



Dave Yost • Auditor of State

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY
DECEMBER 31, 2016**

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Dave Yost • Auditor of State

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 Greene County Transit Board, Greene County, Ohio (the Board), as of and for the year ended December 31, 2016, 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 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 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 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 overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our 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, Ohio, as of December 31, 2016, 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.

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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 liabilities and pension 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 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 the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule 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 21, 2017, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Board's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 21, 2017

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

This discussion and analysis of Greene County Transit Board's (the Board's) financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2016. 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 2016 are as follows:

- The Board became a Medicaid provider due to a policy change at the state level for the Board of Developmental Disabilities. The Transit Board now bills Medicaid directly for Greene County Board of Developmental Disabilities clients on Medicaid waivers. Service for the remaining clients are billed directly to the Board of DD under a specialized transportation contract.
- The Board extended flex route services by two hours and added peak service to two flex routes.
- The Board traded FTA capital dollars for local match dollars with the Greater Dayton RTA.
- The Board added one full time position to their staff to assist the Chief Financial Officer.
- The Board's receipts were approximately \$4.8 million for the 2016 fiscal year. The breakdown of receipts is as follows:

o Federal, state and local grants and reimbursements	\$2,226,802
o Passenger fares and other revenues	\$2,598,837
- Change in net position of the Board held steady in 2016 at \$572,239 compared to the change in net position of \$572,355 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.

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, 2016
(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 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>2016</u>	<u>2015</u>
Assets:		
Current Assets	\$2,892,204	\$1,907,801
Capital Assets, Net	1,181,837	1,751,499
Total Assets	<u>4,074,041</u>	<u>3,659,300</u>
 Deferred Outflows - Pension	 169,569	 56,790
Liabilities:		
Current Liabilities	295,507	485,933
Long Term Liabilities	418,308	275,838
Total Liabilities	<u>713,815</u>	<u>761,771</u>
 Deferred Inflows - Pension	 8,083	 4,846
Net Position:		
Net Investment in Capital Assets	1,181,837	1,751,499
Unrestricted	2,339,875	1,197,974
Total Net Position	<u>\$3,521,712</u>	<u>\$2,949,473</u>

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Current assets represent cash and outstanding receivables for services rendered in 2016. Capital assets consist mostly of vehicles. The primary decrease in capital assets in 2016 is due to the depreciation of transit vehicles. The primary increase in unrestricted net position in 2016 is due to the trade of FTA capital dollars for unrestricted local match dollars.

Condensed Summary of Revenues, Expenses and Changes in Net Position

	<u>2016</u>	<u>2015</u>
Operating Revenues	\$2,598,837	\$2,241,136
Operating Expenses, Excluding Depreciation/ Pension Expense	(3,593,535)	(3,289,958)
Pension Expense	(58,776)	(30,116)
Depreciation	(601,089)	(511,664)
Operating Loss	<u>(1,654,563)</u>	<u>(1,590,602)</u>
Nonoperating Revenues	<u>2,226,802</u>	<u>2,162,957</u>
Increase (Decrease) in Net Position	<u>572,239</u>	<u>572,355</u>
Net Position - Beginning of Year	<u>2,949,473</u>	<u>2,377,118</u>
Net Position - End of Year	<u><u>\$3,521,712</u></u>	<u><u>\$2,949,473</u></u>

Board's operating revenues increased by \$357,701 to \$2,598,837 in 2016. This 16% increase resulted from an increase in contract service. The 2016 increase in non-operating revenues totaling \$63,845 is related to the trade of capital dollars for local dollars which will be used as local match for the expansion of flex routes in 2017-2019.

Capital Assets

The Board's investment in capital assets was \$1,181,837 net of accumulated depreciation as of December 31, 2016. 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.

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**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Assets:

Current Assets:

Cash, cash equivalents and investments	\$2,221,641
Receivables:	
Trade	350,297
Federal/ State grants	280,907
Other receivables	1,757
Prepaid expenses	37,602
Total current assets	<u>2,892,204</u>

Long Term Assets

Capital assets, net of accumulated depreciation	<u>1,181,837</u>
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Total Assets

4,074,041

Deferred Outflows of Resources

Pension - OPERS	169,569
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Liabilities

Current Liabilities

Trade Payables	257,267
Accrued Payroll and payroll liabilities	37,665
Accrued compensated absences	575
Total current liabilities	<u>295,507</u>

Long Term Liabilities

Net pension liability	<u>418,308</u>
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Total Liabilities

713,815

Deferred Inflow of Resources

Pension - OPERS	8,083
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Net Position

Net investment in capital assets	1,181,837
Unrestricted	2,339,875
Total Net Position	<u><u>\$3,521,712</u></u>

The accompanying notes are an 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, 2016**

Operating Revenues	
Passenger fares	\$114,242
Special transit fares	2,440,312
Other revenues	44,283
Total Operating Revenues	<u>2,598,837</u>
Operating Expenses	
Labor	335,117
Fringe benefits	170,260
Services	116,704
Materials and supplies	15,125
Utilities	14,457
Casualty and liability	5,116
Purchased transportation service	2,934,939
Leases and rentals	51,395
Miscellaneous	9,198
Total Operating Expenses	<u>3,652,311</u>
Operating Loss Before Depreciation	<u>(1,053,474)</u>
Depreciation	
On assets acquired with capital grants	552,457
On other assets	48,632
Total Depreciation	<u>601,089</u>
Operating Loss	<u>(1,654,563)</u>
Non-Operating Revenues	
Federal cash grants and reimbursements	1,256,392
State cash grants and reimbursements	92,600
Local cash grants and reimbursements	877,810
Total Non-Operating Revenues	<u>2,226,802</u>
Increase in Net Position	572,239
Net Position - Beginning of Year	<u>2,949,473</u>
Net Position - End of Year	<u><u>\$3,521,712</u></u>

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, 2016**

Cash Flows from Operating Activities:	
Cash received from passengers	\$2,432,909
Cash received from miscellaneous items	44,378
Cash payments to suppliers of goods and services	(3,357,804)
Cash payments to employee for services	(332,332)
Cash payments for employee benefits	(139,358)
Net Cash Used by Operating Activities	<u>(1,352,207)</u>
Cash Flows from Non-Capital Financing Activities:	
Federal grants	1,205,683
State grants	31,934
Local grants	877,810
Net Cash Provided by Non-Capital Financing Activities	<u>2,115,427</u>
Cash Flows from Capital Financing Activities:	
Payments for the purchase of capital assets	<u>(31,426)</u>
Net Increase in Cash, Cash Equivalents and Investments	731,794
Cash, Cash Equivalents and Investments - beginning of year	<u>1,489,847</u>
Cash, Cash Equivalents and Investments - end of year	<u><u>2,221,641</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	(1,654,563)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	601,089
Changes in operating assets and liabilities:	
Trades receivables	(129,004)
Other receivables	93
Prepaid expenses	(12,324)
Trades payables	(191,183)
Accrued payroll and other liabilities	757
Deferred Pension Outflows - OPERS	(112,779)
Net pension liability	142,470
Deferred Pension Inflow - OPERS	3,237
Net Cash Used by Operating Activities	<u><u>(\$1,352,207)</u></u>

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

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**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2016, 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 2016, 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, 2016, 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, 2016, 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, 2016.

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	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, 2016
(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, 2016, \$575 was accrued for unused vacation, comp time and 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.

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, 2016
(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. Pensions

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

2. 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.

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. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits that are not FDIC insured. 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
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of December 31, 2016, the carrying amount of the Board's deposits was \$523,580 and the bank balance was \$767,895. Of the bank balance, \$504,148 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, 2016, the Board's investments at amortized cost were \$1,697,561 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, 2016 is as follows:

Investment in STAROhio	\$1,697,561
Carrying amount of STARPlus deposits	254,148
Carrying amount of the Board's bank deposits	269,432
Petty Cash	500
Total, cash, cash equivalents and investments	<u><u>\$2,221,641</u></u>

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, is as follows:

	<u>Balance 12/31/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/2016</u>
Cost basis:				
Transportation equipment	\$2,927,487	\$21,696	\$3,000	\$2,946,183
Computer equipment	278,932	1,200		280,132
Furniture and fixtures	51,188			51,188
Tools	129,631	11,531		141,162
Total Capital Assets Being Depreciated	<u>3,387,238</u>	<u>34,427</u>	<u>3,000</u>	<u>3,418,665</u>
Accumulated Depreciation				
Transportation equipment	1,384,659	542,375		1,927,034
Computer equipment	153,304	41,466		194,770
Furniture and fixtures	14,045	6,614		20,659
Tools	83,731	10,634		94,365
Total Accumulated Depreciation	<u>1,635,739</u>	<u>601,089</u>	<u>0</u>	<u>2,236,828</u>
Net Book Value	<u>\$1,751,499</u>	<u>(\$566,662)</u>	<u>\$3,000</u>	<u>\$1,181,837</u>

4. 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 \$2,934,939 for the year ended December 31, 2016. All passenger fares related to these transit services are collected by the Board and recognized as revenue.

5. DEFINED BENEFIT PENSION PLANS

A. 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 Greene County Transit 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.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

5. DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Revised Code limits the Greene County Transit Board's obligation for this liability to annually required payments. The Greene County Transit Board cannot control benefit terms or the manner in which pensions are financed; however, the Greene County Transit 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 *accrued payroll and payroll liabilities* on the accrual bases of accounting.

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Greene County Transit 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 (e.g. Greene County Transit Board employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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):

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

5. DEFINED BENEFIT PENSION PLANS (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 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. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. 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.

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

Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

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

The Greene County Transit Board's contractually required contribution was \$46,612 for 2016. Of this amount, \$7,355 is reported as a liability included in the Accrued Payroll and Payroll Liabilities.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

5. DEFINED BENEFIT PENSION PLANS (Continued)

C. 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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The Greene County Transit Board's proportion of the net pension liability was based on the Greene County Transit 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:

Net Pension Liability	\$418,308
Proportion of the Net Pension Liability	0.002415%
Pension Expense	\$58,776

At December 31, 2016, the Greene County Transit Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$122,957
Greene County Transit Board's contributions subsequent to the measurement date	<u>46,612</u>
Total Deferred Outflows of Resources	<u>\$169,569</u>
Deferred Inflows of Resources:	
Differences between expected and actual experience	<u>\$8,083</u>

\$46,612 reported as deferred outflows of resources related to pension resulting from Greene County Transit Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. 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>Year Ending December 31:</u>	<u>OPERS</u>
2017	\$26,892
2018	28,858
2019	31,299
2020	<u>27,825</u>
Total	<u>\$114,874</u>

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

5. DEFINED BENEFIT PENSION PLANS (Continued)

D. 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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation 3 percent, simple
Investment Rate of Return	8 percent Actuarial Cost
Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used. The most recent experience study was completed for the five year period ended December 31, 2010.

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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member- Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is .4 percent for 2015.

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 2015 and the long-term expected real rates of return:

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

5. DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	Target Allocation	Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00%	5.27%

Discount Rate - The discount rate used to measure the total pension liability was 8 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 Greene County Transit Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Greene County Transit Board's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Greene County Transit 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Greene County Transit Board's proportionate share of the net pension liability	\$666,468	\$418,308	\$208,994

Changes between Measurement Date and Report Date In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Board's net pension liability is expected to be significant.

6. 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.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

6. POST-EMPLOYMENT BENEFITS (Continued)

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, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

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 2016, local government employers contributed 14% of covered payroll. These are 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 and combined plans was 2.0% during the calendar year 2016. 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, 2016, 2015 and 2014, totaled \$ 6,264 , \$7,012 and \$5,606, respectively;100% of the required contribution has been contributed for 2016, 2015 and 2014.

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.

7. 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, 2016, consist of the following:

Federal – FTA maintenance and other assistance	\$1,256,392
State – Formula funds	92,600

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

8. 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.

9. LEASE OBLIGATION

In November 2014, the Board entered into a lease for office space with a third party for a period of three years commencing April 2015.

Future minimum lease payments for the office space for the years subsequent to December 31, 2016, are as follows:

<u>Year Ending</u>	
December 31, 2017	\$46,584
December 31, 2018	11,645
	<u>\$58,229</u>

Rent expense totaled \$46,584 for the year ended December 31, 2016.

10. 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, 2016, 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.

11. SUBSEQUENT EVENTS

On March 29, 2017, the Board authorized the purchase of eight Ford/ El Dorado light transit vehicles for \$558,232. The Board also approved purchase of two Ford/ mobility transportation services accessible vans for \$91,482.

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

	2015	2014	2013
Board's Proportion of the Net Pension Liability	0.002415%	0.002287%	0.002287%
Board's Proportionate Share of the Net Pension Liability	\$418,308	\$275,838	\$269,608
Board's Covered-Employee Payroll	\$350,604	\$280,433	\$257,054
Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	119.31%	98.36%	104.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$46,612	\$42,073	\$33,652	\$33,417	\$31,672
Contributions in Relation to the Contractually Required Contribution	<u>(46,612)</u>	<u>(42,073)</u>	<u>(33,652)</u>	<u>(33,417)</u>	<u>(31,672)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Board's Covered-Employee Payroll	\$388,430	\$350,604	\$280,433	\$257,054	\$316,720
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%	10.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$32,731	\$28,963	\$28,885	\$21,292	\$20,991
<u>(32,731)</u>	<u>(28,963)</u>	<u>(28,885)</u>	<u>(21,292)</u>	<u>(20,991)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$327,310	\$340,741	\$339,824	\$304,171	\$270,154
10.00%	8.50%	8.50%	7.00%	7.77%

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**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
FEDERAL TRANSIT ADMINISTRATION			
<i>Direct</i>			
<i>Federal Transit Cluster</i>			
FEDERAL TRANSIT_FORMULA GRANTS	OH-90-X90	20.507	\$6,627
	OH-90-X832		389,786
	OH-90-X849		754,555
	OH-95-X153		7,256
	OH-95-X181		<u>4,338</u>
<i>TOTAL FEDERAL TRANSIT_FORMULA GRANTS / FEDERAL TRANSIT CLUSTER</i>			<u>1,162,562</u>
<i>TRANSIT SERVICES PROGRAM CLUSTER</i>			
NEW FREEDOM PROGRAM	OH-57-X023	20.521	4,729
	OH-57-X035		2,614
	OH-57-X051		<u>17,414</u>
<i>TOTAL NEW FREEDOM PROGRAM</i>			<u>24,757</u>
JOB ACCESS AND REVERSE COMMUTE PROGRAM	OH-37-X076	20.516	29,712
	OH-37-X090		<u>39,361</u>
<i>TOTAL JOB ACCESS AND REVERSE COMMUTE PROGRAM</i>			<u>69,073</u>
<i>TOTAL TRANSIT SERVICES PROGRAM CLUSTER</i>			<u>93,830</u>
Total U.S. Department of Transportation			<u>1,256,392</u>
Total Federal Awards Expenditures			<u>\$1,256,392</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, 2016**

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, 2016. 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.



Dave Yost • Auditor of State

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 Board) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated September 21, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 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 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 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*.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
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www.ohioauditor.gov

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 Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 21, 2017



Dave Yost • Auditor of State

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 the Greene County Transit Board's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Greene County Transit Board's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal program.

Management's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the 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, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

September 21, 2017

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

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

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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
OCTOBER 10, 2017**