

GREENE COUNTY TRANSIT BOARD

FINANCIAL STATEMENTS

December 31, 2013



Dave Yost • Auditor of State

Board of Trustees
Greene County Transit Board
671 Ledbetter Road
Xenia, OH 45385

We have reviewed the *Independent Auditor's Report* of the Greene County Transit Board, Greene County, prepared by Joseph Decosimo and Company, LLC, for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Dave Yost
Auditor of State

July 10, 2014

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GREENE COUNTY TRANSIT BOARD

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Greene County Transit Board
Xenia, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Greene County Transit Board (the Board) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the business-type activities of the Greene County Transit Board as of December 31, 2013, and the changes in net position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

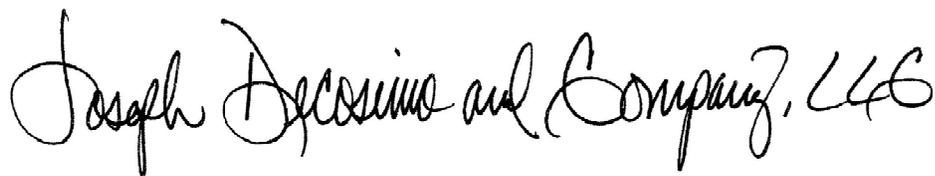
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The accompanying schedule of expenditures of federal awards - cash basis, as required by the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2014, on our consideration of the Greene County Transit Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Joseph Decasimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
June 6, 2014

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

This discussion and analysis of Greene County Transit Board's financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2013. 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 2013 are as follows:

The Board approved a fare increase effective July 1, 2013. As a result, revenue from fare box receipts increased from \$71,438 in 2012 to \$93,387 in 2013.

The Board's receipts were approximately \$3.8 million for the 2013 fiscal year. The breakdown of receipts is as follows:

- Federal, state and local grants and reimbursements \$1,816,637
- Passenger fares and other revenues \$1,976,028

Net position of the Board increased in 2013 by \$288,469 compared to an increase in net position of \$327,492 from the prior year.

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.

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

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.

The statement of net position presents information on all the Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the 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.

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

Condensed Summary of Net Position

	2013	2012
Current assets	\$ 1,925,853	\$ 1,942,623
Capital assets, net	1,208,956	906,424
Other assets	<u>25</u>	<u>25</u>
Total assets	<u>3,134,834</u>	<u>2,849,072</u>
 Total liabilities	 <u>229,864</u>	 <u>232,571</u>
 Net position -		
Net investment in capital assets	1,208,956	906,424
Unrestricted	<u>1,696,014</u>	<u>1,710,077</u>
Total net position	<u>\$ 2,904,970</u>	<u>\$ 2,616,501</u>

Current assets represent cash and outstanding receivables for services rendered in 2013. Capital assets consist mostly of vehicles. The primary increase in capital assets in 2013 is due to the purchase of 8 new light transit vehicles. A large portion of the Board's 2013 net position reflects the net investment in capital assets.

Condensed Summary of Revenues, Expenses and Changes in Net Position

	2013	2012
Operating revenues	\$ 1,976,028	\$ 1,915,743
Operating expenses, excluding depreciation	(3,086,449)	(3,111,589)
Depreciation	<u>(417,747)</u>	<u>(416,317)</u>
Operating loss	<u>(1,528,168)</u>	<u>(1,612,163)</u>
 Non-operating revenues	 <u>1,816,637</u>	 <u>1,939,655</u>
 Increase in net position	 288,469	 327,492
Net position - beginning of year	<u>2,616,501</u>	<u>2,289,009</u>
Net position - end of year	<u>\$ 2,904,970</u>	<u>\$ 2,616,501</u>

The Board's operating revenues increased by \$60,285 to \$1,976,028 in 2013. This 3% increase resulted from a 1.2% increase in contract service and a 24% increase in fares from the previous year. Operating expenses remained relatively consistent compared to the prior year, only decreasing by 1%. The 2013 decrease in non operating revenues totaling \$123,018 is related to the decrease in federal funding for service, capital items including exhausting grant funds for two flex routes and a 28% decrease in revenue from the State of Ohio.

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

Capital Assets

The Board's investment in capital assets was \$1,208,956 net of accumulated depreciation as of December 31, 2013. 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, 571 Ledbetter Road, Xenia, Ohio 45385.

GREENE COUNTY TRANSIT BOARD

STATEMENT OF NET POSITION

December 31, 2013

ASSETS	
CURRENT ASSETS	
Cash, cash equivalents and investments	\$ 1,542,627
Receivables -	
Trade	229,525
Federal grants	131,397
Other receivables	9,855
Prepaid expenses	<u>12,449</u>
Total current assets	1,925,853
CAPITAL ASSETS , net of accumulated depreciation	1,208,956
OTHER ASSETS	<u>25</u>
TOTAL ASSETS	<u>3,134,834</u>
LIABILITIES	
Trade payables	196,536
Accrued payroll and payroll liabilities	32,753
Accrued compensated absences	<u>575</u>
TOTAL LIABILITIES	<u>229,864</u>
NET POSITION	
Net investment in capital assets	1,208,956
Unrestricted	<u>1,696,014</u>
TOTAL NET POSITION	<u>\$ 2,904,970</u>

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

GREENE COUNTY TRANSIT BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2013

OPERATING REVENUES	
Passenger fares	\$ 1,833,464
Other revenues	<u>142,564</u>
Total operating revenues	<u>1,976,028</u>
OPERATING EXPENSES	
Labor	258,285
Fringe benefits	97,668
Services	27,355
Materials and supplies	39,427
Utilities	8,116
Purchased transportation service	2,623,591
Miscellaneous	11,308
Leases and rentals	15,221
Insurance	<u>5,478</u>
Total operating expenses	<u>3,086,449</u>
OPERATING LOSS BEFORE DEPRECIATION	<u>(1,110,421)</u>
DEPRECIATION	
On assets acquired with capital grants	407,852
On other assets	<u>9,895</u>
Total depreciation	<u>417,747</u>
OPERATING LOSS	<u>(1,528,168)</u>
NON-OPERATING REVENUES	
Federal cash grants and reimbursements	1,697,128
State cash grants and reimbursements	88,198
Local cash grants and reimbursements	<u>31,311</u>
Total non-operating revenues	<u>1,816,637</u>
INCREASE IN NET POSITION	288,469
NET POSITION - beginning of year	<u>2,616,501</u>
NET POSITION - end of year	<u>\$ 2,904,970</u>

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

GREENE COUNTY TRANSIT BOARD

STATEMENT OF CASH FLOWS

Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from passengers	\$ 1,959,336
Cash received from miscellaneous items	134,926
Cash payments to suppliers for goods and services	(2,729,075)
Cash payments to employees for services	(257,236)
Cash payments for employee benefits	<u>(99,189)</u>

Net cash used by operating activities (991,238)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Federal grants	2,058,288
State grants	88,198
Local grants	<u>31,311</u>

Net cash provided by non-capital financing activities 2,177,797

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Payments for the purchase of capital assets	<u>(720,279)</u>
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NET INCREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS 466,280

CASH, CASH EQUIVALENTS AND INVESTMENTS - beginning of year 1,076,347

CASH, CASH EQUIVALENTS AND INVESTMENTS - end of year \$ 1,542,627

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating loss	\$ (1,528,168)
Adjustments to reconcile operating loss to net cash used by operating activities -	
Depreciation	417,747
Change in operating assets and liabilities -	
Trade receivables	128,529
Other receivables	(7,638)
Prepaid expenses	999
Trade payables	(2,235)
Accrued payroll and payroll liabilities	(512)
Accrued compensated absences	<u>40</u>

NET CASH USED BY OPERATING ACTIVITIES \$ (991,238)

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

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 mass transportation within Greene County.

REPORTING ENTITY - The Board has adopted the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, 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 Statement No. 14, 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.

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.

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. Investments are reported at fair value which is based on quoted market prices.

The Board is invested in the State Treasurer's investment pool (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office. STAROhio allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2013.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 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.

GRANTS RECEIVABLE - Grants receivable are stated at the amount management expects to collect from outstanding balances. It is the opinion of management that all grants receivable are collectible. Accordingly, no allowance has been provided for in these financial statements. No bad debts were charged against operations for the year ended December 31, 2013.

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	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.

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, 2013, \$575 was accrued for unused vacation, comp time and sick leave for Board employees.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - The Board adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. This Statement provides financial reporting guidance on the placement of various accounts as presented in the financial statements. The adoption of this standard did not have a material effect on the financial statements.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board did not have any items that met the definition to qualify for reporting in this category.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board did not have any items that met the definition to qualify for reporting in this category.

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.

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.

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.

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.

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

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

SUBSEQUENT EVENTS - The Board has evaluated subsequent events for potential recognition and disclosure through June 6, 2014, the date the financial statements were available to be issued.

NOTE 2 - ADOPTION OF RECENT ACCOUNTING PRONOUNCEMENTS

The Board adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*, effective January 1, 2013. This Statement amends certain reporting entity issues related to component units and equity interests in joint ventures. The adoption of this standard did not have a material effect on the financial statements.

The Board adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. This Statement provides financial reporting guidance on the placement of various accounts as presented in the financial statements. The adoption of this standard did not have a material effect on the financial statements.

NOTE 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 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.

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. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as collateral against all public deposits held or as specific collateral held at the Federal Reserve Bank in the name of the Board.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS - continued

As of December 31, 2013, the carrying amount of the Board's deposits was \$598,938 and the bank balance was \$602,371. Of the bank balance, \$250,000 was covered by federal depository insurance.

Investments

The Board follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and reports all its investments at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. As of December 31, 2013, the Board's investments at fair value were \$943,189 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.

Reconciliation of Cash, Cash Equivalents and Investments

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Position balance as of December 31, 2013:

Investment in STAROhio	\$ 943,189
Carrying amount of the Board's deposits	598,938
Petty cash	<u>500</u>
Total cash, cash equivalents, and investments	<u>\$ 1,542,627</u>

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, is as follows:

	Balance December 31, 2012	Additions	Disposals/ Transfers	Balance December 31, 2013
Cost				
Transportation equipment	\$ 2,366,880	\$ 624,321	\$ 391,785	\$ 2,599,416
Computer equipment	109,122	78,480	-	187,602
Furniture and fixtures	31,065	-	-	31,065
Tools	<u>87,090</u>	<u>17,478</u>	<u>32,568</u>	<u>72,000</u>
Total capital assets being depreciated	<u>2,594,157</u>	<u>720,279</u>	<u>424,353</u>	<u>2,890,083</u>
Less: accumulated depreciation				
Transportation equipment	1,465,410	395,504	391,785	1,469,129
Computer equipment	106,347	9,895	-	116,242
Furniture and fixtures	49,547	12,348	-	61,895
Tools	<u>66,429</u>	<u>-</u>	<u>32,568</u>	<u>33,861</u>
	<u>1,687,733</u>	<u>417,747</u>	<u>424,353</u>	<u>1,681,127</u>
Capital assets, net	\$ <u>906,424</u>	\$ <u>302,532</u>	\$ <u>-</u>	\$ <u>1,208,956</u>

NOTE 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 \$2,623,591 for the year ended December 31, 2013. All passenger fares related to these transit services are collected by the Board and recognized as revenue.

NOTE 6 - DEFINED BENEFIT PENSION PLANS

Plan description - The Board participates in the Ohio Public Employee Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, which are self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 6 - DEFINED BENEFIT PENSION PLAN - continued

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained 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 statutory authority for member and employer contributions. For the year ended December 31, 2013, members in state and local classifications contributed 10% of covered payroll.

The Board's total contribution rate for 2013 totaled 14%. The portion of employer contributions allocated to health care for members in the traditional plan was 1.0% during the calendar year 2013. The portion of employer contributions allocated to health care for members in the combined plan was 1.0% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care will be raised to 2% for both plans. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Board of 14%.

The Board's required contributions to all plans for the years ended December 31, 2013, 2012, and 2011, totaled \$35,987, 44,341, and \$45,823, respectively. The full amount has been contributed for 2013, 2012 and 2011.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement No. 27, and it is effective for employer fiscal years beginning after June 15, 2014.

NOTE 7 - POST-EMPLOYMENT BENEFITS

Plan Description - OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The post-employment health care plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care coverage to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the post-employment health care plan are provided separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 7 - POST-EMPLOYMENT BENEFITS - continued

Funding Policy - State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, local government employers contributed 14% of covered payroll. These are the the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the post-employment health care plan.

The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care for members in the traditional plan was 1.0% during the calendar year 2013. The portion of employer contributions allocated to health care for members in the combined plan was 1.0% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care will be raised to 2% for both plans. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Board's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012 and 2011, totaled \$2,569, \$12,694, and \$13,092, respectively; 100% of the required contribution has been contributed for 2013, 2012 and 2011.

Changes to the post-employment health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the post-employment health care fund after the end of the transition period.

NOTE 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, 2013, consist of the following:

Federal -

FTA maintenance and other assistance	\$ <u>1,697,128</u>
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State -

Formula funds (SFY2013 Urban Transit Program)	\$ <u>88,198</u>
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GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 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.

NOTE 10 - LEASE OBLIGATION

The Board leases its office space from Greene County under an operating lease agreement expiring in April 2014, with options to extend the lease through October 2014, April 2015 and October 2015. In May 2014, the Board extended the lease to October 2014. In addition to the minimum annual lease payments, the Board is also required to pay its pro rata share of the building operating expenses.

Future minimum lease payments for the office space for the years subsequent to December 31, 2013, are as follows:

Period ending	
April 30, 2014	\$ 3,416
October 31, 2014	<u>5,252</u>
	<u>\$ 8,668</u>

Rent expense totaled \$15,221 for the year ended December 31, 2013.

NOTE 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, 2013, audits of certain programs have not been completed. Accordingly, the Board's compliance with applicable grant requirements will be established at a future date.

SUPPLEMENTARY INFORMATION

GREENE COUNTY TRANSIT BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS

Year Ended December 31, 2013

Federal Grantor / Federal Office / Program	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Transportation - Federal Transit Administration			
<i>Federal Transit Cluster</i>			
Formula Grants (Urbanized Area Formula Program)	20.507	OH-90-X771	\$ 400,937
		OH-90-X90	<u>716,010</u>
Total Formula Grants (Urbanized Area Formula Program)			1,116,947
Formula Grants (Urbanized Area Formula Program) - ARRA	20.507A	OH-96-X003A	<u>373,582</u>
<i>Total Federal Transit Cluster</i>			<u>1,490,529</u>
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	OH-95-X025	<u>68,434</u>
<i>Transit Services Program Cluster</i>			
New Freedom Program	20.521	OH-57-X023	15,449
		OH-57-X035	5,057
		OH-57-X041	16,305
		OH-57-X051	<u>16,206</u>
Total New Freedom Program			<u>53,017</u>
Job Access - Reverse Commute	20.516	OH-37-X060	14,619
		OH-37-X076	52,295
		OH-37-X090	<u>18,234</u>
Total Job Access - Reverse Commute			<u>85,148</u>
<i>Total Transit Services Program Cluster</i>			<u>138,165</u>
Total U.S. Department of Transportation and Federal Expenditures			\$ <u>1,697,128</u>

GREENE COUNTY TRANSIT BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS

Year Ended December 31, 2013

NOTE 1 - BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Greene County Transit Board and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

NOTE 2 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) EXPENDITURES

The Formula Grants (Urbanized Area Formula Program) CFDA 20.507A represent ARRA expenditures. These expenditures have been made under an existing CFDA number (20.507) and under an existing federal program cluster (Federal Transit Cluster).

INTERNAL CONTROL AND COMPLIANCE

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

Board of Trustees
Greene County Transit Board
Xenia, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Greene County Transit Board (the Board) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Greene County Transit Board's basic financial statements, and have issued our report thereon dated June 6, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Joseph Decosimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
June 6, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Greene County Transit Board
Xenia, Ohio

Report on Compliance for Each Major Federal Program

We have audited Greene County Transit Board's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Greene County Transit Board's major federal programs for the year ended December 31, 2013. Greene County Transit Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greene County Transit Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greene County Transit Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Greene County Transit Board's compliance.

Opinion on Each Major Federal Program

In our opinion, Greene County Transit Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Greene County Transit Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Greene County Transit Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greene County 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Joseph Accascino and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
June 6, 2014

GREENE COUNTY TRANSIT BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____x_____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____x_____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____x_____	No

Federal Awards

Internal control over major programs

Material weakness(es) identified?	_____	Yes	_____x_____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____x_____	None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____	Yes	_____x_____	No
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Identification of Major Program

CFDA Number

Name of Federal Program

Federal Transit Cluster

20.507
20.507A

Formula Grants (Urbanized Area Formula Program)
Formula Grants (Urbanized Area Formula Program) - ARRA

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	_____x_____	Yes	_____	No
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Section II - Financial Statement Findings

No matters reported.

Section III - Federal Award Findings and Questioned Costs

No matters reported.

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Dave Yost • Auditor of State

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
JULY 22, 2014**