



Dave Yost • Auditor of State

**TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Trumbull County Transit Board
Trumbull County
1640 Bonnie Brae
Warren, Ohio 44483

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Trumbull County Transit Board, Trumbull County, Ohio (the Board), as of and for the years ended December 31, 2013 and 2012, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trumbull County Transit Board, Trumbull County as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years 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 Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of 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 September 10, 2014, 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.



Dave Yost
Auditor of State
Columbus, Ohio

September 10, 2014

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2013 AND
THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

The management's discussion and analysis of the Trumbull County Transit Board (TCTB), financial performance provides an overall review of TCTB's financial activities for year ended December 31, 2013 and the period from January 24, 2012 (inception) to December 31, 2012. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented herein conjunction with basic financial statements taken as a whole.

Overview of Financial Highlight for Trumbull County Transit Board

- TCTB has a net position of \$183,296 and \$126,704 as of December 31, 2013 and 2012, respectively. This net position results from the difference between total assets of \$ 1,519,374 and \$1,275,640 and total liabilities of \$1,336,078 and \$1,148,936 as of December 31, 2013 and 2012, respectively.
- As of December 31, 2013, assets of \$1,519,374 primarily consist of non-restricted cash of \$187,428 and accounts receivable of \$1,331,946. As of December 31, 2012, assets of \$1,275,640 primarily consist of non-restricted cash of \$59,291 and accounts receivable of \$1,216,349.
- Liabilities of \$1,336,078 and \$1,148,936 as of December 31, 2013 and 2012, respectively, consist of trade accounts payable.

Basic Financial Statements and Presentation

TCTB complies with the provision of Governmental Accounting Standards Board ("GASB") Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", and Statement No. 38, "Certain Financial Statement Disclosures".

The financial statements presented by TCTB are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are presented using the accrual basis of accounting. TCTB is structured as a single enterprise fund with revenues recognized when earned and measureable, not when received. Expenses are recognized when they are incurred, not when paid. TCTB has no capital assets.

The *Statement of Net Position* presents information on all of TCTB assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of TCTB is improving or deteriorating. Net position increases when revenues exceed expenses. Increases in assets without a corresponding increases to liabilities results in increased net position, which indicate improved financial position.

The *Statement of Revenues, Expenses and Changes in Net Position* present information showing how TCTB's net position changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists grant revenues received from federal and state governments and local property tax revenues.

The *Statement of Cash Flows* allows financial statement users to assess TCTB adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) Cash flows from operating activities, 2) Cash flows from noncapital financing activities, 3) Cash flows from capital and related financing activities, and 4) Cash flows from investing activities.

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2013 AND
THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of TCTB

Table 1 provides a summary of TCTB's net position as of December 31, 2013 and 2012:

Table 1

Condensed Summary of Net Position

	<u>2013</u>	<u>2012</u>
<i>Assets:</i>		
Current Assets	\$ 1,519,374	\$ 1,275,640
Capital Assets, net	<u>0</u>	<u>0</u>
Total Assets	<u>1,519,374</u>	<u>1,275,640</u>
<i>Liabilities:</i>		
Current Liabilities	<u>1,336,078</u>	<u>1,148,936</u>
<i>Net Assets:</i>		
Net Investment in capital assets	0	0
Restricted net assets	183,296	126,704
Total Net Position	<u>\$ 183,296</u>	<u>\$ 126,704</u>

TCTB has no investment in capital assets. Therefore, all current assets are available to liquidate liabilities or to cover other spending.

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2013 AND
THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

Table 2 provides a summary of changes in net position for the periods ended December 31, 2013 and 2012:

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

	2013	2012
<i>Operating Revenues (Expenses):</i>		
Operating Revenues	\$ 423,298	\$ 432,182
Operating Expenses	1,851,079	(1,848,161)
Operating Loss	(1,427,781)	(1,415,979)
 <i>Non-Operating Revenues:</i>		
Federal Grants	936,438	688,725
State Grants	122,935	203,133
Property Tax Revenue and other revenue	425,000	650,825
Total Non-Operating Revenues	1,484,373	1,542,683
 Increase in Net Position during Period	56,592	126,704
Net Position, Beginning of Period	126,704	0
Net Position, End of Period	\$ 183,296	\$ 126,704

Financial Operating Activities

The most significant operating expense for TCTB is transportation contractor expense which accounts for 97.4% and 99.1% of the total operating expenses for 2013 and 2012, respectively. The transportation contractor provides all the necessary service to operate the public transit system including salaries, wages and benefits for their employees, vehicle expenses and mobility management.

Funding for the most significant operating expenses indicated above is from passenger fares of \$423,298 for 2013 and \$432,182 for 2012 and non-operating revenues of \$1,484,373 for 2013 and \$1,542,683 for 2012 in the form of federal grants, state grants, property tax revenues and other revenues. These revenues account for 77.8% and 78.1% of the total combined revenues of \$1,907,677 and \$1,974,865 for 2013 and 2012 respectively. Passenger fare revenue for 2013 was \$423,298 and for 2012 was \$432,182 and accounts for 22.2% and 21.9% of the total revenue, respectively.

Federal and state grant revenue for 2013 was \$1,059,373 and for 2012 was \$891,858 and accounts for 55.5% and 45.2% of the total revenue. Property tax revenues for 2013 was \$425,000 and for 2012 was \$635,000 and accounts for 22.89% and 31.2% of the total revenue.

TCTB monitors its sources of revenues closely for fluctuations.

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2013 AND
THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

Contingencies

Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2013 and 2012, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the TCTB management, no material grant expenditures will be disallowed.

Contacting TCTB Financial Management

The financial report is designed to provide our citizens, customers, and creditors, with a general overview of TCTB's finances and to show TCTB accountability and transparency for the money it receives. Questions concerning any other information in this report or to request additional information should be addressed to: Robert Faulkner, Chairman, Trumbull County Transit Board, 2798 Randolph St NW, Warren, Ohio 44485.

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

STATEMENTS OF NET POSITION

DECEMBER 31, 2013 AND 2012

	2013	2012
A S S E T S		
CURRENT ASSETS		
Cash	\$ 187,428	\$ 59,291
Receivables:		
Trade	166,323	165,741
Federal assistance	936,438	688,725
State assistance	122,935	203,133
Property tax levy	106,250	158,750
Total Receivables	1,331,946	1,216,349
Total Current Assets	1,519,374	1,275,640
TOTAL ASSETS	\$ 1,519,374	\$ 1,275,640
CURRENT LIABILITIES		
Trade accounts payable	\$ 1,336,078	\$ 1,148,936
NET POSITION		
Restricted	183,296	126,704
TOTAL LIABILITIES AND NET POSITION	\$ 1,519,374	\$ 1,275,640

See Accompanying Notes to the Financial Statements

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2013
AND THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

	2013	2012
OPERATING REVENUE		
Passengers fares	\$ 423,298	\$ 432,182
OPERATING EXPENSES		
Transportation contractor	1,803,328	1,831,643
Technical assistance contractor	36,000	6,000
Legal and fiscal officer expense	11,144	10,294
Service charges	607	224
Total Operating Expenses	1,851,079	1,848,161
OPERATING LOSS	(1,427,781)	(1,415,979)
NONOPERATING REVENUES		
Federal grant	936,438	688,725
State grants	122,935	203,133
Property tax revenues	425,000	635,000
Other	-	15,825
Total Nonoperating Revenues	1,484,373	1,542,683
CHANGES IN NET POSITION	56,592	126,704
NET POSITION		
Beginning of period	126,704	0
End of year	\$ 183,296	\$ 126,704

See Accompanying Notes to the Financial Statements

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013
AND THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

	2013	2012
OPERATING ACTIVITIES		
Cash received from customers	\$ 422,716	\$ 266,441
Cash payments to suppliers of goods or services	(1,663,937)	(699,225)
Net Cash Used in Operating Activities	(1,241,221)	(432,784)
NONCAPITAL FINANCING ACTIVITIES		
Property tax revenues received	477,500	476,250
Federal and state grants received	891,858	0
Other revenue received	0	15,825
Net Cash Provided by Noncapital Financing Activities	1,369,358	492,075
CAPITAL AND RELATED FINANCING ACTIVITIES		
None	0	0
CASH FLOW FROM INVESTING ACTIVITIES		
None	0	0
INCREASE IN CASH	128,137	59,291
CASH AT BEGINNING OF PERIOD	59,291	0
CASH AT END OF YEAR	\$ 187,428	\$ 59,291
NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (1,427,781)	\$ (1,415,979)
Change in assets and liabilities:		
Increase in trade accounts receivables	(582)	(165,741)
Increase in trade accounts payable	187,142	1,148,936
Net Change in Assets and Liabilities	186,560	983,195
Net Cash Used in Operating Activities	\$ (1,241,221)	\$ (432,784)

See Accompanying Notes to the Financial Statements

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TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013 AND
THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Trumbull County Transit Board (TCTB) was created pursuant to Section 306 of the Ohio Revised Code for the purpose of providing public transportation in Trumbull County, Ohio area. As a political subdivision it is distinct from, and is not an agency of, the State of Ohio or any other local governmental unit. TCTB is not subject to federal or state income taxes.

Prior to inception, the public transit system serving Trumbull County was a function of the City of Niles as Niles Trumbull Transit System. The City of Niles transferred governance and responsibility of the public transit system to the Trumbull County Commissioner who, in turn created TCTB to assume the appropriate contracts and assure that service would continue without interruption.

TCTB is managed by 7-member Board of Directors appointed by the Trumbull County Commissioners.

Reporting Entity – TCTB complies with the provision of Statement No. 14 of the Governmental Accounting Standards (“GASB”) regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the TCTB. Under the criteria specified in Statement No. 14, TCTB has no component units and is not considered a component unit of Trumbull County.

The conclusion regarding the financial reporting entity is based on the concept of financial accountability. TCTB is not financially accountable for any other organization nor is any other organization accountable for TCTB. This evidenced by the fact that TCTB is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

Basis of Accounting – TCTB follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* TCTB follows GASB guidance as applicable to enterprise funds.

TCTB complies with the provision of GASB statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.”

TCTB will continue applying all applicable pronouncements issued by the GASB.

Cash and Cash Equivalents – For purposes of the statement of cash flows, TCTB considers all highly liquid investments with a maturity, at date of purchase, of three months or less to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013 AND
THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reported period. Actual results could differ from those estimates.

Net Position – Net position, or equity, represents the difference between assets and liabilities. Equity is usually displayed in three components as follows:

Net Investment in Capital Assets – this consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net position that are legally restricted by outside parties or by law through constitutional provision or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the TCTB policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Classifications of Revenues

TCTB has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions which includes passenger fares. Non-operating revenue includes activities that have the characteristics of non-exchange transaction, such as sales, use and property tax revenues and most federal, state and local grants and contracts.

Recognition of Revenue and Receivables

The Federal Transit Administration (“FTA”), the Federal Highway Administration (“FHA”) and the Ohio Department of Transportation (“ODOT”), provide financial assistance and make grants directly to the TCTB for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivable and revenue over the entitlement period. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as revenue when the expenditure has been made and revenue is available. Capital grant funds received in advance of project costs being incurred, if any are deferred.

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013 AND
THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

2. DEPOSITS

The deposit of TCTB monies are governed by the provision of the Ohio Revised Code. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit TCTB to invest on certificated of deposit, savings accounts, money market accounts, the State Treasurer's investment pool ("STAR Ohio"), and obligation of the United States government and certain agencies thereof. TCTB may also enter into repurchase agreements with eligible depository or any eligible security dealer who is a member of the National Association of Securities Dealer for a period not exceeding 30 days.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. The securities must be obligations of or guaranteed by the United States and mature or be redeemable with five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require that security for public deposits and investments be maintained in the TCTB's name.

At December 31, 2013 and 2012, the recorded amount and bank balance of TCTB deposits was \$187,428 and \$59,291 respectively, and was not exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the TCTB deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the names of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the TCTB.

3. PROPERTY TAXES

TCTB was subsidized by property tax levies passed by the voters of Trumbull County, Ohio property taxes of .75 mill levied and passed in 2010 expiring in 2014. Property tax revenue can be used for operating purposes.

Property taxes include amounts levied against all real and public utility property located in TCTB's operating district. TCTB receives cash from tax levies when the related property tax collections are distributed by the Trumbull County Auditor's office. These distributions are at the discretion of the Trumbull County Commissioner and are generally received in the year following that for which the tax is levied.

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013 AND
THE PERIOD FROM JANUARY 24, 2012 (INCEPTION) TO DECEMBER 31, 2012

4. TRANSPORTATION CONTRACT

TCTB was assigned and assumed the 2008 contract for transportation services between the City of Niles and Community Bus Services, Inc. which expired in 2013. TCTB and Community Bus Service, Inc. agreed to a new contract with similar terms in 2013 expiring in 2017.

5. CONTINGENCIES

Federal and State Grants – under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2013, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the TCTB management, no material grant expenditures will be disallowed.

6. FEDERAL AND STATE GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

Grants, reimbursements and special fare assistance in the statements of revenue, expenses and changes in net position for the period ended December 31, consist of the following:

FEDERAL:	2013	2012
FTA Maintenance and Other Assistance	\$ 686,438	\$ 688,725
FHA Transit Preservation	250,000	0
Total Federal	936,438	688,725
STATE:		
ODOT Capital Cost of Contracting	122,935	203,133
TOTAL	\$ 1,059,373	\$ 891,858

7. RISK MANAGEMENT

TCTB is exposed to various risks of loss related to torts: theft of, damaged to, and destruction of assets flood and earthquake; errors and omission; employment related matters; inquiries to employee; and employee theft and fraud. Through its transportation contractor agreement, TCTB maintains comprehensive insurance coverage with private carriers for all risks of loss. There was no significant reduction in insurance coverage and no settlements exceeded insurance coverage during the past year.

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2013

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL GRANT NUMBER</u>	<u>GRANT EXPENDITURES</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Federal Transit Cluster/Direct Programs:</i>			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	OH-90-X816	\$ 686,438
<i>Federal Highway Administration:</i>			
Passed through the Ohio Department of Transportation Transit Preservation Partnership Program Grant	20.205	OH-95-X151	250,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 936,438</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures

TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY, OHIO

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2013

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditure of federal awards includes the federal grant activity of Trumbull County Transit Board (TCTB) and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in this 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 this schedule may differ from amounts presented in, or used in the preparation of, financial statements.

2. MATCHING REQUIREMENTS

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



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

Trumbull County Transit Board
Trumbull County
1640 Bonnie Brae
Warren, Ohio 44483

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 Trumbull County Transit Board, Trumbull County, (the Board) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated September 10, 2014.

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

September 10, 2014



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

Trumbull County Transit Board
Trumbull County
1640 Bonnie Brae
Warren, Ohio 44483

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Trumbull County Transit Board's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Trumbull County Transit Board's major federal program for the year ended December 31, 2013. 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 program.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Trumbull County Transit Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

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 OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

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

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



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**TRUMBULL COUNTY TRANSIT BOARD
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

**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

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TRUMBULL COUNTY TRANSIT BOARD

TRUMBULL 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
OCTOBER 21, 2014**