

***RICHLAND COUNTY TRANSIT BOARD***

**RICHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Year Ended December 31, 2014**







# Dave Yost • Auditor of State

Board of Trustees  
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 Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2014. 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

June 30, 2015

**This page intentionally left blank.**

**RICHLAND COUNTY TRANSIT BOARD**  
**RICHLAND COUNTY, OHIO**  
**Audit Report**  
**For the Year Ended December 31, 2014**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Financial Statements	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11-14
Schedule of Federal Awards Expenditures	15
Notes to the Schedule of Federal Awards Expenditures	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17-18
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	19-20
Schedule of Findings	21
Schedule of Prior Audit Findings	22

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

---

## **INDEPENDENT AUDITOR'S REPORT**

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Richland County Transit Board, Richland County, Ohio (the Board), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Transit Board, Richland County, Ohio, as of December 31, 2014, and the changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2015, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



**Charles E. Harris & Associates, Inc.**  
April 24, 2015

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*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, 2014. 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 \$3,059,879 (net position). Of this amount, \$94,608 (unrestricted net position) may be used to meet ongoing obligations. Total net position decreased by \$261,106 (7.9%). This decrease is primarily due to the depreciation and sale of fixed assets. No new fixed assets were added in 2014.

State and local government funds are both used to match Federal grants. Both of these sources of revenue saw slight increases in 2014. With an increase in expenses in 2014, the Federal reimbursement increased, and the need for local matching funds increased.

Revenue from contracts with local human service agencies continues to increase annually, and is also used to match Federal grants.

**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 Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows.

*RCTB*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*

**STATEMENT OF NET POSITION**

The Statement of Net Position looks at how well the Board has performed financially from inception through December 31, 2014. This statement includes all of the assets, liabilities, and net position balances using the accrual basis of accounting, which is the method used by most private-sector companies, and the method that is required by the Federal Transit Administration.

This basis of accounting takes into account all revenues earned and expenses incurred during the accounting period, regardless of when the cash is received or expended.

The following schedule provides a summary of the Board's Statement of Net Position for the fiscal years ended December 31, 2014, and December 31, 2013:

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current Assets	\$212,987	\$157,832
Non-current Assets	2,965,271	3,272,315
Total Assets	<u>3,178,258</u>	<u>3,430,147</u>
<b>Liabilities</b>	<u>\$118,379</u>	<u>\$109,161</u>
<b>Net Position</b>		
Investment in Capital Assets	\$2,965,271	\$3,272,315
Unrestricted	94,608	48,670
Total Net Position	<u>\$3,059,879</u>	<u>\$3,320,985</u>

*RCTB  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014*

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses, and Changes in Net Position reports operating and non-operating activities for the fiscal year ended December 31, 2014. The following schedule provides a summary of the Board's Statement of Revenues, Expenses, and Changes in Net Position, for the fiscal years ended December 31, 2014, and December 31, 2013.

<b>Revenues</b>	<b>2014</b>	<b>2013</b>
Federal Government	\$1,191,575	\$1,218,475
State Government	203,223	197,886
Local Government & other local	164,427	93,176
Lease Revenue	1,121	9,032
Transit System Revenue	358,858	320,462
Expense Reimbursement	349	23
<b>Total Revenue</b>	<b>1,919,553</b>	<b>1,839,055</b>
<b>Expenses</b>		
Purchased Services	1,501,234	1,474,760
Board Member Compensation	7,944	7,129
Professional Services	7,123	8,943
Equipment and Supplies	11,129	14,451
Depreciation	307,044	316,968
Fuel	245,527	221,484
Insurance	88,382	82,250
Miscellaneous	12,276	10,289
<b>Total Expenses</b>	<b>2,180,659</b>	<b>2,136,274</b>
<b>Change in Net Position</b>	<b>(261,106)</b>	<b>(297,219)</b>
Net Position - Beginning	<u>3,320,985</u>	<u>3,618,204</u>
Net Position - Ending	\$3,059,879	\$3,320,985

## **Revenue Variances**

The Federal funds revenue decreased in 2014 by 2%. Funds received from the Federal Transit Administration were increased by 4.2% in 2014, however this was offset by a reduction in Federal funds from the Mansfield and Richland County Community Development Block Grant programs. The reduction in CDBG funds from the Richland County program was mitigated by a contribution from Richland County general funds, which is mentioned below.

Total local government and other local entity funds were increased by 76% (\$71,253) in 2014. This includes a one-time payment of \$25,500 to be used for the purchase of vehicles which will take place in 2015, and a local funds contribution from Richland County general funds in the amount of \$45,850.

The lease revenue was reduced by 88% in 2014 due to the closing of the Greyhound office in October of 2013 in the Stanton Transit Center. It is not expected that the lease revenue will be reinstated, though some usage fee may be negotiated with Greyhound in the future.

There was a fare increase implemented in May of 2014, which resulted in an increase in all passenger trip related revenues, including contracts with local human service agencies, fares collected on the buses, sale of monthly bus passes, and fare assistance from schools. All of these revenues are included in the Transit System Revenue line, which has an increase of 12%.

## **Expense Variances**

The board member compensation was increased by 11%, however the dollar amount of the increase is only \$816. If they chose to receive compensation, board members are compensated for each regular monthly meeting that they attend. In 2013 there were absences which resulted in less payment to some board members.

The professional services expenses were decreased by 20%, mainly as a result of reduced audit expenses due to improved familiarity with the transit board's financial systems.

In early 2014, a reduced per mile tire lease contract was negotiated, which resulted in a 23% reduction in the equipment and supplies expenses.

The total fuel expenses were increased by 11% in 2014. This was the result of timing of purchases, as opposed to per gallon cost increases. The RCTB purchases 7,500 gallons of diesel fuel per purchase. There were eight (8) purchases of diesel fuel in 2014, versus seven purchases of diesel fuel in 2013.

The miscellaneous expenses are increased by 19%, with a dollar value of \$1,987. This reflects an increase in utility and property tax costs at the passenger station.

**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, 2014, TMR was in possession of \$63,071 in Board funds. This is included in the cash flow summary and in the current assets. Below is a summary of the cash flow activity for the year ending December 31, 2014.

**STATEMENT OF CASH FLOW**

	Richland County Treasury	Transit Mgmt. of Richland
Beginning Balance	\$3,788	\$43,315
Receipts	1,741,830	1,248,083
Disbursements	(1,729,011)	(1,228,328)
Ending Balance	16,607	63,070

**Capital Assets**

As of December 31, 2014, the Board had capital assets of \$2,965,271 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 \$307,044 from December 31, 2013. No capital assets were purchased in 2014, and this decrease is a result of standard annual depreciation.

**Other Current Financial Items of Interest**

Funding from the Federal Transit Administration and the Ohio Department of Transportation (ODOT) has remained level in recent years, and this is expected to continue.

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

**RICHLAND COUNTY TRANSIT BOARD  
 RICHLAND COUNTY  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2014**

	<b>2014</b>
<b><u>CURRENT ASSETS</u></b>	
Cash in TMR	\$63,070
Cash with Richland County Treasurer	16,607
Accounts Receivable	133,310
<b>TOTAL CURRENT ASSETS</b>	<b>212,987</b>
 <b><u>CAPITAL ASSETS</u></b>	
Nondepreciable Capital Assets	1,052,683
Depreciable Capital Assets, Net	1,912,588
<b>TOTAL ASSETS</b>	<b>\$3,178,258</b>
 <b><u>CURRENT LIABILITIES</u></b>	
Accounts Payable	\$118,379
<b>TOTAL CURRENT LIABILITIES</b>	<b>118,379</b>
 <b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	2,965,271
Unrestricted	94,608
<b>TOTAL NET POSITION</b>	<b>\$3,059,879</b>

*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 NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>2014</b>
<b><u>OPERATING REVENUES:</u></b>	
Lease Revenue	\$1,121
Transit System Revenue:	
Farebox Receipts	162,086
Local Special Fare Assistance	8,109
Contract Transit Service	138,295
Fares Retained by Provider	1,359
Miscellaneous	49,358
<b>TOTAL OPERATING REVENUES</b>	<b>360,328</b>
<b><u>OPERATING EXPENSES:</u></b>	
Purchased Services	1,501,234
Board Members Compensation	7,944
Professional Services	7,123
Equipment and Supplies	11,129
Fuel	245,527
Insurance	88,382
Miscellaneous	12,276
<b>TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION</b>	<b>1,873,615</b>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	<b>(1,513,287)</b>
Depreciation Expense	307,044
<b>TOTAL OPERATING EXPENSES</b>	<b>2,180,659</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,820,331)</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>	
Federal	1,191,575
State	203,223
Local Government	164,427
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>1,559,225</b>
Changes in Net Position	(261,106)
Net Position Beginning of Year	3,320,985
Net Position End of Year	<b>\$3,059,879</b>

*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 2014**

	<b>2014</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 360,328
Cash Paid for Purchased Services	(1,492,016)
Cash Paid to Board Members	(7,944)
Cash Paid to Suppliers	(364,437)
	<b>\$ (1,504,069)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Cash Received from Operating Grants	\$ 1,536,643
	<b>\$ 1,536,643</b>
<b>Net increase in cash and cash equivalents</b>	<b>32,574</b>
<b>Cash and cash equivalents, January 1,</b>	<b>\$ 47,103</b>
<b>Cash and cash equivalents, December 31,</b>	<b>\$ 79,677</b>
<b>Reconciliation of Operating Income (loss) to Net Cash  <u>Provided By (Used For) Operating Activities</u></b>	
Operating Income (Loss)	\$ (1,820,331)
Adjustments to reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation expense	307,044
Increase/(decrease) in liabilities:	
Accounts Payable	9,218
	<b>316,262</b>
<b>Net cash provided/(used) for operating activities</b>	<b>\$ (1,504,069)</b>

*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, 2014**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Richland County Transit Board (the Transit Board) was organized in 1977 under Section 306 of the Ohio Revised Code to operate a transit system. The Transit Board provides public transportation services in the Richland County metropolitan area. The Transit Board operates under an appointed Board (seven members) that is responsible for the provisions of public transportation.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity", the Transit Board is not considered part of the Richland County financial reporting entity. There are no agencies or organizations for which the Transit Board is considered the primary government. Accordingly, the Transit Board is the sole organization of the reporting entity.

The Transit Board maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Transit Board and, accordingly, these financial statements do not present the financial position or results of operations of Richland County.

The Transit Board has no employees. A management team, through a contract with First Transit, Inc., operates the transit system. The general manager and the 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. On a monthly basis, the Transit Board reimburses Transit Management of Richland for all net costs incurred. The Richland County Regional Planning Commission provides fiscal and secretarial support to the Transit Board. The Planning Commission bills the Transit Board monthly for services provided.

The 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. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Transit Board follows GABS guidance as applicable to enterprise funds. The Transit Board will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

The Transit Board prepares its financial statements on the accrual basis of accounting, using a flow of economic resources measurement focus. Revenue is recognized in the period earned and expenses are recognized in the period incurred. Operating revenues consist primarily of receipts from farebox and contracted services, and operating grants. Operating expenses include purchased services, professional services, supplies, fuel and insurance costs, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Assets are recorded at the time there is a right, now or in the future, for their receipt, and liabilities are recorded when they are incurred.

**Richland County Transit Board  
Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2014**

**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 \$16,607 and at TMR was \$63,070. 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 Position**

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Transit Board applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Net investment in capital assets consists of capital less accumulated depreciation.

**G. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Richland County Transit Board  
Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2014**

**NOTE 3 – CAPITAL ASSETS**

The following schedule reflects changes in property and equipment:

Description	Balance 1/1/2014	Increases	Decreases	Balance 12/31/2014
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	65,996	-	-	65,996
Operating Equipment	3,148,230	-	(188,084)	2,960,146
Total capital assets being depreciated	5,694,851	-	(188,084)	5,506,767
Total Capital Assets	6,747,534	-	(188,084)	6,559,450
Less accumulated depreciation:				
Building & building improvements	(1,792,337)	(82,688)	-	(1,875,025)
Office Equipment	(65,767)	-	-	(65,767)
Operating Equipment	(1,617,115)	(224,356)	188,084	(1,653,387)
Total accumulated depreciation	(3,475,219)	(307,044)	188,084	(3,594,179)
Total capital assets being depreciated, net	2,219,632	(307,044)	-	1,912,588
Total capital assets, net	\$ 3,272,315	\$ (307,044)	\$ -	\$ 2,965,271

**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, 2014**

**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, 2014

Federal Grantor/Program Title	Grant Number	CFDA Number	Federal Expenditures
<b><u>U.S. Department of Transportation</u></b>			
Direct award:			
Federal Transit Administration			
Federal Transit Formula Grant	OH-90-X729	20.507	\$ 8,672
Federal Transit Formula Grant	OH-90-X787	20.507	383,419
Federal Transit Formula Grant	OH-90-X810	20.507	463,498
Federal Transit Formula Grant	OH-95-X146	20.507	<u>226,610</u>
<b>Total Federal Transit Administration</b>			<u><b>1,082,199</b></u>
<b>Total Department of Transportation</b>			<u><b>\$ 1,082,199</b></u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Pass through Richland County			
Community Development Block Grants	B-F-13-1CM-1	14.218	\$ 35,607
Community Development Block Grants	B-F-14-1CM-1	14.218	24,100
Pass through City of Mansfield			
Community Development Block Grants	B-13-MC39-0017	14.218	32,117
Community Development Block Grants	B-14-MC39-0017	14.218	<u>17,552</u>
<b>Total Department of Housing and Urban Development</b>			<u><b>109,376</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 1,191,575</b></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, 2014**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Board'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.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

---

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Richland County Transit Board, Richland County, (the Board) as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2015.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

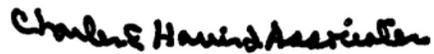
***Compliance and Other Matters***

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated April 24, 2015.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
April 24, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Trustees:

***Report on Compliance for the Major Federal Program***

We have audited the Richland County Transit Board's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Richland County Transit Board's major federal program for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Board's major federal program.

***Management's Responsibility***

The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Richland County Transit Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

***Report on Internal Control Over Compliance***

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Federal Awards Expenditures Required by OMB Circular A-133***

We have also audited the financial statements of the Richland County Transit Board, Richland County as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated April 24, 2015. We conducted our audit to opine on the Board's basic financial statements. The accompanying schedule of federal awards expenditures presents additional analysis required by the 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 basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



***Charles E. Harris & Associates, Inc.***  
April 24, 2015

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

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY  
December 31, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(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>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	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

**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, 2014**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the year ending December 31, 2013, reported no material citations or recommendations.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**RICHLAND COUNTY TRANSIT BOARD**

**RICHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 14, 2015**