

**Greene County
Transit Board**

Basic Financial Statements

*For the year ended
December 31, 2008*



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Michael Botkin* of the Greene County Transit Board, prepared by Rea & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 23, 2009

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**Greene County
Transit Board**

Basic Financial Statements

*For the year ended
December 31, 2008*

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June 10, 2009

To the Board of Trustees
Greene County Transit Board
Xenia, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities of Greene County Transit Board as of and for the year ended December 31, 2008, which collectively comprise of the 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 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 basic 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, 2008, and the respective changes in financial position and its cash flows for the years 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 10, 2009 on our consideration of Greene County Transit Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 the 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.

Independent Auditors Report
June 10, 2009
Page 2

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea & Associates, Inc.

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008
UNAUDITED

This discussion and analysis of the Greene County Transit Board's financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2008, within the limitations of the Board's accrual basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Board's financial performance.

Highlights

Key highlights for 2008 are as follows:

The Board's receipts were approximately \$3.3 million for the 2008 fiscal year. The breakdown of receipts is as follows:

- Federal, State and Local grants \$1.47 million
- Transit Fares and contract revenues \$1.76 million

Net assets of the Board increased in 2008 by \$560,754, compared to an increase in net assets of \$403,664 from the prior year.

Using the Basic Financial Statements

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

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008
UNAUDITED

Basic Financial Statements and Presentation

The 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, except land, over their estimated useful lives.

The notes to the financial statements are an integral part of the Board-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the 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 present 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 lists 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 its obligations in a timely manner. 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 and State grants received for capital assets are included in the increase in net assets section of the non-capital financing activities.

Notes to the Financial Statement

The notes 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
FOR THE YEARS ENDED DECEMBER 31, 2008
UNAUDITED

Condensed Summary of Net Assets

	<u>2008</u>	<u>2007</u>
Current assets	\$ 383,843	\$ 579,466
Capital assets, net	1,483,381	740,194
Other assets	25	25
Total assets	<u>1,867,249</u>	<u>1,319,685</u>
 Liabilities	 191,215	 204,405
 Net assets:		
Invested in Capital Assets	1,483,381	740,194
Unrestricted	192,653	375,086
Total net assets	<u>\$ 1,676,034</u>	<u>\$ 1,115,280</u>

The largest portion of the Board's net assets reflects the capital assets in 2008. Capital assets consist mostly of vehicles. Current assets represent cash on hand and outstanding receivables for services rendered in 2008. The increase in Capital Assets in 2008 is due to the addition of fourteen new vehicles.

Condensed Summary of Revenues, Expenses and Changes in Net Assets

	<u>2008</u>	<u>2007</u>
Operating Revenues	\$ 1,804,058	\$ 1,760,154
Operating expenses excluding depreciation	(2,484,313)	(2,307,631)
Depreciation expense	(228,412)	(175,044)
Operating loss	<u>(908,667)</u>	<u>(722,521)</u>
 Non-operating revenues	 <u>1,469,421</u>	 <u>1,126,185</u>
 Increase (decrease) in net assets	 560,754	 403,664
Net assets, beginning of year	1,115,280	711,616
Net assets, end of year	<u>\$ 1,676,034</u>	<u>\$ 1,115,280</u>

The Board's operating revenues increased by approximately \$44 thousand to \$1.80 million in 2008. This 2% increase resulted from an increase in ridership from the prior year. Operating expenses, excluding depreciation, increased by \$176 thousand as compared to the prior year, due in large part to the increase in ridership from the prior year. There is a direct correlation between increased operating revenues, operating expenses, and ridership, all of which increased 2-3% from 2007. Depreciation expense for 2008 increased by \$53.3 thousand when compared to 2007 due to many capital asset additions during 2008. The 2008 increase in other non-operating revenues of \$343 thousand is related to increase in Federal and State funding for purchase of fourteen buses in 2008, as compared to the eight purchased in 2007.

GREENE COUNTY TRANSIT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008
UNAUDITED

Capital Asset and Debt Administration

Capital Assets

The Board's investment in capital assets was \$1.48 million, net of accumulated depreciation as of December 31, 2008. Capital assets include transit buses, tools, office equipment and computer equipment.

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

Long-term Debt

The Board had no debt as of December 31, 2008.

Requests for Information

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Richard Schultze, Executive Director, Greene County Transit Board, 571 Ledbetter Road, Xenia, OH 45385.

GREENE COUNTY TRANSIT BOARD

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2008

ASSETS

	2008
CURRENT ASSETS:	
Cash	\$ 148,452
Receivables:	
Trade	183,059
Federal	40,908
Prepaid expenses	11,424
Total current assets	383,843
CAPITAL ASSETS, net of accumulated depreciation	1,483,381
OTHER ASSETS	25
Total assets	\$ 1,867,249

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Trade payables	\$ 147,040
Accrued payroll and payroll liabilities	37,871
Accrued compensated absences	6,304
Total current liabilities	191,215
NET ASSETS:	
Invested in capital assets	1,483,381
Unrestricted	192,653
Total net assets	1,676,034
Total liabilities and net assets	\$ 1,867,249

The accompanying notes are and integral part of these financial statements.

GREENE COUNTY TRANSIT BOARD

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008
OPERATING REVENUES:	
Passenger fares	\$ 1,757,953
Other revenues	46,105
	1,804,058
OPERATING EXPENSES:	
Labor	240,214
Fringe benefits	113,086
Services	33,336
Materials and supplies	334,671
Utilities	9,793
	3,295
Purchased transportation service	1,722,335
Miscellaneous	16,263
Leases and rentals	11,320
	2,484,313
	(680,255)
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	
DEPRECIATION EXPENSE:	
On assets acquired with capital grants	222,699
On other assets	5,713
	228,412
	(908,667)
OPERATING LOSS	
NON-OPERATING REVENUES:	
Federal cash grants and reimbursements	1,390,632
State cash grants and reimbursements	74,609
Local cash grants and reimbursements	2,000
Gain from sale of capital assets	2,180
	1,469,421
	560,754
INCREASE IN NET ASSETS	
NET ASSETS, beginning of year	1,115,280
NET ASSETS, end of year	\$ 1,676,034

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

GREENE COUNTY TRANSIT BOARD

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from passengers	\$ 1,740,450
Other revenue	45,800
Cash payments to suppliers for goods and services	(2,134,488)
Cash payments to employees for services	(229,926)
Cash payments for employee benefits	(133,089)
	<hr/>
Net cash used by operating activities	(711,253)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Federal grants	1,436,935
State grants	101,952
	2,000
	<hr/>
Net cash provided by non-capital financing activities	1,540,887
CASH FLOWS FROM CAPITAL ACTIVITIES:	
Payments for the purchase of capital assets	(971,599)
Proceeds from the sale of property	2,180
	<hr/>
Net cash used by capital activities	(969,419)
	<hr/>
Net increase (decrease) in cash	(139,785)
CASH, beginning of year	288,237
	<hr/>
CASH, end of year	\$ 148,452
	<hr/> <hr/>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (908,667)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	228,412
(Increase) decrease in operating assets:	
Trade receivables	(17,503)
Prepaid expenses	(305)
Increase (decrease) in operating liabilities:	
Trade payables	(3,475)
	<hr/>
Accrued payroll liabilities	(9,715)
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Total adjustments	197,414
	<hr/>
Net cash used by operating activities	\$ (711,253)
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The accompanying notes are an integral part of these financial statements.

GREENE COUNTY TRANSIT BOARD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Greene County Transit Board (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 Statement No. 14 of the Governmental Accounting Standards Board (“GASB”) regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Board. Under the criteria specified in Statement No. 14, the Board has no component units nor is it considered a component unit of any other entity.

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

Basis of Accounting

The Board 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 net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

In accordance with Statement No. 20 of the GASB, “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 Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989.

The Board implemented in 2004 a financial reporting model, as required by 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. The Board will continue applying all applicable pronouncements issued by the GASB.

Cash and Cash Equivalents

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

GREENE COUNTY TRANSIT BOARD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivables are carried at the original invoice amount, less an estimate made for doubtful receivables, 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. Recoveries of receivables previously written off are recorded when received.

Use of Estimates

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 reported amounts of assets, liabilities, revenues and expenses, at and during the reported period. Actual results could differ from those estimates.

Capital Assets

Capital assets are stated at historical cost. Vehicles, computers and leasehold improvements are capitalized regardless of cost. Furniture, fixtures and tools are capitalized if the cost is \$2,500 or greater. The cost of furniture, fixtures and tools under \$2,500 and maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

<u>Description</u>	<u>Years</u>
Transportation equipment	5
Other equipment	3-7

Net Assets

Net assets are displayed in two components as follows:

Invested in Capital Assets – This consists of capital assets, net of accumulated depreciation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets.”

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.

GREENE COUNTY TRANSIT BOARD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Revenue and Receivables

The Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT) provide financial assistance and make grants directly to the Board for operations and acquisition of property and equipment. 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 recorded 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.

Compensated Absences

As of December 31, 2008, \$6,304 was accrued for unused vacation, comp time and sick leave for Board employees. 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 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.

NOTE 2: CASH

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, the State Treasurer's investment pool ("STAROhio"), and obligations of the United States government and certain agencies thereof. The Board may also enter into repurchase agreements with an eligible depository or any eligible security dealer who is a member of the National Association of Securities Dealer for a period not exceeding 30 days.

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 percent 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 of the public deposits held or as specific collateral held at the Federal Reserve Bank in the name of the Board. 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 County's investment policy states that investments will be conducted as specified in the Ohio Revised Code (ORC) Section 135.35 or other relevant sections as amended.

At December 31, 2008, the carrying amount of the Board's deposits was \$148,452 and the bank balance was \$279,341. Of the bank balance, \$250,000 was covered by federal depository insurance and \$29,341 was uninsured and collateralized with securities held by the pledging institution's trust department not in the Board's name.

GREENE COUNTY TRANSIT BOARD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 is as follows:

	Balance 12/31/2007	Additions	Disposals/ Transfers	Balance 12/31/08	
Transportation equipment	\$ 1,768,542	\$ 970,024	\$ (175,746)	\$ 2,562,820	
Computer equipment	82,232	1,575	-	83,807	
Furniture and fixtures	4,415	-	-	4,415	
Tools	87,090	-	-	87,090	
Leasehold improvements	7,028	-	-	7,028	
Total capital assets being depreciated	<u>\$ 1,949,307</u>	<u>\$ 971,599</u>	<u>\$ (175,746)</u>	<u>\$ 2,745,160</u>	
Less: accumulated depreciation:	12/31/2007	Additions	Disposals/ Transfers	12/31/2008	Net Book Value
Transportation equipment	\$ 1,074,451	\$ 208,648	\$ (175,746)	\$ 1,107,353	\$ 1,455,468
Computer equipment	68,683	11,385	-	80,068	3,738
Furniture and fixtures	3,414	1,001	-	4,415	-
Tools	61,940	4,489	-	66,429	20,661
Leasehold improvements	625	2,889	-	3,514	3,514
Total accumulated depreciation, depreciation expense and net book value	<u>\$ 1,209,113</u>	<u>\$ 228,412</u>	<u>\$ (175,746)</u>	<u>\$ 1,261,779</u>	<u>\$ 1,483,381</u>

NOTE 4: PURCHASED TRANSPORTATION SERVICES

During 2008, the Board had a contract with a local transportation company to provide transit services within Greene County for elderly and handicapped persons. Expenses under this contract amounted to \$1,722,335 for the year ended December 31, 2008. All passenger fares related to these transit services are collected by the Transit Board and recorded as revenue.

GREENE COUNTY TRANSIT BOARD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: EMPLOYEE RETIREMENT PLANS

The Board contributes to the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple employer defined benefit plan administered by the Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

OPERS administers three separate pension plans as described below:

1. The traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20.00% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by PERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 10.00% for employees other than law enforcement and public safety.

The 2008 employer contribution rate for local employers was 14.00% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer. The Board's required contributions to OPERS for the years ended December 31, 2008, 2007, and 2006 totaled \$42,583, \$37,200, and \$33,889 respectively. OPERS employee and employer contributions are remitted monthly following the applicable payroll month and have been paid for 2008 and years previous.

GREENE COUNTY TRANSIT BOARD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits through the Ohio Public Employees Retirement System (System), the System provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by the OPERS meets the definition of Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2008 employer contribution rate for local employers was 14.00% of covered payroll; 7.00% of covered payroll was allocated to the health care plan for 2008. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The Board's required contribution to fund health care costs was \$42,583.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase 4.00% annually plus an additional factor ranging from .50% to 4.00% for the next 7 years. Health care costs were assumed to increase at 4.00%.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25.00% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12.00% corridor.

The actuarially accrued liability of \$29.8 billion and the unfunded actuarial accrued liability of \$17.0 billion were based on the actuarial cost method. As of December 31, 2007, the unaudited estimated net assets available for future OPEB payments were \$12.8 billion and the number of active contributing participants was 364,076. The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008.

NOTE 7: FEDERAL AND STATE GRANTS, REIMBURSEMENTS

Grants and reimbursements in the statement of revenues and expenses for the years ended December 31, 2008 consist of the following:

FEDERAL:	
FTA Maintenance and Other Assistance	\$ 1,390,632
Total	<u>\$ 1,390,632</u>
STATE:	
ODOT Maintenance and Other Assistance	\$ 44,356
Fuel Excise Tax Reimbursements	30,253
Total	<u>\$ 74,609</u>

GREENE COUNTY TRANSIT BOARD

NOTES TO THE FINANCIAL STATEMENTS

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, injuries to employees and employee 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 OBLIGATIONS

Operating Lease

The Board entered into an agreement with First Transit, Inc. effective September 1, 2006. Under the Board's new operating services agreement with First Transit, Inc., First Transit, Inc. leases the vehicle maintenance facility it uses to provide operating services.

As of December 31, 2008, the Board has a lease agreement with the Board of Greene County Commissioners for office space. The lease commenced on June 1, 2007 and will expire May 31, 2010, with annual commitments under the lease agreement of \$7,203 and \$3,637 for each of the years 2009, and 2010. Total rent expense was \$7,060 for the year ended December 31, 2008.



June 10, 2009

To the Board of Trustees
Greene County Transit Board
Xenia, Ohio

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

We have audited the accompanying financial statements of the business type activities of Greene County Transit Board as of and for the year ended December 31, 2008, and have issued our report thereon dated June 10, 2009. 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

In planning and performing our audit, we considered Greene County Transit Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greene County Transit Board's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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*.

We noted a certain matter that we reported to management of Greene County Transit Board in a separate letter dated June 10, 2009.

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

Kea & Associates, Inc.



June 10, 2009

Board of Trustees
Greene County Transit Board
Xenia, Ohio

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Greene County Transit Board with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. 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 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greene County Transit Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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 are applicable to its major federal program for the year ended December 31, 2008. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

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, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

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 that might be 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 Board of Trustees, management, federal awarding agencies, pass through entities, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

Yea & Associates, Inc.

GREENE COUNTY TRANSIT BOARD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (CASH BASIS)

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Disbursements
U.S. Department of Transportation			
(Passed through Ohio Department of Transportation):			
Urbanized Area Formula Program	20.507	OH-37-X056	\$ 2,408
		OH-57-X018	2,408
		OH-90-X571	206,979
		OH-90-X598	1,005,911
		OH-95-X018	164,422
		OH-95-X024	54,807
Total Federal Financial Assistance			\$ 1,436,935

GREENE COUNTY TRANSIT BOARD
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133, Section.505
 DECEMBER 31, 2008

1. SUMMARY OF AUDITORS' RESULTS
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(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any significant deficiencies or material weaknesses reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	CFDA# 20.507: Urbanized Area Formula Program
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	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
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None.



Mary Taylor, CPA
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
AUGUST 6, 2009**