

Richland County Transit Board

RICHLAND COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2009

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



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Richland County Transit Board, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. 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

August 24, 2010

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**RICHLAND COUNTY TRANSIT BOARD
 AUDIT REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2009
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the financial statements of the Richland County Transit Board (RCTB), Richland County as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of RCTB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Transit Board, Richland County, as of December 31, 2009, and the results of its operations and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 10, 2010, on our consideration of the RCTB internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Charles E. Harris & Associates, Inc.
May 10, 2010

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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, 2009. 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 \$3,193,005 (net assets). Of this amount, \$115,951 (unrestricted net assets) may be used to meet ongoing obligations.

Total net assets decreased by \$184,859 (5.9%). One replacement vehicle was purchased in 2009.

Revenue from local governments and human service agencies was only 80% of the amount that was expected, and budgeted, for 2009.

The total expenses and revenue for 2009 were very close to the amounts that were budgeted for the year, with fuel expenses significantly less than budgeted, and building maintenance expenses being more than expected.

Farebox revenue was less than expected, however, agency assistance to riders was increased from what was budgeted, indicating the agencies' recognition of the value of transit service to persons that also use their services.

Using this Annual Financial Report

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

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Statement of Net Assets

The Statement of Net Assets looks at how well the Board has performed financially from inception through December 31, 2009. This statement includes all of the assets, liabilities, and net asset balances using the accrual basis of accounting, which is the method used by most private-sector companies, and the method that is required by the Federal Transit Administration.

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

The following schedule provides a summary of the Board's Statement of Net Assets for the fiscal years ended December 31, 2009, and December 31, 2008:

Assets	2009	Restated 2008
Current Assets	\$ 222,597	\$ 230,735
Noncurrent Assets	3,077,054	3,258,037
Total Assets	\$ 3,299,651	\$ 3,488,772
 Current Liabilities	 \$ 106,646	 \$ 110,908
Net Assets		
Invested in Capital Assets	3,077,054	3,258,037
Unrestricted	115,951	119,827
Total Net Assets	\$ 3,193,005	\$ 3,377,864
Total Liabilities and Net Assets	\$ 3,299,651	\$ 3,488,772

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, 2009. 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, 2009, and December 31, 2008:

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

	2009	Restated 2008
	<u>2009</u>	<u>2008</u>
<u>OPERATING REVENUES:</u>		
Federal	\$ 869,128	\$ 855,698
State	131,662	132,113
Local Government	258,443	300,167
Coordinating Revenue	-	182,796
Lease Revenue	15,965	16,123
Transit System Revenue:		
Farebox Receipts	159,526	136,602
Local Special Fare Assistance	59,569	52,951
Miscellaneous	59,267	96,421
Fares Retained by Provider	6,204	7,536
Expense Reimbursement	-	3,601
	<u>1,559,764</u>	<u>1,784,008</u>
<u>OPERATING EXPENSES:</u>		
Purchase Services	1,247,343	1,246,720
Coordinating & RCT Extra	39	208,572
Board Members Compensation	7,373	7,923
Professional Services	8,728	7,905
Equipment and Supplies	10,326	8,130
Depreciation	258,233	260,531
Fuel	127,650	218,699
Insurance	73,323	70,597
Miscellaneous	11,608	13,796
Bad Debt	-	3,683
	<u>1,744,623</u>	<u>2,046,556</u>
Changes in Net Assets	(184,859)	(262,548)
Net Assets (Deficit) Beginning of Year	<u>3,377,864</u>	<u>3,640,412</u>
Net Assets (Deficit) End of Year	<u>\$ 3,193,005</u>	<u>\$ 3,377,864</u>

The coordination activities that have previously been accounted for by the RCTB are now being performed by the Richland County Regional Planning Commission, thus there was no coordination revenue in 2009.

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Revenue from local government funds are decreased in 2009 by 14% from 2008, as local matching funds are becoming increasingly difficult to procure.

The revenue from Federal grants includes \$48,000 in American Recovery and Reinvestment Act funds that were used to partially fund the purchase of one (1) replacement vehicle.

The Transit System Revenue line item is \$8,944 less in 2009 than in 2008, however, the amount reported in 2008 includes a reimbursement of insurance premium overpayment of \$57,530. An insurance premium reimbursement of \$21,046 was received in 2009, and is included in this line item. With these two reimbursements removed, the transit system revenue for 2009 is actually increased in comparison to 2008.

The insurance claim proceeds that are shown as revenue were used to reduce the project cost of a vehicle to replace the one for which this claim was paid, the vehicle being deemed a total loss. This is in agreement with the guidelines from the Federal Transit Administration on the use of insurance proceeds.

Expense Variances

As noted in the discussion of revenue variance, the coordination activities that have previously been accomplished by the RCTB are now being performed by the Richland County Regional Planning Commission, thus there was just one small coordination expense paid in 2009, this being an expense that was actually incurred in 2008.

Fuel expenses were decreased in 2009 by 42% less than in 2008, bringing that expense back to a level that is more consistent with recent years other than 2008.

The equipment and supplies line item was increased by 27% compared to 2008, due to the one-time purchase of software that is being used to track the maintenance and operating expenses of the bus fleet.

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, 2009.

Beginning Balance	\$ 132,542
Receipts	\$ 1,524,451
Disbursements	\$ 1,563,640
Ending Balance	\$ 93,353

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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, 2009, TMR was in possession of \$72,241 in Board funds, which is included in the cash on the balance sheet.

Capital Assets

As of December 31, 2009, the Board had capital assets of \$3,077,054 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 \$180,983 over December 31, 2008, attributed to normal depreciation, and only one (1) capital purchase in the amount of \$77,250 in 2009.

Other Current Financial Items of Interest

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

The RCTB was granted \$1,281,024 in Federal funds for capital needs through the American Recovery and Reinvestment Act of 2009. In 2009, \$48,000 of these funds were used to partially fund the purchase of one (1) replacement vehicle. The remaining funds will be used in 2010 to purchase four (4) replacement vehicles at 100% Federal participation. It is expected that when these vehicles are placed in service they will be more fuel efficient, saving on fuel costs, and require less outlays for maintenance expenses.

The acquisition of the additional vehicles mentioned above will increase the net assets of the Transit Board accordingly. The vehicles to be replaced, all of which have exceeded their useful life standards, will be offered for sale by public auction on the GovDeals.com website.

Should additional economic stimulus funds become available in 2010, there remains a need for additional vehicle replacement, and a variety of other capital and preventive maintenance expenditures. It is also likely that additional stimulus funds would be used for operating assistance, as allowable, in order to reduce the need for local matching funds.

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 OTRP's finances. Questions concerning any of the data contained herein or requests for additional financial information should be directed to the Fiscal Officer of Richland County Transit Board, 35 North Park Street, Mansfield, OH 44902.

**RICHLAND COUNTY TRANSIT BOARD
 RICHLAND COUNTY
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2009**

	2009
<u>CURRENT ASSETS</u>	
Cash in Richland County Treasury	\$ 21,112
Cash with TMR	72,241
Accounts Receivable	129,244
TOTAL CURRENT ASSETS	222,597
 <u>FIXED ASSETS, NET</u>	
Capital Assets (Net, Where Applicable, of accumulated depreciation)	3,077,054
TOTAL ASSETS	\$ 3,299,651
 <u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 106,646
TOTAL CURRENT LIABILITIES	106,646
 <u>NET ASSETS</u>	
Invested in Capital Assets	3,077,054
Unrestricted	115,951
TOTAL NET ASSETS	3,193,005
TOTAL LIABILITIES AND NET ASSETS	\$ 3,299,651

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

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009
<u>OPERATING REVENUES:</u>	
Federal	\$ 869,128
State	131,662
Local Government	258,443
Lease Revenue	15,965
Transit System Revenue:	
Farebox Receipts	159,526
Local Special Fare Assistance	59,569
Miscellaneous	59,267
Fares Retained by Provider	6,204
TOTAL OPERATING REVENUES	1,559,764
<u>OPERATING EXPENSES:</u>	
Purchased Services	1,247,343
Coordinating & RCT Extra	39
Board Members Compensation	7,373
Professional Services	8,728
Equipment and Supplies	10,326
Depreciation	258,233
Fuel	127,650
Insurance	73,323
Miscellaneous	11,608
TOTAL OPERATING EXPENSES	1,744,623
Changes in Net Assets	(184,859)
Net Assets (Deficit) Beginning of Year, Restated (Note 6)	3,377,864
Net Assets (Deficit) End of Year	\$ 3,193,005

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 2009**

	2009
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 265,218
Cash Received from Operating Grants	1,259,233
Cash Paid for Purchased Services	(1,247,343)
Cash Paid to Board Members	(7,373)
Cash Paid to Suppliers	(231,674)
	<u>(231,674)</u>
<i>Net cash provided/(used) for operating activities</i>	\$ 38,061
Cash Flows from Capital and Related Financing Activities:	
Purchases of Equipment	\$ (77,250)
	<u>(77,250)</u>
<i>Net cash provided/(used) for capital and related financing activities</i>	\$ (77,250)
Net increase in cash and cash equivalents	(39,189)
<i>Cash and cash equivalents, January 1,</i>	\$ 132,542
<i>Cash and cash equivalents, December 31,</i>	\$ 93,353
Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ (184,859)
Adjustments:	
Depreciation expense	258,233
(Increase)/Decrease in Assets:	
Accounts Receivable	(31,051)
Increase/(decrease) in liabilities:	
Accounts Payable	(4,262)
	<u>(4,262)</u>
Total Adjustments	<u>222,920</u>
<i>Net cash provided/(used) for operating activities</i>	\$ 38,061

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, 2009

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

The Transit Board has no employees. A management team through a contract with First Transit operates the transit system. The general manager and the maintenance director are employees of First Transit. First Transit is paid a flat monthly fee for these services, per a five-year contract. The bus drivers, mechanics, office and cleaning people are all employees of the sub-corporation of First Transit, Transit Management of Richland. The Transit Board pays Transit Management of Richland monthly for all costs incurred. The Richland County Regional Planning Commission provides fiscal and secretarial support to the Transit Board. The Planning Commission bills the Transit Board monthly for services provided.

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

The accompanying financial statements have been designed to facilitate an understanding of the financial position and results of operations of the Transit Board. The financial information contained in these statements is the responsibility of the Transit Board.

Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009

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.

B. Cash Deposits

The Transit Board deposits all receipts in the Richland County Treasury and TMR. 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 TMR. At year-end, the carrying amount of RCTB's deposits with the Richland County Auditor was \$21,112 and at TMR was \$72,241. 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.

Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Capital Assets

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

E. Cash Equivalents

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

F. Net Assets

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

G. Estimates

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

Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 3 – CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

Description	Balance 1/1/2009	Increases	Decreases	Balance 12/31/2009
Capital assets not being depreciated:				
Land	\$ 1,052,683	\$ -	\$ -	\$ 1,052,683
Capital assets being depreciated:				
Building & building improvements	2,480,625	-	-	2,480,625
Office Equipment	77,378	-	-	77,378
Operating Equipment	<u>2,730,379</u>	<u>77,250</u>	<u>(6,707)</u>	<u>2,800,922</u>
Total capital assets being depreciated	<u>5,288,382</u>	<u>77,250</u>	<u>(6,707)</u>	<u>5,358,925</u>
Total Capital Assets	<u>6,341,065</u>	<u>77,250</u>	<u>(6,707)</u>	<u>6,411,608</u>
Less accumulated depreciation:				
Building & building improvements	(1,378,899)	(82,687)	-	(1,461,586)
Office Equipment	(75,402)	(800)	-	(76,202)
Operating Equipment	<u>(1,628,727)</u>	<u>(174,746)</u>	<u>6,707</u>	<u>(1,796,766)</u>
Total accumulated depreciation	<u>(3,083,028)</u>	<u>(258,233)</u>	<u>6,707</u>	<u>(3,334,554)</u>
Total capital assets being depreciated, net	<u>2,205,354</u>	<u>(180,983)</u>	<u>-</u>	<u>2,024,371</u>
Total capital assets, net	<u>\$ 3,258,037</u>	<u>\$ (180,983)</u>	<u>\$ -</u>	<u>\$ 3,077,054</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.

Richland County Transit Board
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009

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.

NOTE 6 – RESTATEMENT OF PRIOR YEAR NET ASSETS

Management noted that cash held by the management company, TMR, is actually property of the Board and should be recorded on the books of Transit Board. Beginning net assets were increased \$59,943 from \$3,317,921 to \$3,377,864.

**Richland County Transit Board
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2009**

<u>Federal Grantor/Program Title</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Federal Transit Administration			
Federal Transit Cluster:			
Federal Transit Formula Grant	OH-90-X613	20.507	\$ 237,213
Federal Transit Formula Grant	OH-90-X641	20.507	583,915
Federal Transit Formula Grant-ARRA	OH-90-X008	20.507	48,000
Total Federal Transit Cluster			<u>869,128</u>
Total Department of Transportation			\$ <u>869,128</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass through Richland County			
Community Development Block Grants	CB-09-MC-39-0017	14.218	\$ 50,000
Pass through City of Mansfield			
Community Development Block Grants	CB-08-MC-39-0017	14.218	85,000
Total Department of Housing and Urban Development			\$ <u>135,000</u>
Total Expenditures of Federal Awards			\$ <u>1,004,128</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, 2009

1. Significant Accounting Policies

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

2. Matching Requirements

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

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

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

To the Board of Trustees:

We have audited the financial statements of the Richland County Transit Board, Richland County (RCTB), as of and for the year ended December 31, 2009 and have issued our report thereon dated May 10, 2010. 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 Controls Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the RCTB's management in a separate letter dated May 10, 2010.

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

Charles E. Harris and Associates, Inc.
May 10, 2010

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

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**Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

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

To the Board of Trustees:

Compliance

We have audited the compliance of Richland County Transit Board (RCTB) 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, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the RCTB's major federal program. The RCTB's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the RCTB's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the RCTB's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the RCTB's compliance with those requirements.

In our opinion, the RCTB complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the RCTB 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 RCTB'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 the RCTB's internal control over compliance.

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

A *material weakness* is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that the RCTB's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of the internal control over compliance was for 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.

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
May 10, 2010

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

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
December 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
December 31, 2009

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
December 31, 2009**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending December 31, 2008, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

RICHLAND COUNTY TRANSIT BOARD

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 7, 2010**