



Dave Yost • Auditor of State

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Greene County Transit Board
Greene County
2380 Bellbrook Ave.
Xenia, Ohio 45385

To the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Greene County Transit Board, Greene County, Ohio (the Board), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greene County Transit Board, Greene County, Ohio, as of December 31, 2014, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Board's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2015, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 17, 2015

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

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, 2014. 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 2014 are as follows:

- The Board approved a fare increase effective July 1, 2013. The fare increase was in effect for the full year for 2014. As a result, revenue from fare box receipts increased from \$93,387 in 2013 to \$117,816 in 2014. Usage, contract services and ridership also aided in a total increase of operating revenues for 2014.
- The Board's receipts were approximately \$3.3 million for the 2014 fiscal year. The breakdown of receipts is as follows:
 - Federal, state and local grants and reimbursements \$1,229,093
 - Passenger fares and other revenues \$2,060,523
- Net position of the Board decreased in 2014 by \$291,897 compared to an increase in net position of \$288,469 from the prior year.

Using the Basic Financial Statements

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

Basic Financial Statements and Presentation

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

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

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

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

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Continued)**

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

Notes to the Financial Statements

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

Condensed Summary of Net Position

	<u>2014</u>	<u>2013</u>
Current assets	\$1,913,001	\$1,925,853
Capital assets, net	990,163	1,208,956
Other assets	25	25
Total assets	<u>2,903,189</u>	<u>3,134,834</u>
Total liabilities	<u>290,116</u>	<u>229,864</u>
Net position:		
Net investment in capital assets	990,163	1,208,956
Unrestricted	1,662,910	1,696,014
Total net position	<u>\$2,613,073</u>	<u>\$2,904,970</u>

Current assets represent cash and outstanding receivables for services rendered in 2014. Capital assets consist mostly of vehicles. The primary decrease in capital assets in 2014 is due to the depreciation of transit vehicles. No replacement vehicles were purchased in 2014. A large portion of the Board's 2014 net position reflects the net investment in capital assets.

Condensed Summary of Revenues, Expenses and Changes in Net Position

	<u>2014</u>	<u>2013</u>
Operating revenues	\$2,060,523	\$1,976,028
Operating expenses, excluding depreciation	(3,250,476)	(3,086,449)
Depreciation	(331,037)	(417,747)
Operating loss	<u>(1,520,990)</u>	<u>(1,528,168)</u>
Non-operating revenues	<u>1,229,093</u>	<u>1,816,637</u>
Increase (decrease) in net position	(291,897)	288,469
Net position – beginning of year	2,904,970	2,616,501
Net position – end of year	<u>\$2,613,073</u>	<u>\$2,904,970</u>

Board's operating revenues increased by \$84,495 to \$2,060,523 in 2014. This 4% increase resulted from a 5% increase in contract service and a 12% increase in fares from the previous year. The 2014 decrease in non- operating revenues totaling \$587,544 is related to the decrease in federal funding for capital items (primarily vehicles). Operating expenses, excluding depreciation, increased 5% compared to the prior year primarily due to increased contract service.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Continued)**

Capital Assets

The Board's investment in capital assets was \$990,163 net of accumulated depreciation as of December 31, 2014. Capital assets include transit buses, shop equipment, tools, office and computer software and equipment.

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

Requests for Information

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

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**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2014**

Assets:

Current Assets:

Cash, cash equivalents and investments \$1,402,554

Receivables:

Trade 206,490

Federal grants 268,964

Other receivables 10,542

Prepaid expenses 24,451

Total current assets 1,913,001

Capital assets, net of accumulated depreciation 990,163

Other Assets 25

Total Assets 2,903,189

Liabilities:

Trade payables 249,421

Accrued payroll and payroll liabilities 40,120

Accrued compensated absences 575

Total Liabilities 290,116

Net Position:

Net investment in capital assets 990,163

Unrestricted 1,622,910

Total Net Position \$2,613,073

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

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014**

Operating Revenues:	
Passenger fares	\$121,876
Special transit fares	1,922,320
Other revenues	16,327
Total Operating Revenues	<u>2,060,523</u>
Operating Expenses:	
Labor	286,194
Fringe benefits	90,872
Services	31,220
Materials and supplies	26,403
Utilities	6,805
Casualty and liability	5,697
Purchased transportation service	2,775,207
Leases and rentals	15,942
Miscellaneous	12,136
Total Operating Expenses	<u>3,250,476</u>
Operating Loss Before Depreciation	<u>(1,189,953)</u>
Depreciation:	
On assets acquired with capital grants	303,491
On other assets	27,546
Total Depreciation	<u>331,037</u>
Operating Loss	<u>(1,520,990)</u>
Non-Operating Revenues:	
Federal cash grants and reimbursements	1,116,421
State cash grants and reimbursements	90,509
Local cash grants and reimbursements	22,163
Total non-operating revenues	<u>1,229,093</u>
Decrease in Net Position	(291,897)
Net Position – Beginning of Year	<u>2,904,970</u>
Net Position – End of Year	<u><u>\$2,613,073</u></u>

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

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014**

Cash Flows from Operating Activities:	
Cash received from passengers	\$2,072,910
Cash received from miscellaneous items	15,640
Cash payments to suppliers for goods and services	(2,838,206)
Cash payments to employees for services	(280,227)
Cash payments for employee benefits	(89,472)
Net Cash Used by Operating Activities	<u>(1,119,355)</u>
Cash Flows from Non-Capital Financing Activities:	
Federal grants	978,854
State grants	90,509
Local grants	22,163
Net Cash provided by Non-Capital Financing Activities	<u>1,091,526</u>
Cash Flows from Capital Financing Activities:	
Payments for the purchase of Capital Assets	<u>(112,244)</u>
Net Decrease in Cash, Cash Equivalents and Investments	(140,073)
Cash, Cash Equivalents and Investments – beginning of year	<u>1,542,627</u>
Cash, Cash Equivalents and Investments – end of year	<u>1,402,554</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	(1,520,990)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	331,037
Changes in operating assets and liabilities:	
Trades receivables	23,035
Other receivables	(687)
Prepaid expenses	(12,002)
Trade payables	52,885
Accrued payroll and payroll liabilities	7,367
Net Cash Used by Operating Activities	<u>(\$1,119,355)</u>

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

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**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Organization

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

B. Reporting Entity

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

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

C. Basis Of Accounting

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

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

D. Cash, Cash Equivalents And Investments

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

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 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, 2014.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Trade Receivables

Trade receivables are carried at the original invoice amount, less an estimate made for doubtful accounts, based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. It is the opinion of management that as of December 31, 2014, all trade receivables are collectible. Accordingly, no allowance has been provided for in these financial statements. As accounts are deemed uncollectible, they are charged to bad debt expense. Recoveries of receivables previously written off are recognized when received.

F. Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. It is the opinion of management that as of December 31, 2014, all grants receivable are collectible. Accordingly, no allowance has been provided for in these financial statements. No bad debts were charged against operations for the year ended December 31, 2014.

G. Capital Assets

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

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

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

H. Compensated Absences

Employees who resign or retire after one year of service are entitled to full compensation for all earned unused vacation. There is no year of service requirement in order to be paid for accrued comp time at termination. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive a termination sick leave benefit. Employees who retire with more than 10 years of service are entitled to receive payment for a percentage of unused sick leave. Unused sick leave pay is lost upon termination for employees with less than 10 years of service. As of December 31, 2014, \$575 was accrued for unused vacation, comp time and sick leave for Board employees.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position

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

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

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation.

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

J. Classifications Of Revenue

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

K. Revenue Recognition

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

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

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

L. Estimates And Uncertainties

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

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Reclassifications

Certain reclassifications have been made to the 2013 financial statements in order for them to conform to the 2014 presentation. These reclassifications have no effect on net position or change in net position as previously reported.

N. Subsequent Events

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

A. Deposits

Custodial credit risk - Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits that are not FDIC insured. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as collateral against all public deposits held or as specific collateral held at the Federal Reserve Bank in the name of the Board.

As of December 31, 2014, the carrying amount of the Board's deposits was \$1,208,753 and the bank balance was \$1,209,960. Of the bank balance, \$1,000,974 was covered by federal depository insurance.

B. Investments

The Board follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and reports all of its investments at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. As of December 31, 2014, the Board's investments at fair value were \$193,301 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.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

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

C. Reconciliation of Cash, Cash Equivalents and Investments

A reconciliation of cash, cash equivalents and investments to the statement of net position balance as of December 31, 2014 is as follows:

Investment in STAROhio	\$193,301
Carrying amount of STARPlus deposits	750,974
Carrying amount of the Board's bank deposits	457,779
Petty cash	500
Total cash, cash equivalents and investments	<u>\$1,402,554</u>

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, is as follows:

	Balance 12/31/2013	Additions	Disposals/ Transfers	Balance 12/31/2014
Cost:				
Transportation equipment	\$2,567,187			\$2,567,187
Computer equipment	185,525	\$106,264		291,789
Furniture and fixtures	38,402	5,980		44,382
Tools	98,969			98,969
Total capital assets being depreciated	2,890,083	112,244		3,002,327
Less: Accumulated Depreciation:				
Transportation equipment	1,501,017	296,394		1,797,411
Computer equipment	102,202	23,459		125,661
Furniture and fixtures	10,424	4,004		14,428
Tools	67,484	7,180		74,664
	1,681,127	331,037		2,012,164
Capital assets, net	<u>\$1,208,956</u>	<u>(\$218,793)</u>	<u>\$0</u>	<u>\$990,163</u>

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

4. PURCHASED TRANSPORTATION SERVICES

The Board has contracted with a local transportation company to provide public transit services for Greene County. Expenses under this contract totaled \$2,775,207 for the year ended December 31, 2014. All passenger fares related to these transit services are collected by the Board and recognized as revenue.

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.

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, 2014, members in state and local classifications contributed 10% of covered payroll.

The Board's total contribution rate for 2014 totaled 14%. The portion of employer contributions allocated to health care for members in the traditional plan was 2.0% during the calendar year 2014. The portion of employer contributions allocated to health care for members in the combined plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care will remain 2% for both plans. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Board of 14%.

The Board's required contributions to all plans for the years ended December 31, 2014, 2013 and 2012, totaled \$39,261, \$35,987 and \$44,341, respectively. The full amount has been contributed for 2014, 2013 and 2012.

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

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

6. POST-EMPLOYMENT BENEFITS

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014, local government employers contributed 14% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the post-employment health care plan.

The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care for members in the traditional and combined plans was 2.0% during the calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care will remain 2% for both plans. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Board's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013 and 2012, totaled \$5,606, \$2,569 and \$12,694, respectively; 100% of the required contribution has been contributed for 2014, 2013 and 2012.

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

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

7. FEDERAL AND STATE GRANTS AND REIMBURSEMENTS

Federal and state grants and reimbursements in the statement of revenues, expenses and changes in net position for the year ended December 31, 2014, consist of the following:

Federal – FTA maintenance and other assistance	\$1,116,421
State – Formula funds	90,509

8. RISK MANAGEMENT

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

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

9. LEASE OBLIGATION

The Board leases its office space from Greene County under an operating lease agreement expiring in April 2015, with options to extend the lease through October 2015. In November 2014, the Board extended the lease to 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. In November 2014, the Board also entered into an additional lease for office space with a third party for a period of three years commencing April 2015.

Future minimum lease payments for the office space for the years subsequent to December 31, 2014, are as follows:

<u>Year ending:</u>	
December 31, 2015	\$56,470
December 31, 2016	46,584
December 31, 2017	46,584
December 31, 2018	11,645
	<u>\$161,283</u>

Rent expense totaled \$15,942 for the year ended December 31, 2014.

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, 2014, audits of certain programs have not been completed. Accordingly, the Board's compliance with applicable grant requirements will be established at a future date.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

11. FUTURE ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions: an Amendment of GASB Statement No. 27*. This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. Management and the Board are in the process of determining the effects that the adoption of this guidance will have on the Board's financial statements.

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GREENE COUNTY TRANSIT BOARD

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
YEAR ENDED DECEMBER 31, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Grant Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct Grant</i>			
<i>Federal Transit Cluster:</i>			
Federal Transit Formula Grants	OH-90-X790	20.507	\$874,343
ARRA - Federal Transit Formula Grants	OH-96-X003A	20.507	<u>95,269</u>
Total Federal Transit Cluster			<u>969,612</u>
<i>Transit Services Program Cluster</i>			
New Freedom Program	OH-57-X023	20.521	19,103
	OH-57-X035		4,419
	OH-57-X041		14,807
	OH-57-X051		<u>20,030</u>
Total New Freedom Program			<u>58,359</u>
Job Access and Reverse Commute Program	OH-37-X060	20.516	22,839
	OH-37-X076		45,285
	OH-37-X090		<u>20,326</u>
Total Job Access and Reverse Commute Program			<u>88,450</u>
<i>Total Transit Services Program Cluster</i>			<u>146,809</u>
Total U.S. Department of Transportation			<u>1,116,421</u>
Total Federal Awards Expenditures			<u><u>\$1,116,421</u></u>

The accompanying notes are an integral part of this schedule.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Greene County Transit Board's (the Board's) federal award programs' disbursements. The Schedule has been prepared on the accrual basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the Transit Board to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Transit Board has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Greene County Transit Board
Greene County
2380 Bellbrook Ave.
Xenia, Ohio 45385

To the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Greene County Transit Board, Greene County, (the Board) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated September 17, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 17, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Greene County Transit Board
Greene County
2380 Bellbrook Ave.
Xenia, Ohio 45385

To the Board:

Report on Compliance for the Major Federal Program

We have audited the Greene County Transit Board's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Greene County Transit Board's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the Board's major federal program.

Management's Responsibility

The Board's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Greene County Transit Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and questioned costs as item 2014-001. This finding did not require us to modify our compliance opinion on the major federal program.

The Board's response to our noncompliance finding is described in the accompanying corrective action plan. We did not audit the Board's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2014-001.

The Board's response to the internal control over compliance finding we identified is described in the corrective action plan. We did not audit the Board's response and, accordingly, we express no opinion on it.

Greene County Transit Board
Independent Auditor's Report on Compliance with Compliance with
Requirements Applicable to the Major Federal Program and on Internal
Control Over Compliance Required by OMB Circular A-133
Page 3

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 17, 2015

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**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Transit Cluster: Federal Transit Formula Grants (CFDA #20.507) ARRA – Federal Transit Formula Grants (CFDA #20.507)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	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

Finding Number	2014-001
CFDA Title and Number	Federal Transit Formula Grants (CFDA #20.507)
Federal Award Number / Year	2014
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Direct Grant

NONCOMPLIANCE/ SIGNIFICANT DEFICIENCY/ QUESTIONED COST

2 C.F.R. Part 225, Attachment B, Section 8(h)(3) states where employees are expected to work solely on a single Federal award or cost objective, charges for their salary and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Furthermore, **Section 8(h)(4)** provides that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection **8.h.(5)** of this appendix... Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

During fiscal year 2014, the Transit Board failed to maintain proper certifications or time and effort logs for all three employees who charged their salaries to the Federal Transit Cluster. The Transit Board was able to provide alternative documentation supporting their work related to the federal program for one of these employees with no semi-annual certifications. The total salary and benefits charged to Federal Transit Cluster for the remaining two employees with no time end effort logs or other compensating controls was \$19,989.

In accordance with the foregoing facts and pursuant to OMB Circular A133 Section .510 (a)(3) a federal questioned cost in amount of \$19,989 is hereby issued.

The Transit Board should establish specific procedures by which each employee working on multiple activities or multiple federal programs will complete time and effort logs on a timely basis. The time and effort logs should be an “after the fact” representation of the hours worked. Therefore, these should be completed in a reasonably short time after the end of the period the log is meant to cover. All time and effort logs should include full disclosure of the facts and should include credible signatures.

To avoid the potential loss of, or decrease of federal funding policies and procedures should be established and implemented to verify all employees charging portion of their salary to a federal program document their time spent on federal programs on time and effort logs. Additionally, employees charging all their salaries to a single Federal award should at minimum complete semi-annual certifications which meet the standards set forth in 2. C.F.R. Part 225, Appendix B, Section 8 (h) (5) for employees paid from categories (a)-(e) noted above.

Official’s Response: See Corrective Action Plan on Page 31.

**GREENE COUNTY TRANSIT BOARD
GREENE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	Develop a procedure to record and certify time and effort of employees charging all or part of their time to federal grants.	September 25, 2015	Ken Collier, Executive Director

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Dave Yost • Auditor of State

GREENE COUNTY TRANSIT BOARD

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 13, 2015**