

RICHLAND COUNTY TRANSIT BOARD

RICHLAND COUNTY

Single Audit

For the Year Ended December 31, 2021





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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, 2021 through December 31, 2021. 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.

Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2022

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RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
For the Year Ending December 31, 2021
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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the Richland County Transit Board, Richland County, Ohio (the Board), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, and the 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 opinions regarding this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the Board's basic financial statements.

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

The Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, 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 solely 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 effectiveness of the Board's 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 Harris Associates

Charles E. Harris & Associates, Inc.
June 24, 2022

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
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, 2021. 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 \$3,846,353 (net position). Of this amount, \$757,620 (unrestricted net position) may be used to meet ongoing obligations. Total net position increased by \$1,251,540 (48.23%). 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 2021 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. Of the \$400,000 in funding available, \$365,570 was spent during 2021. 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, 2021. This statement includes all of the assets, liabilities, and net position balances using the accrual basis of accounting, which is the method used by most private-sector companies and the method that is required by the Federal Transit Administration.

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

The following schedule provides a summary of the Board's Statement of Net Position for the years ended December 31, 2021, and December 31, 2020:

	Net Position	
	2021	2020
Assets		
Current assets	\$ 909,094	\$ 634,060
Non-current assets	3,088,733	1,977,842
Total assets	3,997,827	2,611,902
Liabilities		
Current liabilities	151,474	17,089
Net position		
Net investment in capital assets	3,088,733	1,977,842
Unrestricted	757,620	616,971
Total net position	\$ 3,846,353	\$ 2,594,813

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
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 year ended December 31, 2021. The following schedule provides a summary of the Board's Statement of Revenues, Expenses, and Changes in Net Position, for the years ended December 31, 2021, and December 31, 2020.

	Change in Net Position	
	2021	2020
Revenues:		
Federal	\$ 2,792,915	\$ 1,714,680
State	530,905	180,476
Local governments & other local	122,909	137,245
Lease revenue	1,665	248
Transit system revenue	176,317	332,333
Total revenue	3,624,711	2,364,982
Total Expenses:		
Purchased services	1,758,799	1,560,411
Professional services	8,046	9,338
Equipment & supplies	10,633	149,843
Coordination services	7,323	-
Fuel	147,730	108,786
Insurance	63,502	60,745
Miscellaneous	143,330	19,030
Depreciation	233,808	234,418
Total expenses	2,373,171	2,142,571
Change in net position	1,251,540	222,411
Net position at beginning of year	2,594,813	2,372,402
Net position at end of year	\$ 3,846,353	\$ 2,594,813

Revenue Variances

Federal funds increased by 62.88% (\$1,078,235) in 2021, due primarily to increased operating expenses, which resulted in more Federal draws. On the capital side, there were two vehicle replacements paid from 100% FTA 5339 funding during 2021.

State funds from the Ohio Department of Transportation's transit specific programs were increased by 194.17% (\$350,429) in 2021. This increase was primarily caused by the increased need for local operating match, due to the use of Federal Transit grant funding that required a match for during the year, plus one vehicle replacement paid by ODOT funds.

The local government funds were decreased by 10.45% (\$14,336). The lease revenue line was increased by 571.37% (\$1,417) in 2021. Lease revenue from RCTB's Transit Center was not a significant source of income during 2021.

The transit system revenue line decreased by 46.95% (\$156,016) in 2021. This is primarily due to a decrease in TMR revenues.

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
UNAUDITED

The total revenue variance is a 53.27% (\$1,259,729) increase in 2021 compared to 2020, due to the increase in state support and increases in capital funding for bus replacements, as described above.

Expense Variances

The purchased services expense was increased by 12.71% (\$198,388) in 2021. The increase is due in large part to purchased transportation services and planning services provided by the Richland County Regional Planning Commission.

The equipment and supplies expense line decreased by 92.90% (\$139,210) in 2021, this is due primarily to the purchase of a new AVL system and replacement garage doors during 2020.

The depreciation expenses decreased by only 0.26% (\$610).

Coordination services expenses related to an ODOT grant of \$7,323 were reported in 2021.

The fuel expenses were increased by 35.80% (\$38,944), due to rising gas prices that occurred after the shut-down for the Covid-19 pandemic.

Insurance premiums increased 4.54% (\$2,757) in 2021.

The miscellaneous expenses increased by 653.18% (\$124,300) due primarily to the decrease in TMR cash.

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, 2021, TMR's balance of available funds was \$8,932 in Board funds. This is included in the cash flow summary and in the current assets. The 43.38% increase (\$275,034) in current assets is largely due to the increases to the RCTB cash balance and intergovernmental receivables.

Capital Assets

As of December 31, 2021, the Board had capital assets of \$3,088,733 invested in real property including the bus garage and transit center, rolling stock, operating equipment, furniture, tools, and other items. This is an increase of \$1,110,891 from the December 31, 2020 amount. This is attributed to the replacement of 3 vehicles during 2021.

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.

Uncertainty of the source and amount of matching funds from ODOT, local governments, and other entities makes planning and budgeting for future years difficult.

BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2021

Assets:	
Current assets:	
Cash in TMR	\$ 8,932
Cash with Richland County Treasurer	561,511
Accounts receivable	2,560
Intergovernmental receivable	<u>336,091</u>
Total current assets	<u>909,094</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable capital assets	1,052,683
Depreciable capital assets, net	<u>2,036,050</u>
Total noncurrent assets	<u>3,088,733</u>
Total assets	<u>3,997,827</u>
Liabilities:	
Current liabilities:	
Accounts payable	<u>151,474</u>
Net position:	
Net investment in capital assets	3,088,733
Unrestricted	<u>757,620</u>
Total net position	<u>\$ 3,846,353</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Operating revenues:	
Lease revenue	\$ 1,665
Transit system revenue:	
Farebox receipts	86,524
Local special fare assistance	9,120
Contract transit service	44,916
Fares retained by provider/sub-recipient	1,957
Miscellaneous	33,800
Total operating revenues	<u>177,982</u>
Operating expenses:	
Purchased services	1,758,799
Professional services	8,046
Equipment and supplies	10,633
Coordination services	7,323
Fuel	147,730
Insurance	63,502
Miscellaneous	143,330
Total operating expenses excluding depreciation	<u>2,139,363</u>
Operating loss before depreciation	<u>(1,961,381)</u>
Depreciation expense	<u>233,808</u>
Operating loss	(2,195,189)
Non-operating revenues:	
Federal	2,792,915
State	530,905
Local government	122,909
Total nonoperating revenues	<u>3,446,729</u>
Change in net position	1,251,540
Net position at beginning of year	<u>2,594,813</u>
Net position at end of year	<u><u>\$ 3,846,353</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities:	
Cash received from customers	\$ 175,422
Cash paid for purchased services	(1,758,799)
Cash paid to suppliers	<u>(246,179)</u>
Net cash used in operating activities	<u>(1,829,556)</u>
 Cash flows from noncapital financing activities:	
Cash received from operating grants	<u>3,151,631</u>
Net cash provided by noncapital financing activities	<u>3,151,631</u>
 Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(1,344,699)</u>
Net cash used in capital and related financing activities	<u>(1,344,699)</u>
Net decrease in cash	(22,624)
Cash at beginning of year	<u>593,067</u>
Cash at end of year	<u><u>\$ 570,443</u></u>
 Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,195,189)
Adjustments:	
Depreciation	233,808
Changes in assets and liabilities:	
(Increase) in accounts receivable	(2,560)
Increase in accounts payable	<u>134,385</u>
Net cash used in operating activities	<u><u>\$ (1,829,556)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021, 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Cash Deposits

The Transit Board deposits all receipts in the Richland County Treasury and TMR bank account. The County Treasurer and TMR 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 \$561,511 and at TMR was \$8,932. 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.

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

Description:	<u>1/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2021</u>
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	45,464	-	(1,670)	43,794
Operating equipment	<u>2,857,441</u>	<u>1,344,699</u>	<u>-</u>	<u>4,202,140</u>
Total capital assets being depreciated	<u>5,383,530</u>	<u>1,344,699</u>	<u>(1,670)</u>	<u>6,726,559</u>
Less accumulated depreciation:				
Building & building improvements	(2,340,673)	(21,736)	-	(2,362,409)
Office equipment	(41,541)	(1,046)	1,670	(40,917)
Operating equipment	<u>(2,076,157)</u>	<u>(211,026)</u>	<u>-</u>	<u>(2,287,183)</u>
Total accumulated depreciation	<u>(4,458,371)</u>	<u>(233,808)</u>	<u>1,670</u>	<u>(4,690,509)</u>
Total capital assets being depreciated, net	<u>925,159</u>	<u>1,110,891</u>	<u>-</u>	<u>2,036,050</u>
Total capital assets, net	<u>\$ 1,977,842</u>	<u>\$ 1,110,891</u>	<u>\$ -</u>	<u>\$ 3,088,733</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.

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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Transit Board. The impact on the Transit 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, OHIO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor Pass Through Grantor Program Title	Assistance Listing Number	Pass Through Entity Identifying Number/ Additional Award Identification	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through City of Mansfield</i>				
<i>CDBG/Entitlement Grants Cluster:</i>				
Community Development Block Grant/Entitlement Grants	14.218	B-F-19-1CM-01	\$ -	\$ 20,651
Community Development Block Grant/Entitlement Grants	14.218	B-F-21-1CM-01	-	4,175
Community Development Block Grant/Entitlement Grants	14.218	B-19-MC-39-0017	-	25,004
Community Development Block Grant/Entitlement Grants	14.218	B-20-MC-39-0017	-	25,677
<i>Total CDBG/Entitlement Grants Cluster</i>			-	75,507
<i>Total U.S. Department of Housing and Urban Development</i>			-	75,507
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Direct Program</i>				
<i>Federal Transit Cluster:</i>				
Federal Transit Formula Grant	20.507	OH-2021-008-00	318	628,176
COVID-19 - Federal Transit Formula Grant	20.507	OH-2020-018-00	27,103	1,139,233
<i>Total ALN 20.507</i>			27,421	1,767,409
Buses and Bus Facilities Formula, Competitive and Low or No Emissions Program	20.526	OH-2020-035-01	-	900,000
<i>Total Federal Transit Cluster</i>			27,421	2,667,409
<i>Total U.S. Department of Transportation</i>			27,421	2,667,409
Total Expenditures of Federal Awards			\$ 27,421	\$ 2,742,916

The accompanying Notes to the Schedule of Expenditures of Federal Awards 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, 2021**

NOTE A - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2021. 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 cost principles contained in the Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE C - DE MINIMIS 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 through to the City of Shelby (subrecipients). 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.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Richland County Transit Board
Richland County
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 of America 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, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated June 24, 2022. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

Report on Internal Control 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected, on a timely basis. *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.

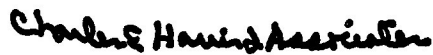
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

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.
June 24, 2022

**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

Opinion on the Major Federal Program

We have audited the Richland County Transit Board, Richland County's (the Board) compliance with the types of compliance requirements identified as subject to audit 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, 2021. The Board's major federal program is identified in the *Summary of Auditor's Results* of the accompanying Schedule of Findings.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Board's management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Charles E. Harris

Charles E. Harris & Associates, Inc.

June 24, 2022

**RICHLAND COUNTY TRANSIT BOARD
 RICHLAND COUNTY, OHIO
 SCHEDULE OF FINDINGS
 2 CFR § 200.515
 FOR THE YEAR ENDED DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

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, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Preparation of Financial statements	Corrected	

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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 9/6/2022

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