item was added to the Board Financial Report beginning in April 2010.

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.

*RCTB
Management's Discussion and Analysis
For the Year Ended December 31, 2010*

STATEMENT OF NET ASSETS

The Statement of Net Assets looks at how well the Board has performed financially from inception through December 31, 2010. 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 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, 2010, and December 31, 2009:

Assets	2010	2009
Current Assets	\$ 203,796	\$ 222,597
Noncurrent Assets	<u>3,998,128</u>	<u>3,077,054</u>
Total Assets	\$4,201,924	\$ 3,299,651
Liabilities		
Current Liabilities	<u>\$ 145,443</u>	<u>\$ 106,646</u>
Net Assets		
Invested in Capital Assets	\$3,998,128	\$3,077,054
Unrestricted	<u>58,353</u>	<u>115,951</u>
Total Net Assets	<u>\$4,056,481</u>	<u>\$3,193,005</u>
Total Liabilities and Net Assets	<u>\$4,201,924</u>	<u>\$3,299,651</u>

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets reports operating and non-operating activities for the fiscal year ended December 31, 2010. 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, 2010, and December 31, 2009.

*RCTB
Management's Discussion and Analysis
For the Year Ended December 31, 2010*

Revenues	2010	2009
Federal	\$2,109,825	869,128
State	219,902	131,662
Local Governments	157,336	258,443
Lease Revenue	15,802	15,965
Transit System Revenue	274,061	271,466
Insurance claim proceeds	- 0 -	13,100
Expense Reimbursement	<u>14,339</u>	<u>- 0 -</u>
Total Revenues	<u>\$ 2,791,265</u>	<u>\$1,559,764</u>
Expenses	2010	2009
Purchased Services	\$1,341,910	\$1,247,343
Coordinating & RCT Extra	- 0 -	39
Board Member Compensation	8,046	7,373
Professional Services	8,338	8,728
Equipment and Supplies	15,935	10,326
Depreciation	311,950	258,233
Fuel	167,246	127,650
Insurance	58,443	73,323
Miscellaneous	15,770	11,608
Bad Debt write off	<u>150</u>	<u>- 0 -</u>
TOTAL Expenses	<u>\$1,927,789</u>	<u>\$1,744,623</u>
Change in Net Assets	863,476	(184,859)
Net Assets - Beginning	<u>\$3,193,005</u>	<u>\$3,377,864</u>
Net Assets - Ending	<u>\$4,056,481</u>	<u>\$3,193,005</u>

Revenue Variances

The revenue from Federal grants includes \$1,233,024 in American Recovery and Reinvestment Act funds that were used to fund the purchase of four (4) replacement vehicles at 100%.

Revenue from local government funds are decreased in 2010 by 39% as compared to 2009, as local matching funds are becoming increasingly difficult to procure. This is the second consecutive year of significant reduction in local government funds revenue. This reduction was mitigated by an increase of 67% in State grant funds as compared to 2009. Both are used as local funds to meet the matching requirement to receive the Federal grant funds.

*RCTB
Management's Discussion and Analysis
For the Year Ended December 31, 2010*

The majority of the increase in total revenue is a result of the receipt of funds from the American Recovery and Reinvestment Act, through the Federal Transit Administration, all of which was used to purchase replacement buses which were 100% federally funded.

Expense Variances

Purchased Transportation expenses were increased in 2010 by 7.6% over 2009. This includes all operational expenses for the transit system, including wages, fringes, vehicle and building maintenance, management, and planning and fiscal services. This does not include fuel or insurance expenses, which have separate expense lines.

Fuel expenses were increased in 2010 by 31% more than in 2009, and totaled 134% of the amount that was budgeted for fuel.

Equipment and supplies expenses were increased by 54% over the amount expended in 2009, however, this was below the amount that was budgeted for 2010.

In comparing the insurance expenses of 2010 to that of 2009, it should be noted that the payment made in January of 2010 was adjusted to reflect an overpayment in July of 2009. There was also a refund from the previous insurer received, which was used to offset the 2010 insurance expenses, per FTA guidelines. The total paid on 2010 is reduced by 20% from 2009.

Because the four (4) new vehicles were received in the first quarter of 2010, annual depreciation for the first year is included in the 2010 depreciation expenses. The 2010 depreciation expenses are increased 21% in comparison to 2009.

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.

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, 2010, TMR was in possession of \$36,095 in Board funds. This is included in the cash flow summary and in the current assets of the Board.

RCTB

*Management's Discussion and Analysis
For the Year Ended December 31, 2010*

Below is a summary of the cash flow activity for the year ending December 31, 2010.

	Richland County Treasury	Transit Management of Richland
Beginning Balance	\$ 21,112	\$ 72,241
Receipts	\$ 2,637,537	\$ 1,007,760
Disbursements	\$ 2,647,462	\$ 1,043,905
Ending Balance	\$ 11,187	\$ 36,095

Capital Assets

As of December 31, 2010, the Board had capital assets of \$3,998,128 invested in real property, including the bus garage and transit center, rolling stock, operating equipment, furniture, tools, and other items. This is an increase of \$921,074 over December 31, 2009, attributed to the previously noted purchase of four (4) replacement vehicles.

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.

The volatility of fuel prices is a concern. This expense accounted for 9% of the Board's expenses in 2010.

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

It is expected that State funds that have been approved for the purchase of additional replacement vehicles will be received in 2011. As has been experienced with the vehicles that were purchased in 2010, retiring the older vehicles results in reduced maintenance costs and improved fuel efficiency, which helps to reduce the vehicle operation and repair expenses.

RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	2010
<u>CURRENT ASSETS</u>	
Cash in TMR	\$36,095
Cash with Richalnd County Treasurer	11,187
Accounts Receivable	156,514
TOTAL CURRENT ASSETS	203,796
FIXED ASSETS, NET	
Capital Assets (Net, Where Applicable, of accumulated depreciation)	3,998,128
TOTAL ASSETS	\$4,201,924
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$145,443
TOTAL CURRENT LIABILITIES	145,443
<u>NET ASSETS</u>	
Invested in Capital Assets	3,998,128
Unrestricted	58,353
TOTAL NET ASSETS	4,056,481
TOTAL LIABILITIES AND NET ASSETS	\$4,201,924

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

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010
<u>OPERATING REVENUES:</u>	
Federal	\$876,801
State	219,902
Local Government	157,336
Lease Revenue	15,802
Expense Reimbursement	14,339
Transit System Revenue:	
Farebox Receipts	137,769
Local Special Fare Assistance	27,673
Contract Transit Service	62,963
Fares Retained by Provider	3,702
Miscellaneous	41,954
	1,558,241
<u>OPERATING EXPENSES:</u>	
Purchased Services	1,341,910
Board Members Compensation	8,046
Professional Services	8,338
Equipment and Supplies	15,935
Depreciation	311,950
Fuel	167,246
Insurance	58,444
Miscellaneous	15,770
Bad Debt Write Off	150
	1,927,789
Operating Income before Capital Contributions	(369,548)
Capital Contributions	1,233,024
Changes in Net Assets	863,476
Net Assets (Deficit) Beginning of Year	3,193,005
Net Assets (Deficit) End of Year	\$4,056,481

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 2010**

	2010
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 303,792
Cash Received from Operating Grants	1,227,179
Cash Paid for Purchased Services	(1,322,492)
Cash Paid to Board Members	(8,046)
Cash Paid to Suppliers	(246,504)
	(46,071)
Net cash provided/(used) for operating activities	\$ (46,071)
Cash Flows from Capital and Related Financing Activities:	
Capital Grants Received	\$ 1,233,024
Purchases of Equipment	(1,233,024)
	-
Net cash provided/(used) for capital and related financing activities	\$ -
Net increase in cash and cash equivalents	(46,071)
Cash and cash equivalents, January 1,	\$ 93,353
Cash and cash equivalents, December 31,	\$ 47,282
	47,282
Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ (369,548)
Adjustments:	
Depreciation expense	311,950
(Increase)/Decrease in Assets:	
Accounts Receivable	(27,270)
Increase/(decrease) in liabilities:	
Accounts Payable	38,797
	323,477
Total Adjustments	323,477
Net cash provided/(used) for operating activities	\$ (46,071)
	(46,071)

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

**Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2010**

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 and the maintenance director are employees of First Transit. First Transit is paid a flat monthly fee for these services, per a five-year contract. The bus drivers, mechanics, office and cleaning people are all employees of the sub-corporation of First Transit, Transit Management of Richland. 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
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash Deposits

The Transit Board deposits all receipts in the Richland County Treasury and TMR bank account. The County Treasurer and TMR maintains cash and investment pools used for all County and Transit Board funds. The Transit Board has no other cash deposits or investments and does not receive interest income on its cash balances held in the County Treasury or with TMR. At year-end, the carrying amount of RCTB's deposits with the Richland County Auditor was \$11,187 and at TMR was \$36,095. The Richland County Auditor and TMR, as the fiscal agents for RCTB are responsible for maintaining adequate depository collateral for all funds in their respective cash and deposits accounts. All deposits were covered by FDIC at year-end.

C. Investments

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

D. Capital Assets

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

E. Cash Equivalents

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

F. Net 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.

Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2010

NOTE 3 – CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

Description	Balance 1/1/2010	Increases	Decreases	Balance 12/31/2010
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	77,378	-	(1,255)	76,123
Operating Equipment	2,800,922	1,233,024	(612,997)	3,420,949
Total capital assets being depreciated	5,358,925	1,233,024	(614,252)	5,977,697
Total Capital Assets	6,411,608	1,233,024	(614,252)	7,030,380
Less accumulated depreciation:				
Building & building improvements	(1,461,586)	(82,687)	-	(1,544,273)
Office Equipment	(76,202)	(237)	1,255	(75,184)
Operating Equipment	(1,796,766)	(229,026)	612,997	(1,412,795)
Total accumulated depreciation	(3,334,554)	(311,950)	614,252	(3,032,252)
Total capital assets being depreciated, net	2,024,371	921,074	-	2,945,445
Total capital assets, net	\$ 3,077,054	\$ 921,074	\$ -	\$ 3,998,128

NOTE 4 – RISK MANAGEMENT

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

**Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2010**

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
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2010

<u>Federal Grantor/Program Title</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Federal Transit Administration			
Federal Transit Cluster:			
Federal Transit Formula Grant	OH-90-X613	20.507	\$ 8,859
Federal Transit Formula Grant	OH-90-X641	20.507	382,246
Federal Transit Formula Grant	OH-90-X680	20.507	485,696
Federal Transit Formula Grant-ARRA	OH-90-X008	20.507	<u>1,233,024</u>
Total Federal Transit Cluster			<u>2,109,825</u>
Total Department of Transportation			<u>\$ 2,109,825</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Pass through Richland County			
Community Development Block Grants	CB-09-MC-39-0017	14.218	\$ 52,136
Pass through City of Mansfield			
Community Development Block Grants	CB-08-MC-39-0017	14.218	<u>46,460</u>
Total Department of Housing and Urban Development			<u>98,596</u>
Total Expenditures of Federal Awards			<u>\$ 2,208,421</u>
See accompanying Notes to the Schedule of Federal Awards Expenditures			

RICHLAND COUNTY TRANSIT BOARD
Richland County
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2010

1. **Significant Accounting Policies**

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

2. **Matching Requirements**

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

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Charles E. Harris & Associates, Inc.
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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the financial statements of the Richland County Transit Board, Richland County, Ohio (the RCTB) as of and for the year ended December 31, 2010 as listed in the table of contents, which collectively comprise the RCTB's basic financial statements and have issued our report thereon dated June 23, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the RCTB's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the RCTB's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the RCTB's internal control over financial reporting.

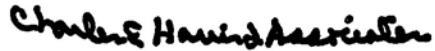
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the RCTB's financial statements will not be prevented or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the RCTB's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, federal awarding agencies and pass-through entities and others within the RCTB. We intend it for no one other than these specified parties.



Charles E. Harris and Associates, Inc.

June 23, 2011

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

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

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

To the Board of Trustees:

Compliance

We have audited the compliance of the Richland County Transit Board , Richland County (RCTB), with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the RCTB's major federal programs. The RCTB's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the RCTB'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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the RCTB's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the RCTB's compliance with those requirements.

In our opinion, the RCTB complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the RCTB 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 RCTB's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the RCTB'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 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.

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 deficiencies, 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 the audit committee, the Board of Trustees, management of the RCTB, 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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

June 23, 2011

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
December 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Federal Transit Cluster: Federal Transit-Formula Grants, CFDA#20.507
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS - (continued)
OMB CIRCULAR A-133 SECTION .505

RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
December 31, 2010

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
December 31, 2010**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending December 31, 2009, reported no material citations or recommendations.

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Dave Yost • Auditor of State

RICHLAND COUNTY TRANSIT BOARD

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 30, 2011**