

***RICHLAND COUNTY TRANSIT BOARD***

***RICHLAND COUNTY***

**Single Audit**

**For the Year Ended December 31, 2020**





OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Richland County Transit Board  
19 North Main Street  
Mansfield, Ohio 44902

We have reviewed the *Independent Auditor's Report* of the Richland County Transit Board, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Richland County Transit Board is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 27, 2021

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**RICHLAND COUNTY TRANSIT BOARD**  
**RICHLAND COUNTY**  
**For the Year Ending December 31, 2020**  
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**INDEPENDENT AUDITOR'S REPORT**

Richland 'County Transit Board  
Richland County  
19 North Main Street  
Mansfield, Ohio 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, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Transit Board, Richland County, Ohio, as of December 31, 2020, and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 6 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion listed in the table of contents, to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Richland County Transit Board, Richland County, Ohio's basic financial statements.

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 of 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information 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 July 8, 2021 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. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



**Charles E. Harris & Associates, Inc.**  
July 8, 2021

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*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, 2020. 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 \$2,594,813 (net position). Of this amount, \$616,971 (unrestricted net position) may be used to meet ongoing obligations. Total net position increased by \$222,411 (9%). Although no match is required for some FTA funding, state and local government funds are both used to match other Federal grants, such as Section 5307 funding. The state and local funds received was sufficient to match Federal funds requirements.

The receipt of a Transportation Development Credit through the Ohio Department of Transportation funded \$400,000 of the 2020 preventive maintenance activities at 100%, rather than the standard 80%, resulting in an increase in Federal funds being received for that purpose, and also reduced the local matching funds needed for maintenance expenses. The receipt of FTA funding for operations at 100%, reduced the need for a local match as well.

**Using this Annual Financial Report**

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

**STATEMENT OF NET POSITION**

The Statement of Net Position looks at how well the Board has performed financially from inception through December 31, 2020. 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.

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

The following schedule provides a summary of the Board's Statement of Net Position for the fiscal years ended December 31, 2020, and December 31, 2019:

<b>Assets</b>	<b>2020</b>	<b>2019 (Restated)</b>
Current Assets	\$ 634,060	\$ 313,185
Non-current Assets	<u>1,977,842</u>	<u>2,220,859</u>
Total Assets	2,611,902	2,534,044
 <b>Liabilities</b>	 <u>17,089</u>	 <u>161,642</u>
 <b>Net Position</b>		
Invested in Capital Assets	1,977,842	2,222,260
Unrestricted	<u>616,972</u>	<u>150,142</u>
Total Net Position	2,594,813	2,372,402
 <b>Total Liabilities and Net Position</b>	 <u><u>\$ 2,611,902</u></u>	 <u><u>\$ 2,534,044</u></u>

The 2020 amounts shown are in agreement with the RCTB bookkeeping system. The net position reported in 2019 was \$2,782,143 and this amount has been restated due to the correction of depreciation expense for years ending December 31, 2019. 4 Buses were under depreciated by a total amount of \$408,341. Net position of the year beginning January 1, 2020 has been reduced by \$408,341 for the under depreciation of buses and \$1,400 discrepancy in Accounts Receivable. See beginning fund balance restatement below:

Net Position December 31, 2019	\$ 2,782,143
Depreciation Exp	(408,341)
Accounts Receivable	<u>(1,400)</u>
 Beg Balance, Restated January 1, 2020	 <u><u>\$ 2,372,402</u></u>

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

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

The Statement of Revenues, Expenses, and Changes in Net Position reports operating and non-operating activities for the fiscal year ended December 31, 2020. The following schedule provides a summary of the Board's Statement of Revenues, Expenses, and Changes in Net Position, for the fiscal years ended December 31, 2020, and December 31, 2019.

<b>Revenues</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Federal Government	\$ 1,714,680	\$ 1,820,743
State Government	180,476	273,012
Local Government & other local	137,245	152,328
Lease Revenue	248	427
Transit System Revenue	327,306	346,434
Expense Reimbursement	5,027	-
Insurance settlement for loss	-	17,228
<b>Total Revenue</b>	<b><u>2,364,982</u></b>	<b><u>2,610,172</u></b>
<b>Expenses</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Purchased Services	1,560,411	1,738,068
Board Member Compensation	-	796
Professional Services	9,338	9,381
Equipment and Supplies	149,843	57,267
Depreciation	234,418	322,662
Fuel	108,786	148,965
Insurance	60,745	66,538
Miscellaneous	<u>19,030</u>	<u>12,868</u>
<b>Total Expenses</b>	<b><u>2,142,571</u></b>	<b><u>2,356,544</u></b>
<b>Change in Net Position</b>	<b><u>222,411</u></b>	<b><u>253,628</u></b>
Net Position – Beginning	2,372,402	2,528,515
Restatement	=	<u>(409,741)</u>
<b>Net Position – Ending</b>	<b><u>2,594,813</u></b>	<b><u>2,372,402</u></b>

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

**Revenue Variances**

Federal funds received decreased by 6% (\$106,063) in 2020, due primarily to decreased operating expenses, which resulted in reduced Federal draws. On the capital side, there were no vehicle replacements during 2020.

State funds from the Ohio Department of Transportation's transit specific programs were decreased by 34% (\$92,536) in 2020. This decrease was primarily caused by the decreased need for local operating match, due to the use of Federal Transit grant funding that required no match for part of the year.

The local government funds were decreased by 10% (\$15,083).

The lease revenue line was decreased by 42% (\$179) in 2020. Lease revenue from RCTB's Transit Center was not a significant source of income during 2020.

The transit system revenue line decreased by 6% (\$19,128) in 2020. This is primarily due to a decrease in ridership during the Covid-19 pandemic.

The total revenue variance is a 9% (\$245,190) decrease in 2020 compared to 2019, due to the reduction in ridership and decreases in all revenue lines, as described above.

**Expense Variances**

The purchased services expense was decreased by 10% (\$177,657) in 2020. The reduction is due in large part to the substantial rebates that the transit operator received from the Ohio Bureau of Workers Compensation

In 2020, no RCTB members received compensation, which resulted in a decrease of 100% (\$796) in the related expense line.

The equipment and supplies expense line is increased by 162% (\$92,576) in 2020, this is due primarily to the purchase of a new AVL system and replacement garage doors.

The depreciation expenses decreased 27% (\$ 88,244). Four Gillig buses had been depreciated over 15 years, when they should have been depreciated over 10 years, which is FTA's useful life for small heavy-duty buses. This correction resulted in 4 buses being fully depreciated at year end December 31, 2019.

**Richland County Transit Board**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*Unaudited*

The fuel expenses were decreased by 27% (\$40,179), due to falling gas prices that occurred during the shut down for the Covid-19 pandemic.

Insurance premiums declined 9% (\$5,793) in 2020.

The miscellaneous expenses increased by 48% (\$6,162) due primarily to the removal of the value (\$10,000) of vehicles disposed during 2020.

### **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 fare box receipts and other incidental income are deposited into the TMR account. On December 31, 2020, TMR's balance of available funds was \$141,134 in Board funds. This is included in the cash flow summary and in the current assets. The 102% increase (\$319,406) in current assets is largely due to the increases to the RCTB and TMR cash balances.

### **Capital Assets**

As of December 31, 2020, the Board had capital assets of \$1,977,842 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 \$652,759 from the December 31, 2019 amount. This is attributed mainly to the correction of annual depreciation for 4 revenue vehicles.

### **Other Current Financial Items of Interest**

Annual apportionments from the Federal Transit Administration has remained level. Additional FTA funding, which allowed reimbursement of operating expenses at 100%, was in addition to the annual apportionment.

As a result of FTA funding, the matching funds needed was reduced, which reduced the ability to draw ODOT funds. As a result, \$75,000 of RCTB's Urban Transit Program funds were moved to capital for 2021 through a budget amendment.

Uncertainty of the source and amount of matching funds from ODOT, 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, 2020**

	<b>2020</b>
<b><u>CURRENT ASSETS</u></b>	
Cash in TMR	\$ 141,134
Cash with Richland County Treasurer	451,081
Undeposited Funds	852
Intergovernmental Receivable	40,993
<b>TOTAL CURRENT ASSETS</b>	<b>634,060</b>
<b><u>CAPITAL ASSETS</u></b>	
Nondepreciable Capital Assets	1,052,683
Depreciable Capital Assets, Net	925,159
<b>TOTAL ASSETS</b>	<b>2,611,902</b>
<b><u>CURRENT LIABILITIES</u></b>	
Accounts Payable	17,089
<b>TOTAL CURRENT LIABILITIES</b>	<b>17,089</b>
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	1,977,842
Unrestricted	616,971
<b>TOTAL NET POSITION</b>	<b>\$ 2,594,813</b>

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

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>
<b><u>OPERATING REVENUES:</u></b>	
Lease Revenue	\$ 248
Transit System Revenue:	
Farebox Receipts	96,069
Local Special Fare Assistance	7,185
Contract Transit Service	53,242
Fares Retained by Provider/Sub-recipient	861
Miscellaneous	<u>174,975</u>
<b>TOTAL OPERATING REVENUES</b>	<b>332,581</b>
<b><u>OPERATING EXPENSES:</u></b>	
Purchased Services	1,560,411
Professional Services	9,338
Equipment and Supplies	149,843
Fuel	108,786
Insurance	60,745
Miscellaneous	<u>9,030</u>
<b>TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION</b>	<b><u>1,898,153</u></b>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	<b>(1,565,572)</b>
Depreciation Expense	<u>234,418</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>2,132,571</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,799,990)</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>	
Federal	1,714,680
State	180,476
Local Government	<u>137,245</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b><u>2,032,401</u></b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>232,411</b>
Capital Contributions (Remaining value of removed assets)	<u>(10,000)</u>
<b>Changes in Net Position</b>	<b>222,411</b>
<b>Net Position Beginning of Year, Restated</b>	<b><u>2,372,402</u></b>
<b>Net Position End of Year</b>	<b><u>\$ 2,594,813</u></b>

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

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 337,831
Cash Paid for Purchased Services	(1,660,322)
Cash Paid to Suppliers	(377,991)
	<b>(1,700,482)</b>
<b>Net cash provided/(used) for operating activities</b>	<b>(1,700,482)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Cash Received from Operating Grants	2,263,078
	2,263,078
Net increase in cash and cash equivalents	562,596
<b>Cash and cash equivalents, January 1,</b>	<b>30,471</b>
<b>Cash and cash equivalents, December 31,</b>	<b>\$ 593,067</b>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities</b>	
<b>Operating Income (Loss)</b>	<b>\$ (1,799,990)</b>
Adjustments to reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation expense	234,418
Increase/(decrease) in liabilities:	
Accounts Receivable	9,643
Accounts Payable	(144,553)
	99,508
<b>Total Adjustments</b>	<b>99,508</b>
<b>Net cash provided/(used) for operating activities</b>	<b>\$ (1,700,482)</b>

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

**Richland County Transit Board  
Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

**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 in QuickBooks. 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. 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, planning and administrative support to the Transit Board. The Planning Commission bills the Transit Board monthly for services provided.

In 2018, the County Commissioners took action to discontinue the board member stipend for monthly meetings attended, so board compensation was phased out by 2019. In 2020, no RCTB members received compensation.

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, 2020**

**B. Cash Deposits**

The Transit Board deposits all receipts in the Richland County Treasury and TMR bank account. The County Treasurer and TMR maintain 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 \$451,081 and at TMR was \$141,134. 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 acquisition 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 less accumulated depreciation.

Net Position December 31, 2019	\$ 2,782,143
Prior Years Accumulated Depreciation	(408,341)
Accounts Receivable Adjustment	<u>(1,400)</u>
 Net Position January 1, 2020 Restated	 <u>\$ 2,372,402</u>

The net position reported in 2019 has been restated due to the correction of depreciation expense for years ending December 31, 2019. 4 Buses were under depreciated by a total amount of \$408,341. Net position beginning January 1, 2020 has been reduced by \$408,341 for the under depreciation of buses and a \$1,400 discrepancy in Accounts Receivable.

**Richland County Transit Board  
Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

**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.

**NOTE 3 – CAPITAL ASSETS**

The following schedule reflects changes in property and equipment:

Description	<u>Restated Balance 1/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2020</u>
<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 -	45,888	-	(424)	45,464
Operating Equipment	<u>3,676,022</u>	-	<u>(818,581)</u>	<u>2,857,441</u>
<b>Total capital assets being</b>				
Depreciated	<u>6,202,535</u>	-	<u>(819,005)</u>	<u>5,383,530</u>
<b>Total Capital Assets</b>	<b>7,255,218</b>	<b>-</b>	<b>(819,005)</b>	<b>6,436,213</b>
<b>Less accumulated depreciation:</b>				
Building & building improvements	(2,288,462)	(52,211)	-	(2,340,673)
Office Equipment	(40,919)	(1,046)	424	(41,541)
Operating Equipment	<u>(2,703,577)</u>	<u>(181,161)</u>	<u>808,581</u>	<u>(2,076,157)</u>
<b>Total accumulated depreciation</b>	<u><b>(5,032,958)</b></u>	<u><b>(234,418)</b></u>	<u><b>809,005</b></u>	<u><b>(4,458,371)</b></u>
<b>Total capital assets being</b>				
depreciated, net	<u>1,169,577</u>	<u>(234,418)</u>	<u>(10,000)</u>	<u>925,159</u>
<b>Total capital assets, net</b>	<u><b>\$ 2,222,260</b></u>	<u><b>\$ (234,418)</b></u>	<u><b>\$ (10,000)</b></u>	<u><b>\$ 1,977,842</b></u>

**Richland County Transit Board**  
**Richland County, Ohio**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

**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.

**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 - COVID**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Board. In addition, the impact on the Board's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 3, 2020**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed Through City of Mansfield</i>				
Community Development Block Grants/Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-39-0017	\$ -	\$ 38,998
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-39-0017	-	29,750
Total CDBG/Entitlement Grants Cluster			-	68,748
Total U.S. Department of Housing and Urban Development			-	<b>68,748</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Direct Program</i>				
Federal Transit Cluster:				
Federal Transit Formula Grant (OH-90-X810)	20.507	N/A	-	3,111
Federal Transit Formula Grant (OH-90-X824)	20.507	N/A	153	85,657
Federal Transit Formula Grant (OH-2017-022-02)	20.507	N/A	1,030	109,556
Federal Transit Formula Grant (OH-2018-010-02/3)	20.507	N/A	-	253,976
Federal Transit Formula Grant (OH-2020-018-01)	20.507	N/A	16,121	1,193,632
Total Federal Transit Cluster			17,304	1,645,932
Total U.S. Department of Transportation			<b>17,304</b>	<b>1,645,932</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 17,304</b>	<b>\$ 1,714,680</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, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Richland County Transit Board (the Board) under programs of the federal government for the year ended December 31, 2020. 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, changes 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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

The Board passes certain federal awards received from the U.S. Department of Transportation to the City of Shelby (subrecipient). As Note B describes, the Board reports expenditures of Federal awards to subrecipients when paid on an accrual basis.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE E - 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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Richland County Transit Board  
Richland County  
19 North Main Street  
Mansfield, Ohio 44902

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Richland County Transit Board, Richland County, Ohio (the Board), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated July 8, 2021. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

#### **Internal Controls Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we considered a material weakness. We consider finding 2020-001 to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain other matter not requiring inclusion in this report that we reported to the Board's management in a separate letter dated July 8, 2021.

**Entity's Response to Finding**

The Board's response to the finding identified in our audit is described in the Corrective Action Plan. We did not audit the Board's response and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Charles E. Harris & Associates, Inc.**  
July 8, 2021

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  
19 North Main Street  
Mansfield, Ohio 44902

To the Board of Trustees:

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

We have audited Richland County Transit Board, Richland County, Ohio's, (Board) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Board's major federal program for the year ended December 31, 2020. The Board's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Board's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 opinion on compliance for the 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, Richland County Transit board, Richland County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2020.

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

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Charles E. Harris & Associates, Inc.**  
July 8, 2021

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
December 31, 2020**

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

**RICHLAND COUNTY TRANSIT BOARD  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS – (continued)  
2 CFR § 200.515  
December 31, 2020**

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

**FINDING NUMBER 2020-001**

**Material Weakness**

In the preparation of financial statements, certain accounting standards must be met when reporting comparative financial statements. Comparative financial statements are statements of the financial position at different periods of time. The elements of financial position are shown in a comparative form so as to give an idea of financial position at two or more periods.

In the report filed by the Board on the Hinkle System, comparative statements for the balance sheet and operating statements were presented. However, only one statement was presented for cash flow. Moreover, there were no comparative disclosures for the footnotes and the management and discussion analysis. The standards for financial reporting should be consistent throughout, whether the Board is reporting comparative statements or a single year.

We also noted that Depreciation expense for year ending 2020 was over stated by \$408,341. This was caused by an incorrect entry for the correction of prior years' depreciation expense.

The adjustment has been made in the audit report and the Board's records. Also, the fiscal officer should review depreciation expense to ensure accuracy.

The audit report has been reformatted to follow a single year presentation. We recommend that for the future, the Board consistently apply a single audit year or comparative format in all future reports.

**Officials' Response**

See Corrective Action Plan.

**3. FINDINGS FOR FEDERAL AWARDS**

**None.**

**Richland Cunity Transit Board**  
**Richland County**  
*Schedule of Prior Audit Findings*  
*(Prepared by Management)*  
*For the Year Ended December 31, 2020*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Preparation of Financial statements	Not corrected	

**RICHLAND COUNTY TRANSIT BOARD**  
**RICHLAND COUNTY, OHIO**  
**2 CFR 200.510(b)(6)**  
**CORRECTIVE ACTION PLAN – Prepared by Management**  
**December 31, 2020**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-001	The Transit Developer Manager will seek, consultation with an accounting firm concerning future adjustments to the financial statements. Comparative statements will be consistent for 2021.	Immediately	Jean Taddie, Transit Developer Manager

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# OHIO AUDITOR OF STATE KEITH FABER



**RICHLAND COUNTY TRANSIT BOARD**

**RICHLAND COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/9/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)