



Dave Yost • Auditor of State



**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY**

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# Dave Yost • Auditor of State

## 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, 2016, 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 opinion.

**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, 2016, and the change in its financial position and its 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.

*Supplementary and Other Information*

Our audit was conducted to opine on the Board's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records 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 the 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2017, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 3, 2017

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**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*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, 2016. 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 \$2,627,906 (net position). Of this amount, \$88,460 (unrestricted net position) may be used to meet ongoing obligations. Total net position decreased by \$239,674 (8.4%). The removal of several capital assets attributed to this reduction.

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

The receipt of a Federal grant through the Ohio Department of Transportation that funded the majority of the 2016 preventive maintenance activities at 100%, rather than the standard 80%, resulted in an increase in Federal funds being received for that purpose, and also reduced the local matching funds needed for maintenance expenses.

Sustained lower fuel costs throughout 2016 resulted in a 7.5% reduction in that expense when compared to 2015. In 2016, a grant with 100% federal participation was used for the purchase of security cameras for all of the transit fleet.

**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 Change in Net Position; and a Statement of Cash Flows.

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*  
*(Continued)*

**STATEMENT OF NET POSITION**

The Statement of Net Position looks at how well the Board has performed financially from inception through December 31, 2016. 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, 2016, and December 31, 2015:

<b>Assets</b>	2016	2015
Current Assets	323,465	240,122
Non-current Assets	<u>2,539,446</u>	<u>2,791,910</u>
Total Assets	2,862,911	3,032,032
 <b>Liabilities</b>	 235,005	 164,452
 <b>Net Position</b>		
Invested in Capital Assets	2,539,446	2,791,910
Unrestricted	<u>88,460</u>	<u>75,670</u>
Total Net Position	2,627,906	2,867,580

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*  
*(Continued)*

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

The Statement of Revenues, Expenses, and Change in Net Position reports operating and non-operating activities for the fiscal year ended December 31, 2016. The following schedule provides a summary of the Board's Statement of Revenues, Expenses, and Change in Net Position, for the fiscal years ended December 31, 2016, and December 31, 2015.

<b>Revenues</b>	<b>2016</b>	<b>2015</b>
Federal Government	1,391,927	1,369,629
State Government	218,726	224,421
Local Government & other local	120,753	132,417
Lease Revenue	866	1,116
Transit System Revenue	<u>377,573</u>	<u>366,422</u>
Total Revenue	2,109,845	2,094,005
<b>Expenses</b>	<b>2016</b>	<b>2015</b>
Purchased Services	1,664,603	1,525,583
Board Member Compensation	7,274	7,031
Professional Services	7,280	7,020
Equipment and Supplies	85,662	37,647
Depreciation	302,417	330,939
Fuel	135,310	146,352
Insurance	110,046	84,647
Miscellaneous	13,679	52,613
Loss of Sale of Capital Assets	<u>23,248</u>	<u>0</u>
Total Expenses	2,349,519	2,191,831
<b>Change in Net Position</b>	<b>2016</b>	<b>2015</b>
	(239,674)	(97,826)
Net Position - Beginning	2,867,580	2,965,406
Net Position - Ending	2,627,906	2,867,580

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*  
*(Continued)*

**Revenue Variances**

Funds received from the Federal Transit Administration were nearly unchanged from 2015 to 2016. There was a 32.5% (\$19,541) increase in locally allocated Community Development Block Grant funds, making a total federal funds increase of 2%.

State funds, which are used as local matching funds, were decreased by 3%, and local government and other local entity funds were decreased by 9% in 2016. Lease revenue shows a decrease of 22%, however, the dollar value is just \$250. These three sources of local matching funds were reduced by a total of \$17,609, which was mitigated by the increase in CDBG funds of \$19,541 noted above, which are also allowable to be used as local matching funds.

The total revenue variance is a 1% increase in 2016 compared to 2015.

**Expense Variances**

The purchased services expenses were increased by 9% (\$139,019). Some needed maintenance projects were completed, a modest transit service improvement was implemented, fringe benefit expenses for transit employees were increased, and planning and administrative services expenses were all increased in 2016.

The equipment and supplies expense line is increased by 128% from 2015 to 2016. This includes the purchase of on-vehicle surveillance cameras for the entire transit fleet, using 100% federal funding.

A change from paying for insurance semi-annually, to making a full year payment to the new carrier resulted in 18 months of coverage being purchased during 2016, and a 30% insurance expense increase.

The fuel expenses were decreased by 8%, and depreciation reduced by 9% in 2016.

The miscellaneous expense variance shown is effected by the change in cash held by the operator at the end of the year.

Overall expenses for 2016 were increased by 7% in comparison to 2015.

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*  
*(Continued)*

**STATEMENT OF CASH FLOW**

The revenues and expenses of the Board are deposited into, and paid from, accounts that are managed by the Richland County Treasurer. 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, 2016, TMR was in possession of \$22,175 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, 2016.

<b>STATEMENT OF CASH FLOW</b>	Richland County Treasury	Transit Mgmt. of Richland
Beginning Balance	83,793	22,684
Receipts	1,947,357	1,255,985
Disbursements	(1,905,622)	(1,256,494)
Ending Balance	125,528	22,175

**Capital Assets**

As of December 31, 2016, the Board had capital assets of \$2,539,446 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 \$252,464 from the December 31, 2015 amount. This is attributed to annual depreciation and the removal of some operating equipment.

**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.

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**RICHLAND COUNTY TRANSIT BOARD  
 RICHLAND COUNTY  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2016**

<u>CURRENT ASSETS</u>	
Cash in TMR	\$ 22,175
Cash with Richland County Treasurer	125,528
Undeposited Funds	25
Accounts Receivable	18,810
Intergovernmental Receivable	156,927
	<hr/>
TOTAL CURRENT ASSETS	323,465
<u>CAPITAL ASSETS</u>	
Nondepreciable Capital Assets	1,052,683
Depreciable Capital assets, Net	1,486,763
	<hr/>
TOTAL ASSETS	2,862,911
<u>CURRENT LIABILITIES</u>	
Accounts Payable	235,005
	<hr/>
TOTAL CURRENT LIABILITIES	235,005
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,539,446
Unrestricted	88,460
	<hr/>
TOTAL NET POSITION	<u>\$ 2,627,906</u>

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

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>OPERATING REVENUES:</u>	
Lease Revenue	\$ 866
Transit System Revenue:	
Farebox Receipts	154,178
Local Special Fair Assistance	15,648
Contract Transit Service	153,148
Fares Retained by Provider	756
Miscellaneous	53,843
<b>TOTAL OPERATING REVENUES</b>	<u>378,439</u>
<u>OPERATING EXPENSES:</u>	
Purchased Services	1,664,603
Board Members Compensation	7,274
Professional Services	7,280
Equipment and Supplies	85,662
Fuel	135,310
Insurance	110,046
Miscellaneous	13,679
<b>TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION</b>	<u>2,023,854</u>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	<u>(1,645,415)</u>
Depreciation Expense	302,417
<b>TOTAL OPERATING EXPENSES</b>	<u>2,326,271</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,947,832)</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
Federal	1,391,927
State	218,726
Local Government	120,753
Loss of Sale of Capital Assets	(23,248)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>1,708,158</u>
Change in Net Position	(239,674)
<b>Net Position Beginning of Year</b>	<u>2,867,580</u>
<b>Net Position End of Year</b>	<u>\$ 2,627,906</u>

*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 31, 2016**

<b>Cash flows from operating activities:</b>	
Cash Received from Customers	\$ 383,733
Cash Paid for Purchased Services	(1,666,476)
Cash Paid to Board Members	(7,274)
Cash Paid to Suppliers	(279,551)
Net cash used for operating activities	(1,569,568)
<b>Cash flows from noncapital financing activities:</b>	
Cash Received from Non-Operating Grants	1,684,019
Net cash provided by noncapital financing activities	1,684,019
<b>Cash flows from capital and related financing activities:</b>	
Purchases of Equipment	(73,200)
Net cash used for capital and related financing activities	(73,200)
Net increase in cash and cash equivalents	41,251
<b>Cash and cash equivalents, January 1</b>	<b>106,477</b>
<b>Cash and cash equivalents, December 31</b>	<b>\$ 147,728</b>
<b>Reconciliation of Operating Loss to Net Cash Used For Operating Activities</b>	
Operating Loss	\$ (1,947,832)
Adjustments to reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation expense	302,417
Changes in assets and liabilities:	
Increase in Accounts Payable	70,553
Decrease in Accounts Receivable	5,294
Net cash used for operating activities . . . . .	<b>\$ (1,569,568)</b>

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

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**Richland County Transit Board  
Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**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 assistant general manager 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 staff are all employees of the sub-corporation of First Transit, Transit Management of Richland (TMR). 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 members of the Transit Board are compensated for each monthly meeting that they attend. They are paid through the Richland County payroll system. They do not accrue vacation, sick, or retirement benefits.

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 GASB 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, 2016**

**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 \$125,528 and at TMR was \$22,175. 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 it, 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 assets 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, 2016

**NOTE 3 – CAPITAL ASSETS**

The following schedule reflects changes in property and equipment:

Description	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,052,683	\$ -	\$ -	\$ 1,052,683
<b>Capital assets being depreciated:</b>				
Building & building improvements	2,480,625	-	-	2,480,625
Office Equipment	55,200	-	(2,677)	52,523
Operating Equipment	3,212,197	73,200	(164,542)	3,120,855
<b>Total capital assets being depreciated</b>	<b>5,748,022</b>	<b>73,200</b>	<b>(167,219)</b>	<b>5,654,003</b>
<b>Total Capital Assets</b>	<b>6,800,705</b>	<b>73,200</b>	<b>(167,219)</b>	<b>6,706,686</b>
<b>Less accumulated depreciation:</b>				
Building & building improvements	(1,957,713)	(82,687)	-	(2,040,400)
Office Equipment	(54,971)	(228)	2,677	(52,522)
Operating Equipment	(1,996,111)	(219,502)	141,295	(2,074,318)
<b>Total accumulated depreciation</b>	<b>(4,008,795)</b>	<b>(302,417)</b>	<b>143,972</b>	<b>(4,167,240)</b>
<b>Total capital assets being depreciated, net</b>	<b>1,739,227</b>	<b>(229,217)</b>	<b>(23,247)</b>	<b>1,486,763</b>
<b>Total capital assets, net</b>	<b>\$ 2,791,910</b>	<b>\$ (229,217)</b>	<b>\$ (23,247)</b>	<b>\$ 2,539,446</b>

**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, 2016**

**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  
RICHLAND COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b><u>FEDERAL GRANTOR</u></b> <i>Pass Through Grantor</i> Program / Cluster Title	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<b><i>Passed Through City of Mansfield</i></b>			
Community Development Block Grants/Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-39-0017	\$ 32,235
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-39-0017	24,918
<b><i>Passed Through Richland County</i></b>			
Community Development Block Grants/Entitlement Grants	14.218	B-F-15-1CM-1	<u>22,600</u>
Total Community Development Block Grants/Entitlement Grants Cluster			<u>79,753</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b><u>79,753</u></b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<b><i>Direct Program</i></b>			
Federal Transit Cluster:			
Federal Transit Formula Grants (OH-2016-006-00)	20.507	N/A	171,307
Federal Transit Formula Grants (OH-90-X810-00)	20.507	N/A	72,102
Federal Transit Formula Grants (OH-90-X824-00)	20.507	N/A	566,073
Federal Transit Formula Grants (OH-2016-005-01)	20.507	N/A	400,000
Federal Transit Formula Grants (OH-95-X199-00)	20.507	N/A	42,518
Bus and Bus Facilities Formula Program (OH-2016-033-00)	20.526	N/A	60,166
Total Federal Transit Cluster			<u>1,312,166</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b><u>1,312,166</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,391,919</u></b>

*The accompanying notes are an integral part of this schedule.*

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Richland County Transit Board, Richland County, Ohio, (the Board) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, change in net position, or cash flows of the Board.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowed or may be limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require the Board to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.





# Dave Yost • Auditor of State

## 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, Ohio (the Board), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 3, 2017.

### ***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 opinion 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*.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 3, 2017



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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, Richland County, Ohio (the Board's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended December 31, 2016. The *Summary of Auditor's 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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, Richland County, Ohio 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, 2016.

***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 each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 3, 2017

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2016**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	<u>Federal Transit Cluster:</u> CFDA #20.507 – Federal Transit Formula Grants CFDA #20.526 – Bus and Bus Facilities Formula Program
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**RICHLAND 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 29, 2017**