

GREENE COUNTY TRANSIT BOARD
FINANCIAL STATEMENTS
December 31, 2011



Dave Yost • Auditor of State

Board of Trustees
Greene County Transit Board
571 Ledbetter Road
Xenia, Ohio 45385

We have reviewed the *Report of Independent Accountants* of the Greene County Transit Board, Greene County, prepared by Joseph Decosimo and Company, LLC, for the audit period January 1, 2011 through December 31, 2011. 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

October 22, 2012

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GREENE COUNTY TRANSIT BOARD

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Greene County Transit Board
Xenia, Ohio

We have audited the accompanying financial statements of the business-type activities of Greene County Transit Board (the Board) as of December 31, 2011, and for the year then ended, which collectively comprise Greene County Transit Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Greene County Transit Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

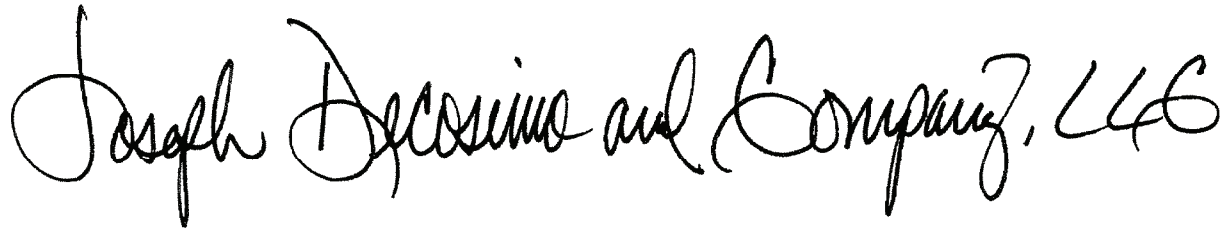
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Greene County Transit Board as of December 31, 2011, and the changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2012, 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* and should be considered in assessing the results of our audit.

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 Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Greene County Transit Board's basic financial statements. The accompanying schedule of expenditures of federal awards - cash basis is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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 21, 2012

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

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, 2011, within the limitations of the Board's accrual basis of accounting. 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 2011 are as follows:

The Board's receipts were approximately \$3.8 million for the 2011 fiscal year. The breakdown of receipts is as follows:

- Federal, state and local grants \$1,956,986
- Passenger fares and other revenues \$1,870,122

Net assets of the Board increased in 2011 by \$697,101, compared to an increase in net assets of \$47,909 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 Government 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, 2011

Basic Financial Statements and Presentation

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

The statement of revenues, expenses and changes in net assets presents information showing how the Board's net assets 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 and related financing activities. The federal, state and local grants received for capital assets are included in the increase in net assets section of the 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, 2011

Condensed Summary of Net Assets

	2011	2010
Current assets	\$ 1,386,586	\$ 1,079,975
Capital assets, net	1,156,060	785,605
Other assets	<u>25</u>	<u>25</u>
Total assets	<u>2,542,671</u>	<u>1,865,605</u>
 Liabilities	 253,662	 273,697
 Net assets -		
Invested in capital assets	1,156,060	785,605
Unrestricted	<u>1,132,949</u>	<u>806,303</u>
Total net assets	<u>\$ 2,289,009</u>	<u>\$ 1,591,908</u>

Current assets represent cash on hand and outstanding receivables for services rendered in 2011. Capital assets consist mostly of vehicles. The primary increase in capital assets in 2011 is due to the purchase of new light transit vehicles during 2011. The largest portion of the Board's 2011 net assets reflects those invested in capital assets.

Condensed Summary of Revenues, Expenses and Changes in Net Assets

	2011	2010
Operating revenues	\$ 1,870,122	\$ 1,833,891
Operating expenses, excluding depreciation	(2,759,567)	(2,459,427)
Depreciation	<u>(370,440)</u>	<u>(418,891)</u>
Operating loss	(1,259,885)	(1,044,427)
 Non-operating revenues	 <u>1,956,986</u>	 <u>1,092,336</u>
 Increase in net assets	 697,101	 47,909
Net assets - beginning of year	<u>1,591,908</u>	<u>1,543,999</u>
Net assets - end of year	<u>\$ 2,289,009</u>	<u>\$ 1,591,908</u>

The Board's operating revenues increased by \$36,231 to \$1,870,122 in 2011. This 2% increase resulted from a 1% increase in ridership and a 50% increase in other revenues from the prior year. Operating expenses, excluding depreciation, increased by \$300,140 as compared to the prior year. This increase was the result of increased fuel costs. Depreciation expense for 2011 decreased by \$48,451 when compared to 2010 due to capital assets that became fully depreciated and disposed of during 2011. The 2011 increase in other non-operating revenues totaling \$864,650 is related to the increase in federal funding for service and capital items.

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

Capital Asset

Capital Assets

The Board's investment in capital assets was \$1,156,060 net of accumulated depreciation as of December 31, 2011. Capital assets include transit buses, tools, office and computer 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. Richard Schultze, Executive Director, Greene County Transit Board, 571 Ledbetter Road, Xenia, Ohio 45385.

GREENE COUNTY TRANSIT BOARD

STATEMENT OF NET ASSETS

December 31, 2011

ASSETS	
CURRENT ASSETS	
Cash, cash equivalents and investments	\$ 963,736
Receivables -	
Trade	157,385
Federal grants	252,771
Prepaid expenses	<u>12,694</u>
Total current assets	1,386,586
CAPITAL ASSETS , net of accumulated depreciation	1,156,060
OTHER ASSETS	<u>25</u>
TOTAL ASSETS	<u>2,542,671</u>
LIABILITIES	
Trade payables	191,858
Accrued payroll and payroll liabilities	43,041
Accrued compensated absences	<u>18,763</u>
TOTAL LIABILITIES	<u>253,662</u>
NET ASSETS	
Invested in capital assets	1,156,060
Unrestricted	<u>1,132,949</u>
TOTAL NET ASSETS	<u>\$ 2,289,009</u>

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

GREENE COUNTY TRANSIT BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended December 31, 2011

OPERATING REVENUES	
Passenger fares	\$ 1,800,192
Other revenues	<u>69,930</u>
Total operating revenues	<u>1,870,122</u>
OPERATING EXPENSES	
Labor	268,641
Fringe benefits	127,071
Services	22,835
Materials and supplies	385,051
Utilities	8,441
Purchased transportation service	1,901,539
Miscellaneous	23,753
Leases and rentals	18,413
Insurance	<u>3,823</u>
Total operating expenses	<u>2,759,567</u>
OPERATING LOSS BEFORE DEPRECIATION	<u>(889,445)</u>
DEPRECIATION	
On assets acquired with capital grants	364,170
On other assets	<u>6,270</u>
Total depreciation	<u>370,440</u>
OPERATING LOSS	<u>(1,259,885)</u>
NON-OPERATING REVENUES	
Federal cash grants and reimbursements	1,905,033
State cash grants and reimbursements	28,452
Local cash grants and reimbursements	<u>23,501</u>
Total non-operating revenues	<u>1,956,986</u>
INCREASE IN NET ASSETS	697,101
NET ASSETS - beginning of year	<u>1,591,908</u>
NET ASSETS - end of year	<u>\$ 2,289,009</u>

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

GREENE COUNTY TRANSIT BOARD

STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from passengers	\$ 1,815,693
Cash received from miscellaneous items	69,930
Cash payments to suppliers for goods and services	(2,384,230)
Cash payments to employees for services	(267,949)
Cash payments for employee benefits	<u>(125,242)</u>
Net cash used by operating activities	<u>(891,798)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Federal grants	1,712,207
State grants	90,835
Local grants	<u>23,501</u>
Net cash provided by non-capital financing activities	<u>1,826,543</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Payments for the purchase of capital assets	<u>(740,895)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS	193,850
CASH, CASH EQUIVALENTS AND INVESTMENTS - beginning of year	<u>769,886</u>
CASH, CASH EQUIVALENTS AND INVESTMENTS - end of year	<u>\$ 963,736</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,259,885)
Adjustments to reconcile operating loss to net cash used by operating activities -	
Depreciation	370,440
Change in operating assets and liabilities -	
Trade receivables	12,761
Prepaid expenses	4,921
Trade payables	(22,556)
Accrued payroll and payroll liabilities	(1,050)
Accrued compensated absences	<u>3,571</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (891,798)</u>

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

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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*, 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. In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and 34*. This statement becomes effective for reporting periods beginning after June 15, 2012. The Board is analyzing the impact that the adoption of this standard will have on its financial statements.

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

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Board has elected not to apply the provisions of the pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

The Board plans to adopt GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*, required for periods beginning after December 15, 2011. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance, included in certain FASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements. Management is in the process of determining the effects that the adoption of this Statement will have on the Board's financial statements.

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.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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, 2011.

ACCOUNTS RECEIVABLE - Accounts receivable 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 accounts receivable are collectible. Accordingly, no allowance has been provided for in these financial statements. Recoveries of receivables previously written off are recognized when received.

CAPITAL ASSETS - Capital assets are stated at cost at the date of acquisition. All vehicles, computers and leasehold improvements 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, 2011, \$18,763 was accrued for unused vacation, comp time and sick leave for Board employees.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

NET ASSETS - The net assets of the Board and changes therein are classified and reported as follows:

Invested in Capital Assets - Capital assets net of accumulated depreciation.

Unrestricted - Net assets that do not meet the definition of "restricted" or "invested 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.

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 21, 2012, the date the financial statements were available to be issued.

NOTE 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 and obligations of the United States government and certain agencies thereof. The Board may also enter into repurchase agreements, for a period not exceeding 30 days, with an eligible depository or any eligible security dealer that is a member of the National Association of Securities Dealer.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - continued

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.

As of December 31, 2011, the carrying amount of the Board's deposits was \$420,817 and the bank balance was \$420,853. 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, 2011, the Board's investments were \$542,544 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 be invested 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 Assets as of December 31, 2011:

Investment in STAROhio	\$ 542,544
Carrying amount of the Board's deposits	420,817
Petty cash	<u>375</u>
Total cash, cash equivalents, and investments	<u>\$ 963,736</u>

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, is as follows:

	Balance December 31, 2010	Additions	Disposals/ Transfers	Balance December 31, 2011
Cost				
Transportation equipment	\$ 2,266,504	\$ 731,359	\$ 204,553	\$ 2,793,310
Computer equipment	98,181	9,536	-	107,717
Furniture and fixtures	31,065	-	-	31,065
Tools	<u>87,090</u>	<u>-</u>	<u>-</u>	<u>87,090</u>
Total capital assets being depreciated	<u>2,482,840</u>	<u>740,895</u>	<u>204,553</u>	<u>3,019,182</u>
Less: accumulated depreciation				
Transportation equipment	1,518,061	350,417	204,553	1,663,925
Computer equipment	91,114	6,270	-	97,384
Furniture and fixtures	21,631	13,753	-	35,384
Tools	<u>66,429</u>	<u>-</u>	<u>-</u>	<u>66,429</u>
	<u>1,697,235</u>	<u>370,440</u>	<u>204,553</u>	<u>1,863,122</u>
Capital assets, net	<u>\$ 785,605</u>	<u>\$ 370,455</u>	<u>\$ -</u>	<u>\$ 1,156,060</u>

NOTE 4 - PURCHASED TRANSPORTATION SERVICES

The Board has contracted with a local transportation company to provide transit services within Greene County for elderly and disabled persons. Expenses under this contract totaled \$1,901,539 for the year ended December 31, 2011. All passenger fares related to these transit services are collected by the Board and recognized as revenue.

NOTE 5 - 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, 2011

NOTE 5 - 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, 2011, members in state and local classifications contributed 10% of covered payroll, public safety members contributed 11% and law enforcement members contributed 11.6%.

The Board's total contribution rate for 2011 totaled 14%. The portion of employer contributions, for all employers, allocated to health care was 4.0% through December 31, 2011. 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, 2011, 2010, and 2009, totaled \$45,823, \$47,704, and \$47,576, respectively. The full amount has been contributed for 2011, 2010 and 2009.

NOTE 6 - POST-EMPLOYMENT BENEFITS

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment healthcare 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 healthcare. The 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. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which 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 post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare 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.

GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 6 - POST-EMPLOYMENT BENEFITS - continued

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14% of covered payroll. Each year, the OPERS Retirement Board determines the portion of the public employer contribution that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to healthcare for members in the Traditional Plan was 4.0% during the calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012, remained the same, but they are subject to change based upon Board action. Employers will be notified if the portion allocated to healthcare changes during the calendar year 2012.

The Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Board's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2011, 2010 and 2009, totaled \$13,092, \$17,321, and \$19,030, respectively; 100% has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP), adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare plan.

NOTE 7 - FEDERAL AND STATE GRANTS AND REIMBURSEMENTS

Federal and state grants and reimbursements in the statement of revenues, expenses and changes in net assets for the year ended December 31, 2011, consist of the following:

Federal -

FTA maintenance and other assistance	\$ <u>1,905,033</u>
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State -

Fuel excise tax reimbursements	\$ <u>28,452</u>
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GREENE COUNTY TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 8 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquakes, errors and omissions, employment related matters and employee injury, 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 9 - LEASE OBLIGATION

The Board leases its office space from Greene County under an operating lease agreement expiring in April 2013, with an option to extend the lease through April 2015. 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, 2011, are as follows:

Period ending	
December 31, 2012	\$ 9,916
April 30, 2013	<u>3,251</u>
	<u>\$ 13,167</u>

Rent expense totaled \$13,659 for the year ended December 31, 2011.

NOTE 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, 2011, 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, 2011

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-X667	\$ 572,069
		OH-90-X630	283,144
		OH-90-X460	119
		OH-90-X504	10,464
		OH-90-X571	<u>6,999</u>
Total Formula Grants (Urbanized Area Formula Program)			872,795
Formula Grants (Urbanized Area Formula Program) - ARRA	20.507A	OH-96-X003A	<u>405,195</u>
<i>Total Federal Transit Cluster</i>			<u>1,277,990</u>
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	OH-95-X025	<u>503,220</u>
<i>Transit Services Program Cluster:</i>			
New Freedom Program	20.521	OH-57-X041	2,100
		OH-57-X035	13,194
		OH-57-X023	35,186
		OH-57-X018	<u>17,874</u>
Total New Freedom Program			<u>68,354</u>
Job Access - Reverse Commute	20.516	OH-37-X056	17,874
		OH-37-X076	<u>37,595</u>
Total Job Access - Reverse Commute			<u>55,469</u>
<i>Total Transit Services Program Cluster</i>			<u>123,823</u>
Total U.S. Department of Transportation and Federal Expenditures			\$ <u>1,905,033</u>

GREENE COUNTY TRANSIT BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
Year Ended December 31, 2011

NOTE 1 - BASIS OF PRESENTATION

The accompanying 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). The Federal Transit Cluster was determined to be a major program as the ARRA expenditures represent greater than 20% of the Federal Transit Cluster. The major program calculation for ARRA programs is more fully described in Appendix 7 of the OMB Circular A-133, *Compliance Supplement*.

INTERNAL CONTROL AND COMPLIANCE

**REPORT OF INDEPENDENT ACCOUNTANTS 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 the basic financial statements of the business-type activities of Greene County Transit Board as of and for the year ended December 31, 2011, and have issued our report thereon dated June 21, 2012. 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.

Internal Control Over Financial Reporting

Management of Greene County Transit Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Greene County Transit Board's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greene County Transit Board's internal control over financial reporting.

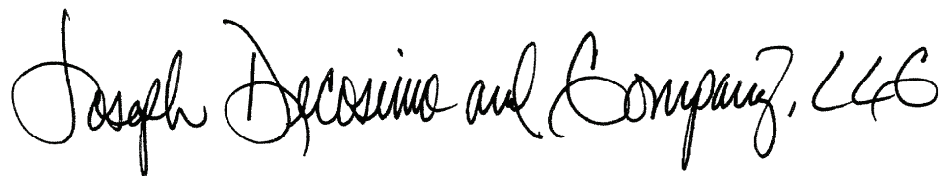
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene County Transit Board's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees, management of Greene County Transit Board and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



Cincinnati, Ohio
June 21, 2012

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Greene County Transit Board
Xenia, Ohio

Compliance

We have audited the compliance of Greene County Transit Board with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Greene County Transit Board's management. Our responsibility is to express an opinion on the Greene County Transit Board's compliance based on our audit.

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 U.S. Office of Management and Budget 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. Our audit does not provide a legal determination on Greene County Transit Board's compliance with those requirements.

In our opinion, Greene County Transit Board complied, in all material respects, with the 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, 2011.

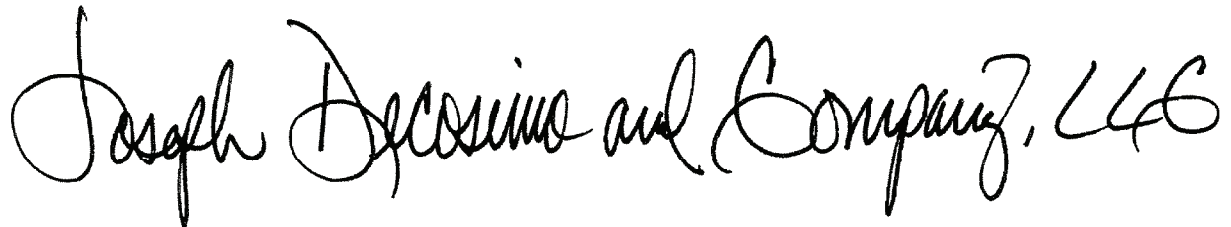
Internal Control Over Compliance

The management of Greene County Transit Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Greene County Transit Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management of Greene County Transit Board and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

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 21, 2012

GREENE COUNTY TRANSIT BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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

Highway Planning and Construction Cluster

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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
NOVEMBER 8, 2012**