



OHIO AUDITOR OF STATE  
**KEITH FABER**





**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY  
DECEMBER 31, 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Statement of Net Position .....	9
Statement of Revenues, Expenses and Changes in Net Position .....	10
Statement of Cash Flows .....	11
Notes to the Basic Financial Statements .....	13
Required Supplementary Information:	
Schedule of the Transit Board's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System .....	35
Schedule of the Transit Board's Contributions - Pension Ohio Public Employees Retirement System .....	36
Schedule of the Transit Board's Proportionate Share of the Net OPEB Liability - Ohio Public Employees Retirement System .....	38
Schedule of the Transit Board's Contributions - OPEB Ohio Public Employees Retirement System .....	39
Schedule of Expenditures of Federal Awards .....	41
Notes to the Schedule of Expenditures of Federal Awards .....	42
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	43
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 .....	45
Schedule of Findings .....	47

**This page intentionally left blank.**



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Greene County Transit Board  
Greene County  
2380 Bellbrook Avenue  
Xenia, Ohio 45385

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Greene County Transit Board, Greene County, Ohio (the Transit Board), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Transit Board's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Transit Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Transit Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greene County Transit Board, Greene County as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, during 2018, the Transit Board adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Transit 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 September 13, 2019, on our consideration of the Transit Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transit Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 13, 2019

**This page intentionally left blank.**



**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)**

This discussion and analysis of Greene County Transit Board's (the Board) financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2018. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the Board's financial performance.

**Highlights**

Key highlights for 2018 are as follows:

- The Board added weekend flex route service beginning October 6, 2018 for the red line from 9:30 am to 5:30 pm that connects Xenia to Dayton. The route is funded at 80% by Congestion Management Air Quality funds and local matching funds obtained in a regional funding exchange of capital funds for operational funds with the Greater Dayton Regional Transit Authority.
- The Board purchased three 22 foot 12 passenger buses capable of carrying two wheelchairs using FTA funds at 80% reimbursement.
- The Board negotiated with its operations and maintenance contractor to add a half time equivalent Road Supervisor to the current contract and receive a \$350 per month credit for the use of the Board's equipment to provide maintenance for Miami County Public Transit vehicles at a cost of \$5,282 in 2018, \$15,847 in 2019 and 2020.
- The Board's receipts were approximately \$4.1 million for the 2018 fiscal year. The breakdown of receipts is as follows:

• Federal, state and local grants and reimbursements	\$1,715,516
• Passenger fares and other revenues	\$2,445,444
- The Net position of the Board decreased by 21.4% or \$755,242. The decrease is due primarily to the implementation of the accounting standard for OPEB.

**Using the Basic Financial Statements**

This discussion and analysis includes the basic financial statements and accompanying notes prepared in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended and interpreted.

**Basic Financial Statements and Presentation**

The basic financial statements presented by the Board are the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Board is structured as a single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets are capitalized and depreciated over their estimated useful lives.

The notes to the financial statements are an integral part of the financial statements and provide expanded explanations and details regarding the information reported in the financial statements.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)**

The statement of net position presents information on all of the Board's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the net position of the Board is improving or deteriorating. Net position increases when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicate improved net position.

The statement of revenues, expenses and changes in net position presents information showing how the Board's net position changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement reports capital grant revenues received from federal, state and local governments.

The statement of cash flows allows financial statement users to assess the Board's adequacy or ability to generate sufficient cash flows to meet current obligations. The statement is classified into three categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, and 3) cash-flows from capital financing activities. The federal, state and local grants received for capital assets are included in non-capital financing activities.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Condensed Summary of Net Position**

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Assets:</b>			
Current Assets	\$ 2,424,173	\$ 2,702,705	\$ (278,532)
Capital Assets, Net	1,334,099	1,720,501	\$ (386,402)
Total Assets	<u>3,758,272</u>	<u>4,423,206</u>	<u>\$ (664,934)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows - Pension	119,863	259,681	(139,818)
Deferred Outflows - OPEB	26,350	3,342	23,008
Total Deferred Outflows of Resources	<u>146,213</u>	<u>263,023</u>	<u>(116,810)</u>
<b>Liabilities:</b>			
Current Liabilities	325,357	321,195	4,162
Long-Term Liabilities			
Net Pension Liability	420,754	584,966	(164,212)
Net OPEB Liability	271,699	243,317	28,382
Total Liabilities	<u>1,017,810</u>	<u>1,149,478</u>	<u>(131,668)</u>

(Continued)

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)**

(Continued)

**Condensed Summary of Net Position**

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Deferred Inflows of Resources</b>			
Deferred Outflows - Pension	98,622	13,696	84,926
Deferred Outflows - OPEB	<u>20,240</u>	<u>0</u>	<u>20,240</u>
Total Deferred Inflows of Resources	<u>118,862</u>	<u>13,696</u>	<u>105,166</u>
 <b>Net Position:</b>			
Net Investment in Capital Assets	1,334,099	1,712,901	(378,802)
Unrestricted	<u>1,433,714</u>	<u>1,810,154</u>	<u>(376,440)</u>
Total Net Position	<u>\$ 2,767,813</u>	<u>\$ 3,523,055</u>	<u>\$ (755,242)</u>

Current assets represent cash and outstanding receivable for services rendered in 2018. Capital assets consist mostly of vehicles. The primary decrease in capital assets in 2018 is due to the depreciation of older vehicles and the decrease in the number of vehicles purchased compared to 2017.

**Condensed Summary of Revenues, Expenses and Changes in Net Position**

	<u>2018</u>	<u>2017 (Restated)</u>	<u>Change</u>
Operating Revenues	\$ 2,445,444	\$ 2,415,975	\$ 29,469
Operating Expenses (excluding depreciation and pension expense)	\$(4,154,267)	\$(3,935,575)	\$(218,692)
Pension Expense	\$ (110,681)	\$ (137,262)	\$ 26,581
OPEB Expense	\$ (25,615)		\$ (25,615)
Depreciation Expense	<u>\$ (625,639)</u>	<u>\$ (615,919)</u>	<u>\$ (9,720)</u>
Operating Loss	<u>\$ (2,470,758)</u>	<u>\$ (2,272,781)</u>	<u>\$ (197,977)</u>
 Nonoperating Revenues	 <u>\$ 1,715,516</u>	 <u>\$ 2,514,099</u>	 <u>\$ (798,583)</u>
 Increase (Decrease) in Net Position	 <u>\$ (755,242)</u>	 <u>\$ 241,318</u>	 <u>\$ (996,560)</u>
 Net Position - Beginning of Year	 <u>\$ 3,523,055</u>	 <u>N/A</u>	 <u>N/A</u>
 Net Position - End of Year	 <u>\$ 2,767,813</u>	 <u>\$ 3,523,055</u>	 <u>\$ (755,242)</u>

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)**

The Board's operating revenues increased by \$29,469 to \$2,445,444 in 2018. This 1.2% increase resulted from an increase in contract service. The Board's expenses increased by \$218,692 to \$4,154,267 in 2018. The 6% increase resulted from an increase in fuel cost, the establishment of GASB 75 and the overall expansion in weekend flex route service (started 9/2017).. The 2018 decrease in non-operating revenues totaling \$798,583 is related to less Federal funds being drawn down for new vehicles (purchased less in 2018 compared to 2017).

As a result of implementing the accounting standard for pension and OPEB, the Board is reporting a significant net pension liability, net OPEB liability and related deferred inflows of resources for the fiscal year which have a negative effect on net position. In addition, the Board is reporting deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. To further explain the impact of these accounting standards on the Board's net position, additional information is presented below.

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Deferred outflows - pension	\$119,863	\$259,681	(\$139,818)
Deferred outflows - OPEB	26,350	3,342	23,008
Deferred inflows - pension	(98,622)	(13,696)	(84,926)
Deferred inflows - OPEB	(20,240)	0	(20,240)
Net Pension Liability	(420,754)	(584,966)	164,212
Net OPEB Liability	(271,699)	(243,317)	(28,382)
Impact of GASB 68 and 75 on net position	<u>(\$665,102)</u>	<u>(\$578,956)</u>	<u>(\$86,146)</u>

**Capital Assets**

The Board's investment in capital assets was \$1,334,099, net of accumulated depreciation, as of December 31, 2018. Capital assets include transit buses, shop equipment, tools, office and computer software and equipment.

Additional information on capital asset activity can be found in the notes to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the Board's finances for those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Mr. Kenneth D. Collier, Executive Director, Greene County Transit Board, 2380 Bellbrook Avenue, Xenia, Ohio 45385.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

**Assets**

**Current Assets:**

Cash, cash equivalents and investments	\$1,603,774
--	-------------

**Receivables:**

Trade	265,306
Federal/State Grants	505,791
Other Receivables	(439)
Prepaid Expenses	49,741
<b>Total Current Assets</b>	<b>2,424,173</b>

**Long-Term Assets:**

Capital Assets, net of accumulated depreciation	1,334,099
---	-----------

<b>Total Assets</b>	<b>3,758,272</b>
---------------------	------------------

**Deferred Outflows of Resources:**

Pension	119,863
OPEB	26,350
<b>Total Deferred Outflows of Resources</b>	<b>146,213</b>

**Liabilities**

**Current Liabilities:**

Trade Payables	280,754
Accrued Payroll Liabilities	44,603
<b>Total Current Liabilities</b>	<b>325,357</b>

**Long-Term Liabilities:**

Net Pension Liability	420,754
Net OPEB Liability	271,699
<b>Total Long-Term Liabilities</b>	<b>692,453</b>

<b>Total Liabilities</b>	<b>1,017,810</b>
--------------------------	------------------

**Deferred Inflows of Resources:**

Pension	98,622
OPEB	20,240
<b>Total Deferred Inflows of Resources</b>	<b>118,862</b>

**Net Position:**

Net Investment in Capital Assets	1,334,099
Unrestricted	1,433,714
<b>Total Net Position</b>	<b>2,767,813</b>

*The accompanying notes are integral part of the financial statements*

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Operating Revenues**

Passenger fares	\$ 110,746
Special transit fares	1,268,235
Medicaid	1,000,512
Other revenues	65,951
Total Operating Revenues	<u>2,445,444</u>

**Operating Expenses**

Labor	362,725
Fringe benefits	261,520
Services	117,727
Material and supplies	40,873
Utilities	16,863
Casualty and liability	5,200
Purchased transportation service	3,417,993
Leases and rentals	50,171
Miscellaneous	17,491
Total Operating Expenses	<u>4,290,563</u>

Operating Loss before Depreciation (1,845,119)

**Depreciation**

On assets acquired with capital grants	574,984
On other assets	50,655
Total Depreciation	<u>625,639</u>

Operating Loss (2,470,758)

**Non-Operating Revenues**

Federal cash grants and reimbursements	1,528,962
State cash grants and reimbursements	124,556
Local cash grants and reimbursements	61,998
Total Non-Operating Revenues	<u>1,715,516</u>

Decrease in Net Position (755,242)

Net Position - Beginning of Year, Restated - See Note 2 3,523,055

Net Position - End of Year 2,767,813

*The accompanying notes are an integral part of the financial statements*

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Cash Flows from Operating Activities:**

Cash Received from Passengers	\$2,418,655
Cash Received from Miscellaneous Items	65,951
Cash Payments to Suppliers for Goods and Services	(3,667,632)
Cash Payments to Employees for Services	(361,547)
Cash Payments for Employee Benefits	(175,763)
<b>Net Cash Used by Operating Activities</b>	<b>(1,720,336)</b>

**Cash Flows from Non-Capital Financing Activities:**

Federal Grants	1,234,408
State Grants	189,651
Local Grants	61,998
<b>Net Cash Provided by Non-Capital Financing Activities:</b>	<b>1,486,057</b>

**Cash Flows from Capital Financing Activities:**

Payments for the Purchase of Capital Assets	(239,238)
---	-----------

Net Decrease in Cash, Cash Equivalents and Investments (473,517)

Cash, Cash Equivalents and Investment - Beginning of Year 2,077,291

Cash, Cash Equivalents and Investment - End of Year 1,603,774

**Reconciliation of Operating Loss to Net Cash Used by Operating Activities:**

Operating Loss (2,470,758)

**Adjustments to reconcile operating loss to net cash used by operating activities:**

Depreciation 625,639

**Change in Operating Assets and Liabilities**

Trade Receivables 39,163

Prepaid Expense (4,690)

Trade Payables 3,376

Accrued Payroll and Payroll Liabilities 787

Change in Net Pension Liability Accounts 60,532

Change in Net OPEB Liability Accounts 25,615

Net Cash Used by Operating Activities **(\$1,720,336)**

*The accompanying notes are an integral part of the statements*

**This page intentionally left blank.**



**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and practices followed by the Board are as follows:

**A. Organization**

The Greene County Transit Board was created January 1, 2004, pursuant to Sections 306.01 through 306.13 of the Ohio Revised Code for the purpose of providing public transportation in Greene County, Ohio. As a political subdivision, it is distinct from, and is not an agency of, the State of Ohio or any other local governmental unit. The Board is not subject to federal or state income taxes. The Board is managed by a seven member Board of Trustees and provides public transportation within Greene County.

**B. Reporting Entity**

The Board has adopted the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No.39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14* and GASB Statement No. 61, *The Financial Reporting Entity Omnibus-an Amendment of GASB Statements No. 14 and No. 34, regarding the definition of the financial reporting entity*. Accordingly, the accompanying financial statements include only the accounts and transactions of the Board. Under the criteria specified in Statements No. 14, 39 and 61 the Board has no component units nor is it considered a component unit of any other entity.

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

**C. Basis Of Accounting**

The Board's financial statements follow the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net position, change in net position and cash flows. All transactions are accounted for in a single enterprise fund.

The Board implemented a financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended and interpreted. The Board will continue applying all applicable pronouncements issued by the GASB.

**D. Cash, Cash Equivalents And Investments**

The Board considers all highly liquid investments (including restricted assets) with a maturity, at date of purchase, of three months or less to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During fiscal year 2018, the Board invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Board measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

**E. Trade Receivables**

Trade receivables are carried at the original invoice amount, less an estimate made for doubtful accounts, based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. It is the opinion of management that as of December 31, 2018, all trade receivables are collectible. Accordingly, no allowance has been provided for in these financial statements. As accounts are deemed uncollectible, they are charged to bad debt expense. Recoveries of receivables previously written off are recognized when received.

**F. Grants Receivable**

Grants receivable are stated at the amount management expects to collect from outstanding balances. It is the opinion of management that as of December 31, 2018, all grants receivable are collectible. Accordingly, no allowance has been provided for in these financial statements. Bad debts were charged against operations for the year ended December 31, 2018 in the amount of \$6,653.

**G. Capital Assets**

Capital assets are stated at cost at the date of acquisition. All purchases of vehicles, computers and equipment are capitalized. Furniture, fixtures and tools are capitalized if the cost is greater than \$2,500. The cost of furniture, fixtures and tools less than \$2,500 is charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Transportation equipment	4 – 5 years
Furniture, fixtures, computer equipment and tools	3 – 7 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in operations. The cost of maintenance and repairs is charged to operations as incurred.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Compensated Absences**

Employees who resign or retire after one year of service are entitled to full compensation for all earned unused vacation. There is no year of service requirement in order to be paid for accrued comp time at termination. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive a termination sick leave benefit. Employees who retire with more than 10 years of service are entitled to receive payment for a percentage of unused sick leave. Unused sick leave pay is lost upon termination for employees with less than 10 years of service. As of December 31, 2018, there was no accrual for unused sick leave for Board employees.

**I. Net Position**

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, increased by any deferred outflows of resources attributable to capital asset acquisition, construction or improvements and reduced by the outstanding balances of any borrowing used or deferred inflows of resources attributable for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The net position of the Board and changes therein are classified and reported as follows:

**Net Investment in Capital Assets** – Capital assets, net of accumulated depreciation reduced by borrowing attributable to acquisition of the capital asset.

**Unrestricted** – Net position is reported as unrestricted when it does not meet the definition of “restricted” or “net investment in capital assets.” When both restricted and unrestricted resources are available for use, it is the Board’s policy to use externally restricted resources first, then unrestricted resources in order as needed.

**J. Classifications Of Revenue**

The Board has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares. Non-operating revenue includes activities that have the characteristics of non- exchange transactions, such as federal and state grants not based on passenger fares.

**K. Revenue Recognition**

The Federal Transit Administration (FTA), the Federal Highway Administration (FHWA), and the Ohio Department of Transportation (ODOT) provide financial assistance and make grants directly to the Board for operations and acquisition of capital assets. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenue over the entitlement period.

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recognized as revenue when the expenditure has been made and the revenue is available. Capital grant funds received in advance of project costs being incurred are deferred.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Passenger fares and special transit fares are recognized as revenue when the transportation service is provided.

**L. Estimates and Uncertainties**

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

**M. Subsequent Events**

The Board has evaluated subsequent events for potential recognition and disclosure through the opinion date, the date the financial statements' audit was completed.

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Transit Board, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Transit Board, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Notes 6 and 7)

**O. PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**2. CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2018, the Transit Board implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and related guidance from (GASB) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

For 2018, the Transit Board also implemented the Governmental Accounting Standards Board's (GASB) Implementation Guide No. 2017-1. These changes were incorporated in the Transit Board's 2018 financial statements; however, there was no effect on beginning net position.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Transit Board's fiscal year 2018 financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the Transit Board's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net Position, December 31, 2017:	\$3,763,030
Adjustments:	
Net OPEB Liability	(243,317)
Deferred Outflows of Resources	<u>3,342</u>
Restated Net Position, December 31, 2017:	<u>\$3,523,055</u>

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The investment and deposit of Board monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Board to invest in certificates of deposit, savings accounts, money market accounts, STAROhio, STARPlus and obligations of the United States government and certain agencies thereof. The Board may also enter into repurchase agreements, for a period not exceeding 30 days, with an eligible depository or any eligible security dealer that is a member of the National Association of Securities Dealer.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits**

**Custodial credit risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be returned. Protection of the Transit Board's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

As of December 31, 2018, the carrying amount of the Board's deposits was \$424,850 and the bank balance was \$692,211. Of the bank balance, \$511,088 was covered by federal depository insurance.

**B. Investments**

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. As of December 31, 2018, the Board's investments at amortized cost were \$1,178,424 which was 100% invested in STAROhio.

**Interest rate risk and interest rate risk policy** – Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates. The Board's investment policy states that investments will be conducted as specified in the Ohio Revised Code Section 135.35 or other relevant sections as amended.

**Credit risk and credit risk policy** – Board policy and State statute address credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers. This policy addresses the acceptable types of investments, proper diversification, maturity, qualified institutions to invest in and overall investment objectives. The Board's investments in STAROhio were rated AAAM by Standard & Poor's.

**Concentration of credit risk** – The Board places no limit on the amount it may invest in any one issuer. The Board has invested 100% of its available investment funds in STAROhio.

**Custodial credit risk and custodial credit risk policy** – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Board's funds are invested in accordance with State statute and the Board's investment policy. All of the Board's investments are either insured and/or registered in the name of the Board.

**C. Reconciliation of Cash, Cash Equivalents and Investments**

A reconciliation of cash, cash equivalents and investments to the statement of net position balance as of December 31, 2018 is as follows:

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Investment in STAROhio	\$1,178,424
Carrying amount of STARPlus deposits	261,088
Carrying amount of the Board's bank deposits	163,762
Petty Cash	<u>500</u>
Total, cash, cash equivalents and investments	<u>\$1,603,774</u>

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, is as follows:

	<b>Balance 12/31/2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 12/31/2018</b>
<b>Cost Basis:</b>				
Transportation equipment	\$3,373,808	\$224,865	\$101,064	\$3,497,609
Computer equipment	360,678	8,510	3,467	365,721
Furnitures and fixtures	51,188		569	50,619
Tools	<u>141,162</u>	<u>5,863</u>	<u>2,144</u>	<u>144,881</u>
Total Capital Assets Being Depreciated	<u>3,926,836</u>	<u>239,238</u>	<u>107,244</u>	<u>4,058,830</u>
<b>Accumulated depreciation</b>				
Transportation equipment	\$1,829,611	\$512,117	\$101,064	\$2,240,664
Computer equipment	243,889	50,655	3,467	291,077
Furnitures and fixtures	27,273	2,954	569	29,658
Tools	<u>105,563</u>	<u>59,913</u>	<u>2,144</u>	<u>163,332</u>
Total Accumulated Depreciation	<u>2,206,336</u>	<u>625,639</u>	<u>107,244</u>	<u>2,724,731</u>
Net Book Value	<u>\$1,720,500</u>	<u>(\$386,401)</u>	<u>\$0</u>	<u>\$1,334,099</u>

**5. PURCHASED TRANSPORTATION SERVICES**

The Board has contracted with a local transportation company to provide public transit services for Greene County. Expenses under this contract totaled \$3,417,993 for the year ended December 31, 2018. All passenger fares related to these transit services are collected by the Board and recognized as revenue.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Board's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Board's obligation for this liability to annually required payments. The Board cannot control benefit terms or the manner in which pensions are financed; however, the Board does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable.

Ohio Public Employees Retirement System

The Board employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost sharing, multiple employer defined benefit pension plan with defined contribution features. While members may elect the member-directed plan and the combined plan, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.



**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years <u>after January 7, 2013</u>	20 years of service credit prior to January 7, 2013 or eligible to retire <u>ten years after January 7, 2013</u>	Members not in other Groups and members hired on or after <u>January 7, 2013</u>
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and service requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and service requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and service requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory Board for member and employer contributions as follows:

	State and Local	
	2018	2017
<b>2018 Statutory maximum contribution rates</b>		
Employer	14.00 %	14.00 %
Employee	10.00 %	10.00 %
<b>2018 Actual contribution rates</b>		
Employer:		
Pension	14.00 %	12.00 %
Post-employment health care benefits	-	2.00
Total employer	14.00 %	14.00 %
Employee	10.00 %	10.00 %

The Board's contractually required contribution for the Traditional Pension Plan was \$50,149 for 2018. Of this amount, \$0 is reported as an intergovernmental payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
	2018
Proportion of the pension liability - prior measurement date	0.002576 %
Proportion of the pension liability - current measurement date	0.002682 %
Change in proportionate share	0.000106 %
Proportionate share of net pension liability	\$ 420,754
Pension expense	\$ 110,681

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

At December 31, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
	<u>2018</u>
<b>Deferred outflows of resources</b>	
Net differences between expected and actual experience	\$ 430
Changes of assumptions	50,283
Employer contributions subsequent to the measurement date	50,149
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	<u>19,001</u>
Total deferred outflows of resources	<u>\$ 119,863</u>
<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 8,292
Net difference between projected and actual earnings on pension plan investments	<u>90,330</u>
Total deferred inflows of resources	<u>\$ 98,622</u>

\$50,149 reported as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>
Year ending December 31:	
2019	\$ 50,709
2020	(2,722)
2021	(39,777)
2022	<u>(37,118)</u>
Total	<u>\$ (28,908)</u>

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.25 percent
Future salary increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment rate of return	7.5 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	23.00%	2.20%
Domestic equities	19.00%	6.37%
Real estate	10.00%	5.26%
Private equity	10.00%	8.97%
International equities	20.00%	7.88%
Other investments	<u>18.00%</u>	<u>5.26%</u>
 Total	 <u>100.00%</u>	 <u>5.66%</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Board’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Board’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

	1% Decrease <u>(6.50%)</u>	Current discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Employer proportionate share of the net pension liability	\$ 747,152	\$ 420,754	\$ 148,636

**7. DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Board’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Board’s obligation for this liability to annually required payments. The Board cannot control benefit terms or the manner in which OPEB are financed; however, the Board does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable*.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**7. DEFINED BENEFIT OPEB PLANS (Continued)**

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**7. DEFINED BENEFIT OPEB PLANS (Continued)**

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Board's contractually required contribution was \$0 for 2018. Of this amount, \$0 is reported as an intergovernmental payable.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the net OPEB liability:	
current measurement date	0.002502%
prior measurement date	<u>0.002409%</u>
Change in proportionate share	<u>0.000093%</u>
Proportionate share of the net	
OPEB liability	\$ 271,699
OPEB expense	\$ 25,615

At December 31, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**7. DEFINED BENEFIT OPEB PLANS (Continued)**

	<u>OPERS</u>
<b>Deferred outflows of resources</b>	
Differences between expected and actual experience	\$ 212
Changes of assumptions	19,783
Changes in proportion and differences between contributions and proportionate share of contributions	<u>6,355</u>
Total deferred outflows of resources	<u>\$ 26,350</u>
 <b>Deferred inflows of resources</b>	
Net difference between projected and actual earnings on OPEB plan investments	<u>\$ 20,240</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	<u>OPERS</u>
2019	\$ 7,537
2020	7,537
2021	(3,904)
2022	<u>(5,060)</u>
Total	<u>\$ 6,110</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**7. DEFINED BENEFIT OPEB PLANS (Continued)**

Wage inflation	3.25 percent
Projected salary increases, including inflation	3.25 to 10.75 percent including wage inflation
Single discount rate:	
Current measurement date	3.85 percent
Prior measurement date	4.23 percent
Investment rate of return	6.50 percent
Municipal bond rate	3.31 percent
Health care cost trend rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial cost method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**7. DEFINED BENEFIT OPEB PLANS (Continued)**

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	34.00%	1.88%
Domestic equities	21.00%	6.37%
Real estate investment trust	6.00%	5.91%
International equities	22.00%	7.88%
Other investments	<u>17.00%</u>	<u>5.39%</u>
Total	<u>100.00%</u>	<u>4.98%</u>

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the Board's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**7. DEFINED BENEFIT OPEB PLANS (Continued)**

	<u>1% Decrease</u>	Current discount rate	<u>1% Increase</u>
	<u>(2.85%)</u>	<u>(3.85%)</u>	<u>(4.85%)</u>
Employer proportionate share of the net OPEB liability	\$ 360,964	\$ 271,699	\$ 199,484

***Sensitivity of the Board’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries’ project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	<u>1% Decrease</u>	Current health care cost trend rate assumption	<u>1% Increase</u>
Employer proportionate share of the net OPEB liability	\$ 259,958	\$ 271,699	\$ 283,827

**8. FEDERAL AND STATE GRANTS AND REIMBURSEMENTS**

Federal and state grants and reimbursements in the statement of revenues, expenses and changes in net position for the year ended December 31, 2018, consist of the following:

Federal – FTA maintenance and other assistance	\$1,528,962
State – Formula funds	124,556

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**9. RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, floods and earthquakes, errors and omissions, employment related matters and employee injuries, theft and fraud.

The Board carries liability insurance for its transit equipment. The insurance coverage has a combined single limit of \$5,000,000 for qualified property losses. The Board carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past year, nor have there been any significant changes in coverage in the past year.

**10. LEASE OBLIGATION**

In November 2017, the Board exercised its' one year lease option for office space with a third party for the period commencing February 2018 and ending December 2018.. In August 2018, the Board exercised its' second one year lease option for the period commencing January 2019 and ending December 2019.

Future minimum lease payments for the office space for the year subsequent to December 31, 2018, is as follows:

<u>Year Ending</u>	
December 31, 2019	<u>\$42,723</u>
	<u>\$42,723</u>

Rent expense totaled \$46,584 for the year ended December 31, 2018.

**11. FEDERAL AND STATE GRANTS**

The Board participates in federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2018, audits of certain programs have not been completed. Accordingly, the Board's compliance with applicable grant requirements will be established at a future date. The Board believes that disallowed claims if any will not have a material adverse effect on the Board's financial position.

**12. SUBSEQUENT EVENTS**

During 2019, the Transit Board lost its service agreement to transport riders to Greene, Inc. The Transit Board received \$1,000,512 in Medicaid receipts from the contract during 2018.

**This page intentionally left blank.**

**GREENE COUNTY TRANSIT BOARD**  
 Required Supplementary Information  
 Schedule of the Transit Board's Proportionate Share of the Net Pension Liability  
 Ohio Public Employees Retirement System  
 Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability	0.002682%	0.002576%	0.002415%	0.002287%	0.002287%
Board's proportionate share of the net pension liability	\$ 420,754	\$ 584,966	\$ 418,308	\$ 275,838	\$ 269,608
Board's cover payroll	\$ 381,677	\$ 388,430	\$ 350,604	\$ 280,433	\$ 257,054
Board's proportionate share of the net pension liability as a percentage of its covered payroll	110.24%	150.60%	119.31%	98.36%	104.88%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%

**(1) Information prior to 2014 is not available.**

**Amount presented for each year were determined as of the Board's measurement date which is the prior year-end.**

**GREENE COUNTY TRANSIT BOARD**  
 Required Supplementary Information  
 Schedule of the Transit Board's Contributions - Pension  
 Ohio Public Employees Retirement System  
 Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 50,149	\$ 49,618	\$ 46,612	\$ 42,073	\$ 33,652
Contributions in relation to the Contractually Required Contribution	<u>(50,149)</u>	<u>(49,618)</u>	<u>(46,612)</u>	<u>(42,073)</u>	<u>(33,652)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Transit Board's Covered Employee Payroll	\$ 358,207	\$ 381,677	\$ 388,433	\$ 350,608	\$ 280,433
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	12.00%	12.00%	12.00%



**GREENE COUNTY TRANSIT BOARD**  
 Required Supplementary Information  
 Schedule of the Transit Board's Contributions - Pension  
 Ohio Public Employees Retirement System  
 Last Ten Fiscal Years

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 33,537	\$ 31,672	\$ 32,731	\$ 28,963	\$ 28,885
<u>(33,537)</u>	<u>(31,672)</u>	<u>(26,731)</u>	<u>(28,963)</u>	<u>(28,885)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$6,000</u>	<u>\$0</u>	<u>\$0</u>
\$ 257,054	\$ 316,720	\$ 327,310	\$ 340,741	\$ 339,824
13.00%	10.00%	10.00%	8.50%	8.50%

**GREENE COUNTY TRANSIT BOARD**  
 Required Supplementary Information  
 Schedule of the Transit Board's Proportionate Share of the Net OPEB Liability  
 Ohio Public Employees Retirement System  
 Last Two Fiscal Years (1)

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.002500%	0.002409%
Board's proportionate share of the net OPEB liability	\$ 271,699	\$ 243,317
Board's cover payroll	\$ 381,677	\$ 388,430
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	71.19%	62.64%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.04%

(1) Information prior to 2017 is not available

**GREENE COUNTY TRANSIT BOARD**  
 Required Supplementary Information  
 Schedule of the Transit Board's Contributions - OPEB  
 Ohio Public Employees Retirement System  
 Last Three Fiscal Years (1)

	2018	2017	2016
Contractually Required Contribution	\$0	\$ 3,342	\$ 7,769
Contributions in relation to the Contractually Required Contribution	\$0	(3,342)	(7,769)
Contribution Deficiency (Excess)	\$0	\$0	\$0
Transit Board's Covered Employee Payroll	\$358,207	\$ 381,677	\$ 388,433
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.88%	2.00%

(1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore information prior to 2016 is not presented

**This page intentionally left blank.**

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**2 CFR 200.510(b)(6)**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>PROGRAM/CLUSTER TITLE</b>	<b>GRANT NUMBER</b>	<b>FEDERAL CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>FEDERAL TRANSIT ADMINISTRATION</b>			
<i>Direct</i>			
<i>FEDERAL TRANSIT CLUSTER</i>			
FEDERAL TRANSIT FORMULA GRANTS			
	OH-90-X079	20.507	\$ 965,909
	OH-90-X873		123,219
	OH-95-X153		179,162
	OH-2019-010-00		<u>260,672</u>
<i>TOTAL FEDERAL TRANSIT FORMULA GRANTS/FEDERAL TRANSIT CLUSTER</i>			<u>\$ 1,528,962</u>

*The accompanying notes are an integral part of this schedule*

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Greene County Transit Board (the Board's) under programs of the federal government for the year ended December 31, 2018. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - 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.

**NOTE D – GRANT NUMBER**

Initial temporary grant numbers are provided through the Federal Transit Administrations TrAMS system when applications are made until approved and executed. As of the December 31, 2018 the funds for grant #OH-2019-010-00 (CMAQ) were still in the initial phase at the federal level and will be given a permanent grant number similar to other grants listed when fully processed. The funds have already been approved at both the Regional and State Level and transferred from the State to the Federal Level.

# OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

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

Greene County Transit Board  
Greene County  
2380 Bellbrook Avenue  
Xenia, Ohio 45385

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Greene County Transit Board, Greene County, (the Transit Board) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Transit Board's basic financial statements and have issued our report thereon dated September 13, 2019 wherein we noted that the Transit Board adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Transit Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Transit Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Transit Board's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Transit Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Transit Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 13, 2019



# OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## 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

Greene County Transit Board  
Greene County  
2380 Bellbrook Avenue  
Xenia, Ohio 45385

To the Board of Trustees:

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

We have audited Greene County Transit Board's (the Transit 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 Greene County Transit Board's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Transit Board's major federal program.

### ***Management's Responsibility***

The Transit Board's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Transit Board's compliance for the Transit 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 Transit 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 Transit Board's major program. However, our audit does not provide a legal determination of the Transit Board's compliance.

***Opinion on the Major Federal Program***

In our opinion, Greene County Transit Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

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

The Transit 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 Transit 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 Transit 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 13, 2019

**GREENE COUNTY TRANSIT BOARD  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2018**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**GREENE COUNTY TRANSIT BOARD**

**GREENE COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 8, 2019**