

RICHLAND COUNTY TRANSIT BOARD

RICHLAND COUNTY

Single Audit

For the Year Ended December 31, 2019





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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, 2019 through December 31, 2019. 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 5, 2020

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RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
For the Year Ending December 31, 2019
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Transit Board, Richland County, Ohio, as of December 31, 2019, and the change in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and 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 and analysis* listed in the table of contents be presented 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 to opine on the Board's basic financial statements taken as a whole.

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

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this 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 June 26, 2020, on our consideration of the Board's internal control over financial reporting and on 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 testing over financial reporting and compliance, and the results of that testing, and does not 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.

June 26, 2020

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Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2019
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, 2019. 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 \$2,782,143 (net position). Of this amount, \$151,543 (unrestricted net position) may be used to meet ongoing obligations. Total net position increased by \$253,628 (10.0%).

State and local government funds are both used to match Federal grants. There was an increase in funds from the State of Ohio. State funds increase as well as local funds match was sufficient to match Federal funds.

The receipt of a Federal grant through the Ohio Department of Transportation that funded all of the 2019 preventive maintenance activities at 100%, rather than the standard 80%, resulted in an increase in Federal funds being received for that purpose, and also reduced the local matching funds needed for maintenance expenses.

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, 2019. 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, 2019
Unaudited

The following schedule provides a summary of the Board's Statement of Net Position for the fiscal years ended December 31, 2019, and December 31, 2018:

Assets	<u>2019</u>	<u>2018</u>
Current Assets	\$ 313,185	\$ 191,706
Non-current Assets	<u>2,630,600</u>	<u>2,465,432</u>
Total Assets	2,943,785	2,657,138
 Liabilities	 <u>161,642</u>	 <u>128,622</u>
 Net Position		
Invested in Capital Assets	2,630,600	2,465,432
Unrestricted	<u>151,543</u>	<u>63,083</u>
Total Net Position	2,782,143	2,528,515
 Total Liabilities and Net Assets	 <u><u>\$ 2,943,785</u></u>	 <u><u>\$ 2,657,138</u></u>

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2019
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, 2019. 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, 2019, and December 31, 2018.

	<u>2019</u>	<u>2018</u>
Revenues		
Federal Government	\$ 1,820,743	\$ 1,480,648
State Government	273,012	170,723
Local Government & other local	152,329	167,906
Lease Revenue	427	590
Transit System Revenue	363,663	421,696
Total Revenue	<u>2,610,174</u>	<u>2,241,563</u>
	<u>2019</u>	<u>2018</u>
Expenses		
Purchased Services	1,738,068	1,886,348
Board Member Compensation	796	2,247
Professional Services	9,381	8,036
Equipment and Supplies	57,267	22,199
Depreciation	322,663	321,664
Fuel	148,965	178,648
Insurance	66,538	70,050
Miscellaneous	10,868	12,443
Capital Contributions	2,000	4,500
Total Expenses	<u>2,356,546</u>	<u>2,506,135</u>
Change in Net Position	<u>253,628</u>	<u>(264,572)</u>
Net Position - Beginning	<u>2,528,515</u>	<u>2,793,087</u>
Net Position - Ending	<u>\$ 2,782,143</u>	<u>\$ 2,528,515</u>

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Revenue Variances

Federal funds received were increased by 23% (\$340,095) in 2019. There was one major capital purchase of a Gillig transit bus.

State funds were increased by 60% (\$102,289) in 2019. This increase is in funding from the Ohio Department of Transportation's transit specific programs.

The local government funds were decreased by 9% (\$15,577) as a response to the increase in State funding, as both sources are used to match the Federal grants.

The lease revenue line was decreased by 28% (\$163) in 2019.

The transit system revenue line was decreased by 14% (\$58,033) in 2019. This is primarily due to a decrease in the Transit Management of Richland year end cash balance and a decrease in fixed routes services.

The total revenue variance is a 16% (\$368,611) increase in 2019 compared to 2018, primarily due to increase in Federal funds for capital purchase.

Expense Variances

The purchased services expense was decreased by 8% (\$148,280) in 2019. The expenses of the transit operator were the main contributing factor to this increase.

The fuel expenses were increased by 17% (\$29,683).

The equipment and supplies expense line increased by 158% (\$35,067) in 2019, due primarily to the purchase of a new AVL system and purchase of new telephones and computers.

The depreciation expenses remained relatively unchanged as several vehicles were not fully depreciated due to their in-service date.

The miscellaneous expenses decreased by 22% (\$3,720) due primarily to the change in cash held by the operator at the end of the year.

In 2019, there was again a reduction in the number of RCTB members that received compensation which resulted in a decrease of 65% (\$1,451) in the related expense line.

Richland County Transit Board
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

STATEMENT OF CASH FLOWS

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, 2019, TMR's balance of available funds was \$29,054 in Board funds. This is included in the cash flow summary and in the current assets.

Below is a summary of the cash flow activity for the year ending December 31, 2019.

	Richland County Treasury	Transit Management of Richland
Beginning Balance	\$ 66,200	\$ 29,596
Receipts	2,305,523	1,588,779
Disbursements	(2,371,713)	(1,589,321)
Ending Balance	\$ 10	29,054

Capital Assets

As of December 31, 2019, the Board had capital assets of \$2,630,600 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 \$165,168 from the December 31, 2018 amount. This is attributed mainly to the annual depreciation of the buildings and the purchase of operating equipment.

Other Current Financial Items of Interest

Funding from the Federal Transit Administration has remained level in recent years, and this trend is expected to continue.

The use of the Federal funds requires local matching funds, some of which is provided by ODOT, which was increased in 2019. Uncertainty of the source and amount of matching funds from ODOT, local governments, and other entities makes planning and budgeting for future year difficult.

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**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	2019
<u>CURRENT ASSETS</u>	
Cash in TMR	\$ 29,054
Cash with Richland County Treasurer	10
Undeposited Funds	1,408
Accounts Receivable	9,643
Intergovernmental Receivable	273,070
TOTAL CURRENT ASSETS	313,185
<u>CAPITAL ASSETS</u>	
Nondepreciable Capital Assets	1,052,683
Depreciable Capital Assets, Net	1,577,917
TOTAL ASSETS	2,943,785
<u>CURRENT LIABILITIES</u>	
Accounts Payable	161,642
TOTAL CURRENT LIABILITIES	161,642
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,630,600
Unrestricted	151,543
TOTAL NET POSITION	\$ 2,782,143

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, 2019**

	2019
<u>OPERATING REVENUES:</u>	
Lease Revenue	\$ 427
Transit System Revenue:	
Farebox Receipts	143,009
Local Special Fare Assistance	35,147
Contract Transit Service	112,075
Fares Retained by Provider	1,795
Miscellaneous	71,637
	\$364,090
 <u>OPERATING EXPENSES:</u>	
Purchased Services	1,738,068
Board Members Compensation	796
Professional Services	9,381
Equipment and Supplies	57,267
Fuel	148,965
Insurance	66,538
Miscellaneous	10,868
	2,031,883
 TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	2,031,883
 OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(1,667,793)
Depreciation Expense	322,663
TOTAL OPERATING EXPENSES	2,354,546
 OPERATING INCOME (LOSS)	(1,990,456)
 <u>NON-OPERATING REVENUES:</u>	
Federal	1,820,743
State	273,012
Local Government	152,329
	2,246,084
 TOTAL NON-OPERATING REVENUES	2,246,084
 INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	255,628
Capital Contributions (Remaining value of removed assets)	(2,000)
 Changes in Net Position	253,628
 Net Position Beginning of Year	2,528,515
 Net Position End of Year	\$ 2,782,143

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, 2019**

	2019
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 363,104
Cash Paid for Purchased Services	(1,761,583)
Cash Paid to Board Members	(796)
Cash Paid to Suppliers	(236,483)
	(1,635,759)
Net cash provided/(used) for operating activities	(1,635,759)
Cash Flows from Non-Capital Financing Activities:	
Cash Received from Operating Grants	2,060,265
Cash Flows from Capital and Related Financing Activities:	
Purchases of Equipment	(489,831)
	(489,831)
Net increase in cash and cash equivalents	(65,325)
Cash and cash equivalents, January 1,	95,796
Cash and cash equivalents, December 31,	\$ 30,472
Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ (1,990,456)
Adjustments to reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation expense	322,663
Changes in assets and liabilities:	
Increase in Accounts Payable	33,020
Decrease in Accounts Receivable	(986)
	354,697
Total Adjustments	354,697
Net cash provided/(used) for operating activities	\$ (1,635,759)

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, 2019**

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

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

In 2018, the County Commissioners took action to discontinue the board member stipend for monthly meetings attended. There were two members grandfathered under the prior arrangement that continued to receive compensation in 2018. One of these members will also receive compensation in 2019. The stipends are paid through the Richland County payroll system. They do not accrue vacation, sick, or retirement benefits.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

In accordance with generally accepted accounting principles for governmental entities such as the Transit Board, an enterprise fund is used to account for operations since they are financed and operated in a manner similar to a private business enterprise. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Transit Board follows GABS 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, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash Deposits

The Transit Board deposits all receipts in the Richland County Treasury and TMR bank account. The County Treasurer and TMR maintains cash and investment pools used for all County and Transit Board funds. The Transit Board has no other cash deposits or investments and does not receive interest income on its cash balances held in the County Treasury or with TMR. At year-end, the carrying amount of RCTB's deposits with the Richland County Auditor was \$10 and at TMR was \$29,054. 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 are 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 Financial Statements
For the Year Ended December 31, 2019

NOTE 3 – CAPITAL ASSETS

The following schedule reflects changes in property and equipment:

Description	Balance 01/01/2019	Increases	Decreases	Balance 12/31/2019
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	40,658	5,230	-	45,888
Operating Equipment	3,248,165	484,601	(56,743)	3,676,023
Total capital assets being depreciated	<u>5,769,448</u>	<u>489,831</u>	<u>(56,743)</u>	<u>6,202,536</u>
Less accumulated depreciation:				
Building & building improvements	(2,205,776)	(82,688)	-	(2,288,464)
Office Equipment	(40,657)	(262)	-	(40,919)
Operating Equipment	(2,110,266)	(239,713)	54,743	(2,295,236)
Total accumulated appreciation	<u>(4,356,699)</u>	<u>(322,663)</u>	<u>54,743</u>	<u>(4,624,619)</u>
Total capital assets being depreciated, net	<u>1,412,749</u>	<u>167,168</u>	<u>(2,000)</u>	<u>1,577,917</u>
Total capital assets, net	<u>\$ 2,465,432</u>	<u>\$ 167,168</u>	<u>\$ (2,000)</u>	<u>\$ 2,630,600</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 – SUBSEQUENT EVENTS

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

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**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 3, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through City of Mansfield</i>				
Community Development Block Grants/Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-39-0017	\$ -	\$ 59,366
Total CDBG/Entitlement Grants Cluster			<u>-</u>	<u>59,366</u>
Total U.S. Department of Housing and Urban Development			<u>-</u>	<u>59,366</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct Program</i>				
Federal Transit Cluster:				
Federal Transit Formula Grant (OH-90-X810)	20.507	N/A	-	1,920
Federal Transit Formula Grant (OH-90-X824)	20.507	N/A	893	24,819
Federal Transit Formula Grant (OH-2017-022-01)	20.507	N/A	14,500	1,223,223
Federal Transit Formula Grant (OH-2018-010-00)	20.507	N/A	-	496,025
Total Federal Transit Cluster			<u>15,393</u>	<u>1,745,987</u>
Total U.S. Department of Transportation			<u>15,393</u>	<u>1,745,987</u>
Total Expenditures of Federal Awards			<u>\$ 15,393</u>	<u>\$ 1,805,353</u>

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, 2019**

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, 2019. 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.

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

INDEPENDENT AUDITOR'S 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 the 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, 2019, 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 26, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose 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. 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 consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

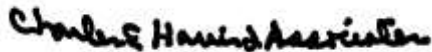
As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

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.

June 26, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY 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 the Richland County Transit Board's, Richland County, Ohio (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Board's major federal program.

Management's Responsibility

The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Richland County Transit Board, Richland County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

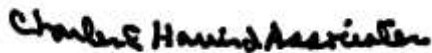
Report on Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

June 26, 2020

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
December 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS
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(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)?	Yes
(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):	CFDA# 20.507 Federal Transit Cluster
(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?	Yes

**RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS – (continued)
2 CFR § 200.515
December 31, 2019**

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

FINDING NUMBER 2019-001

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 statement of net position and the statement of revenues, expenses and changes in net position were presented. However, only one statement was presented for statement of cash flows. 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 the statement of net position did not balance by \$165,169. This was caused by an incorrect entry for capital assets.

The adjustment has been made in the audit report and the Board's records. Also, 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. Also, the fiscal officer should review the adjustments in their system to ensure the statements properly balance.

Officials' Response

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.

RICHLAND COUNTY TRANSIT BOARD
RICHLAND COUNTY, OHIO
2 CFR 200.510(b)(6)
CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The Fiscal Officer will make every effort to attend appropriate training opportunities regarding GAAP compliance. In addition, consultation with an accounting firm concerning financial statement preparation will be scheduled.	Immediately	Jill A. Rohr, Fiscal Officer

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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 8/18/2020

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