

RICHLAND COUNTY TRANSIT BOARD
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA
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, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. 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

December 2, 2008

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**RICHLAND COUNTY TRANSIT BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Richland County Transit Board
Richland County

We have audited the accompanying financial statements of the Richland County Transit Board (the Transit Board), Mansfield, Ohio, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Transit Board's management. Our responsibility is to express opinions 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 opinions.

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, 2007, and the respective changes in financial position, and, where applicable, the 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 September 22, 2008, 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 should be considered in assessing the results of our audit.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. 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 financial statements of the Transit Board. Such information has been subjected to the auditing procedures applied in the audit of the 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

September 22, 2008

Richland County Transit Board
Management Discussion and Analysis
For the Year Ended December 31, 2007
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, 2007. 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 \$3,580,469 (net assets). Of this amount, \$63,086 (unrestricted net assets) may be used to meet ongoing obligations.

Total net assets increased by \$312,046 (9.5%). An increase in Federal revenues of \$450,822 over 2006 revenues was responsible for the increase.

Two full size coaches were purchased in 2007, using a combination of local and federal funds. The local share for one of the coaches was obtained from Richland County's Community Development Block Grant (CDBG) program and that expense (\$60,000) was paid directly to the vendor by that program.

Revenue from the Ohio Department of Transportation decreased in 2007. This was expected and budgeted accordingly. Revenue from agency assistance was less than expected, however, other revenue sources such as farebox, rent and advertising were increased by nearly an equivalent amount.

Total expenses and revenue for 2007 and were very close to the amounts budgeted for the year.

Using this Annual Financial Report

This annual report consists of three parts, the Management 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 and 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, 2007. 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.

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Management Discussion and Analysis
For the Year Ended December 31, 2007
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The following schedule provides a summary of the Board's Statement of Net Assets for the fiscal years ended December 31, 2007, and December 31, 2006:

Assets	<u>2007</u>	<u>2006</u>
Current Assets	\$151,639	\$144,966
Noncurrent Assets	<u>3,517,383</u>	<u>3,216,118</u>
Total Assets	<u>3,669,022</u>	<u>3,361,084</u>
Liabilities		
Current Liabilities	88,553	92,661
Net Assets		
Invested in Capital Assets	3,517,383	3,216,118
Unrestricted	<u>63,086</u>	<u>52,305</u>
Total Net Assets	<u><u>\$3,580,469</u></u>	<u><u>\$3,268,423</u></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, 2007. 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, 2007, and December 31, 2006:

Revenues	<u>2007</u>	<u>2006</u>
Federal	\$1,314,789	\$863,967
State	155,883	175,720
Local Governments	352,200	278,943
Coordinating Revenue	217,307	222,349
Lease Revenue	16,173	14,457
Fares Retained by Provider	7,855	0
Transit System Revenue	<u>201,238</u>	<u>210,651</u>
Total Revenues	2,265,445	1,766,087
Expenses		
Purchased Services	1,162,048	1,211,624
Coordinating & RCT Extra	213,167	221,562
Board Member Compensation	6,900	6,793
Professional Services	27,844	5,496
Equipment and Supplies	8,939	10,069
Depreciation	261,720	211,175

*Richland County Transit Board
Management Discussion and Analysis
For the Year Ended December 31, 2007
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	<u>2007</u>	<u>2006</u>
Fuel	155,010	146,410
Insurance	103,392	67,840
Miscellaneous	<u>14,379</u>	<u>14,112</u>
Total Expenses	1,953,399	1,895,081
Change in Net Assets	312,046	(128,994)
Net-Assets - Beginning	<u>3,268,423</u>	<u>3,397,417</u>
Net-Assets - Ending	<u>\$3,580,469</u>	<u>\$3,268,423</u>

The receipt of \$502,216 in federal funds for capital asset replacement makes the amount of federal funds received, and the total revenue for 2007, significantly increased when compared to 2006.

The increase in local government funds is due to the payment of \$60,000 by the Richland County CDBG program for the vehicle procurement. Though this payment was made directly to the vendor, it is included in this report as revenue to pay for a fixed asset of the transit system.

State funds were decreased in 2007 from 2006. In 2006, funds received from the Ohio Department of Transportation included a one-time “catch up” payment of funds due from the SFY 2005 Elderly and Disabled Fare Assistance program. These funds were used by the RCTB as matching funds for 2006 expenses.

The purchased services expense is reduced in 2007 from 2006. This includes the reimbursement of expenses that are incurred by the private operator. The insurance expenses listed are greater in 2007 than in 2006. Both of these changes are at least partially due to the Board beginning to make payment for insurance expenses directly to the insurance provider part way through 2006, rather than those expenses being paid by the private operator and then being reimbursed by the Board as part of the purchased transportation expenses. The Board also realized a reduction in total insurance expenses in 2007 from the cumulative total in 2006 (insurance expenses paid by both entities.)

The services of a consultant were used in 2007 to study the possibility of increased partnership with local human service agencies. This expense is reflected in the increase in the professional services expense.

The depreciation expense is increased in 2007 from 2006, again a result of new coaches being added to the fleet. The vehicles that the two new coaches replaced were sold by internet auction in November and December 2007.

The expenses and revenue of the operation of the Shelby Taxi service are included in this report. The expenses are included in Purchased Services and the revenue in Fares Retained by Provider.

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, 2007.

Beginning Balance	\$12,503
Receipts	\$2,261,090
Disbursements	\$2,258,772
Ending Balance	\$14,821

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, 2007, TMR was in possession of \$73,756.15 in Board funds.

Capital Assets

As of December 31, 2007, the Board had capital assets of \$3,517,383 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 \$301,265 over December 31, 2006, attributed primarily to the purchase of two new coaches, as noted in the financial highlights.

Current Financial Issues

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 aging of the rolling stock and the garage/administration facility would indicate the need to budget for future capital replacement. However, currently, all local matching funds are needed to maintain the basic service that is being provided.

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.

Request for Information

This financial report is designed to provide a general overview of the Richland County Transit Board's finances for all those with an interest in the governments' finances. Questions concerning any of the information provided in this report, or any request for additional financial information, contact Kathy Adams, Fiscal Officer, 35 North Park Street, Mansfield, Ohio 44902.

Richland County Transit Board
Statement of Net Assets
December 31, 2007

Assets

Current Assets:

Cash in Richland County Treasury	\$14,821
Accounts Receivable	136,818

Noncurrent Assets:

Capital Assets (Net, Where Applicable, of Accumulated Depreciation)	<u>3,517,383</u>
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Total Assets	<u><u>\$3,669,022</u></u>
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Liabilities

Current Liabilities:

Accounts Payable	<u>\$88,553</u>
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Total Liabilities	<u>88,553</u>
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Net Assets

Invested in Capital Assets	3,517,383
Unrestricted	<u>63,086</u>

Total Net Assets	<u><u>\$3,580,469</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, 2007

Operating Revenues	
Federal	\$1,314,789
State	155,883
Local Government	352,200
Coordinating Revenue	217,307
Lease Revenue	16,173
Transit System Revenue:	
Farebox Receipts	121,656
Local Special Fare Assistance	38,880
Miscellaneous	38,646
Fares Retained by Provider	7,855
Expense Reimbursement	<u>2,056</u>
 Total Operating Revenues	 <u>2,265,445</u>
 Operating Expenses	
Purchased Services	1,162,048
Coordinating & RCT Extra	213,167
Board Members Compensation	6,900
Professional Services	27,844
Equipment and Supplies	8,939
Depreciation	261,720
Fuel	155,010
Insurance	103,392
Miscellaneous	<u>14,379</u>
 Total Operating Expenses	 <u>1,953,399</u>
 Change in Net Assets	 312,046
 Net Assets Beginning of Year	 <u>3,268,423</u>
 Net Assets End of Year	 <u><u>\$3,580,469</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, 2007

Cash Flow from Operating Activities

Cash Received From Customers	\$223,210
Cash Received From Operating Grants	2,037,880
Cash Paid for Purchased Services	(1,158,842)
Cash Paid to Board Members	(6,900)
Cash Paid to Suppliers	<u>(530,045)</u>

Net Cash Provided by Operating Activities 565,303

Cash Flow from Capital and Related Financing Activities

Acquisition of Capital Assets	<u>(562,985)</u>
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Net Cash Used by Capital and Related Financing Activities (562,985)

Net Decrease in Cash 2,318

Cash Beginning of Year 12,503

Cash End of Year \$14,821

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating Loss \$312,046

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

Depreciation Expense	<u>261,720</u>
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Change in Operating Assets and Liabilities

(Increase) in Accounts Receivable	(4,355)
(Decrease) in Accounts Payable	<u>(4,108)</u>

Total Adjustments (8,463)

Net Cash Provided by Operating Activities \$565,303

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, 2007

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, 2007

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, 2007

NOTE 3 – CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

	Balance <u>12/31/2006</u>	Additions	Deletions	Balance <u>12/31/2007</u>
Capital Assets, Not Being Depreciated:				
Land	\$1,052,683	\$0	\$0	\$1,052,683
Capital Assets, Being Depreciated:				
Building	2,480,625			2,480,625
Office Equipment	76,193			76,193
Operating Equipment	<u>2,185,201</u>	<u>562,986</u>	<u>(17,808)</u>	<u>2,730,379</u>
Total Capital Assets				
Being Depreciated	<u>4,742,019</u>	<u>562,986</u>	<u>(17,808)</u>	<u>5,287,197</u>
 Total Capital Assets	 <u>5,794,702</u>	 <u>562,986</u>	 <u>(17,808)</u>	 <u>6,339,880</u>
 Less Accumulated Depreciation For:				
Buildings	(1,213,524)	(82,688)	0	(1,296,212)
Office Equipment	(70,968)	(2,204)	0	(73,172)
Operating Equipment	<u>(1,294,092)</u>	<u>(176,829)</u>	<u>17,808</u>	<u>(1,453,113)</u>
Total Accumulated Depreciation	<u>(2,578,584)</u>	<u>(261,721)</u>	<u>17,808</u>	<u>(2,822,497)</u>
 Capital Assets, Net	 <u><u>\$3,216,118</u></u>	 <u><u>\$301,265</u></u>	 <u><u>\$0</u></u>	 <u><u>\$3,517,383</u></u>

NOTE 4 – RISK MANAGEMENT

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

Board of Trustees
Richland County Transit Board
Richland County

We have audited the financial statements of the Richland County Transit Board (the Transit Board), as of and for the year ended December 31, 2007, and have issued our report thereon dated September 22, 2008. 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 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.

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.

**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

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*.

We noted certain matters that we reported to management of the Transit Board, in a separate letter dated September 22, 2008.

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

September 22, 2008

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

Board of Trustees
Richland County Transit Board
Richland County

Compliance

We have audited the compliance of the Richland County Transit Board with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The Richland County 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 program is the responsibility of the Richland County Transit Board's management. Our responsibility is to express an opinion on the Richland County 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 Richland County Transit Board's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Richland County Transit Board's compliance with those requirements.

In our opinion the Richland County Transit Board, complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the Richland County Transit Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Richland County Transit Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal

**Richland County Transit Board
Report on Compliance with
Requirements Applicable to each
Major Program and on Internal
Control over Compliance in
Accordande with OMB CIRCULAR A-133**
Page 2

control over compliance. Accordingly, we do not express an opinion on the effectiveness of Richland County 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 prevent or detected by entity's internal control.

Our consideration of the 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

September 22, 2008

Richland County Transit Board
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
Federal Transit Cluster:			
Federal Transit - Formula Grants			
Operating Assistance	20.507	OH-90-X574	\$276,165
Other Capital Items (Bus)	20.507	OH-90-X574	266,570
Metropolitan Planning	20.507	OH-90-X574	103,805
Bus: Support Equipment and Facilities	20.507	OH-90-X574	3,070
Other Capital Items (Bus)	20.507	OH-90-X492	854
Bus: Support Equipment and Facilities	20.507	OH-90-X492	27,283
Operating Assistance	20.507	OH-90-X524	75,110
Other Capital Items (Bus)	20.507	OH-90-X524	41,972
Metropolitan Planning	20.507	OH-90-X524	48,097
Bus - Rolling Stock	20.507	OH-90-X469	26,863
Total Federal Transit - Formula Grants			869,789
Federal Transit - Capital Investment Grants			
Bus - Rolling Stock	20.500	OH-03-0291	225,000
Bus - Rolling Stock	20.500	OH-04-0015	220,000
Total Federal Transit - Capital Investment Grants			445,000
Total U.S. Department of Transportation - Federal Transit Cluster			1,314,789
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through the City of Mansfield</i>			
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	CB-07-MC-39-0017	97,801
Community Development Block Grants/Entitlement Grants	14.218	CB-06-MC-39-0017	6,245
Total U.S. Department of Housing and Urban Development - CDBG - Entitlement and (HUD-Administered) Small Cities Cluster			104,046
Total Expenditures of Federal Awards			\$1,418,835

The accompanying notes to this Schedule are an integral part of this Schedule.

RICHLAND COUNTY TRANSIT BOARD

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007

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 general purpose financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions 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 reportable conditions 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, 2007
(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
DECEMBER 16, 2008**