

**Brooke-Hancock-Jefferson**  
**Metropolitan Planning Commission**  
**Steubenville, Ohio**

**Audit Report**

**June 30, 2001**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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To the Executive Committee  
of the Brooke-Hancock-Jefferson Metropolitan Planning Commission

We have reviewed the independent auditor's report of the Brooke-Hancock-Jefferson Metropolitan Planning Commission, Jefferson County, prepared by S.R. Snodgrass, A.C., for the audit period July 1, 2000 through June 30, 2001. 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 Brooke-Hancock-Jefferson Metropolitan Planning Commission is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

April 5, 2002

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**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
AUDIT REPORT  
JUNE 30, 2001**

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**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2001**

**SUMMARY OF AUDITOR RESULTS**

- (A) Type of report issued on financial statements  
Unqualified
- (B) Internal control reportable conditions  
None
- (C) Material Noncompliance over financial reporting in accordance with GAAS.  
None
- (D) Internal control reportable conditions – Major Program Compliance  
None
- (E) Type of report issued on compliance for major programs  
Unqualified
- (F) Audit findings – Major Programs  
None
- (G) Major Programs  
CFDA – 20.205 Highway Planning and Construction
- (H) Dollar threshold of major programs  
The threshold for distinguishing Types A and B programs was \$300,000.

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2001**

(I) Low-risk auditee

Brooke-Hancock-Jefferson Metropolitan Planning Commission was determined to be a low-risk auditee.

**FINDINGS – RELATED TO FINANCIAL STATEMENTS IN ACCORDANCE WITH  
GAGAS**

None

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

## **Independent Auditor's Report**

To the Executive Committee  
of the Brooke-Hancock-Jefferson  
Metropolitan Planning Commission

We have audited the accompanying general purpose financial statements of the Brooke-Hancock-Jefferson Metropolitan Planning Commission, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Brooke-Hancock-Jefferson Metropolitan Planning Commission's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Brooke-Hancock-Jefferson Metropolitan Planning Commission, as of June 30, 2001, and the results of its operations for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As further discussed in the notes, during the year ended June 30, 2001, the Agency adopted Governmental Accounting Statement No. 33, Governmental Accounting Statement No. 36 and Interpretation No. 6.

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2001 on our consideration of the Brooke-Hancock-Jefferson Metropolitan Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental schedules on pages 19 through 22 are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Brooke-Hancock-Jefferson Metropolitan Planning Commission. Such schedules have been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the general purpose financial statements taken as whole.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on pages 23 through 24 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, Non-Profit Organizations, and is not a required part of the general purpose financial statements of the Brooke-Hancock-Jefferson Metropolitan Planning Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

S.R. Snodgrass, A.C.

Steubenville, Ohio  
December 10, 2001

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
COMBINED BALANCE SHEET  
ALL FUNDS  
JUNE 30, 2001**

	<u>Governmental Fund Types</u>		<u>Account Group</u>	<u>Totals</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
<b><u>ASSETS</u></b>				
Cash in bank and on hand	\$ 27,643	\$ -	\$ -	\$ 27,643
Accounts receivable	16,426	-	-	16,426
Grants receivable	-	78,360	-	78,360
Due from grantor	-	32,633	-	32,633
Interfund receivable	61,967	-	-	61,967
Property and equipment (net of accumulated depreciation of \$103,188)	-	-	48,129	48,129
Total assets	<u>\$106,036</u>	<u>\$110,993</u>	<u>\$48,129</u>	<u>\$265,158</u>
<b><u>LIABILITIES AND FUND EQUITY AND OTHER CREDITS</u></b>				
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ -	\$ 7,300	\$ -	\$ 7,300
Interfund payable	-	61,967	-	61,967
Accrued and withheld employee benefits	3,921	-	-	3,921
Accrued payroll	-	4,620	-	4,620
Accrued and withheld payroll taxes	2,974	-	-	2,974
Due to grantors	-	20,014	-	20,014
Deferred revenue	-	19,799	-	19,799
Total liabilities	<u>6,895</u>	<u>113,700</u>	<u>-</u>	<u>120,595</u>
<b><u>FUND EQUITY AND OTHER CREDITS</u></b>				
Investments in general fixed assets	-	-	48,129	48,129
Fund balance – unreserved, undesignated	99,141	(2,707)	-	96,434
Total fund equity and other credits	<u>99,141</u>	<u>(2,707)</u>	<u>48,129</u>	<u>144,563</u>
Total liabilities, fund equity and other credits	<u>\$106,036</u>	<u>\$110,993</u>	<u>\$48,129</u>	<u>\$265,158</u>

See accompanying notes to the general purpose financial statements.

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND EQUITY AND OTHER CREDITS  
ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types		Totals and Memorandum Only
	General Fund	Special Revenue Funds	
<b><u>REVENUES</u></b>			
Federal grants and projects	\$ -	\$347,184	\$347,184
State financial assistance	-	81,623	81,623
Per capita dues	90,471	-	90,471
Other	-	(2,037)	(2,037)
Total revenues	<u>90,471</u>	<u>426,770</u>	<u>517,241</u>
<b><u>EXPENDITURES</u></b>			
Current programs			
Transportation planning	-	262,061	262,061
Economic development services	-	105,546	105,546
Transit studies and capital planning	-	66,111	66,111
Aviation planning	-	2,561	2,561
Community development projects	-	4,585	4,585
Environmental protection projects	-	25,072	25,072
Agency management and indirect costs	<u>7,258</u>	<u>184,816</u>	<u>192,074</u>
	<u>7,258</u>	<u>650,752</u>	<u>658,010</u>
Excess of Revenue Over (Under) Expenditures	83,213	(223,982)	(140,769)
Other financing sources (uses):			
Operating transfers in	-	240,250	240,250
Operating transfers out	<u>(83,037)</u>	<u>-</u>	<u>(83,037)</u>
Total other financing sources (uses)	<u>(83,037)</u>	<u>240,250</u>	<u>157,213</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	176	16,268	16,444
<b>FUND EQUITY AND OTHER CREDITS – JULY 1, 2000</b>	<u>98,965</u>	<u>(18,975)</u>	<u>79,990</u>
<b>FUND EQUITY AND OTHER CREDITS – JUNE 30, 2001</b>	<u>\$ 99,141</u>	<u>\$ (2,707)</u>	<u>\$96,434</u>

See accompanying notes to the general purpose financial statements.

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Commission is a quasi-government agency that provides planning and administrative service to various federal, state and local governments for the three county area of Hancock and Brooke Counties of West Virginia and Jefferson County, Ohio. The Commission is as a reporting entity in accordance with GASB No. 14.

The Commission is made up of the Commissioners of Brooke and Hancock counties of West Virginia and Jefferson county of Ohio and all mayors of each city and village in the above three counties. The commissioners then appoint additional members. As such, each of the counties and municipalities is required to pay a per capita contribution to the Commission for each fiscal year.

The Commission maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Commission and there is no component unit of the Commission.

**BASIS OF PRESENTATION**

The accounts of the Commission should be organized on the basis of funds and account groups, each being a separate entity with its own self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Resources should be accounted for and presented in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts should be maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, fund balances, revenues and expenditures of the Commission are reported in the following funds:

**Government Fund Types**

General Fund – the general fund represents the portion of expendable funds that are available for support of the Commission’s programs.

Special Revenue Funds – the special revenue funds represents resources from specific revenue sources, the expenditures for which are legally restricted for purposes specified in grants and project agreements.

General Fixed Asset Account Group – represents fixed assets used in the governmental fund type operations.

## **DEBT REDUCTION PLAN**

In July of 1995, the Commission developed a debt reduction plan which employs the use of local dollars and old outstanding receivables to pay off all outstanding debt by the fiscal year 2004. As part of this debt reduction plan, a consultant was hired to calculate interest on cumulative unpaid retirement amounts. Management relied upon the use of assumptions in calculating interest on the individual employee accounts with the stipulation that the current and former employees agree to the calculation. As of the writing of this report, acceptance by all individuals involved has not been obtained. This plan was paid off in June 2000, well ahead of schedule.

The action or actions taken by the former employees, and the result of such, is currently unknown. However, the results of the consultants calculations were recorded on the general purpose financial statements, and any adjustment relating to the amounts and classification of this liability that might result if the Commission is forced to recompute the outstanding interest is currently unknown.

## **DEFERRED COMPENSATION PLAN**

In accordance with Statement No. 2 of the GASB, *Financial Reporting of Deferred Compensation Plan Adopted Under the Provision of Internal Revenue Code Section 457*, the Commission used an agency fund to account for monies deposited by its employees in a deferred compensation plan prior to 1998 because the monies were the property of the Commission (until paid or made available to the employee or beneficiary) subject to the claims of the Commission's general creditors. Internal Revenue Code Section 457 was amended during 1996 requiring deferred compensation plans to transfer all of their deposits into a newly established trust for the exclusive benefit of plan participants and their beneficiaries by January 1, 1999. During 1996, the ICMA Deferred Compensation Plan (the "Plan") was amended to establish such a trust and all of the Plan's assets were deposited into the trust. Accordingly, during 1998, the Commission applied the provisions of Statement No. 32 of the GASB, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and has excluded the amounts deposited in the Plan by Commission employees from the accompanying June 30, 2001 balance sheet.

## **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

## **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the Commission's funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Commission, available means expected to be received with ninety days of the year end.

Non-exchange transactions, in which the Commission receives value without directly giving equal value in return, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Commission must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the grant revenue sources are considered to be both measurable and available at fiscal year end.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

## **ALLOCATION OF EMPLOYEE BENEFITS AND INDIRECT COSTS**

The Commission's Employee Benefits and Indirect Costs are allocated based upon direct labor costs. The allocation method is approved by the Commission's oversight agency through the acceptance of the Overall Work Plan (OWP) submitted annually.

## **CASH AND CASH EQUIVALENTS**

The investment and deposit of the Commission's 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 Commission to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (Star Ohio), and obligations of the United States government and certain agencies thereof. The Commission may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 110% of the total value of public monies on deposit at the institution or may deposit surety company bonds which when executed shall be for an amount in excess of collateral requirements. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Commission's name.

The Commission is prohibited from investing in any financial instruments, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instruments, contracts, or obligation itself (commonly known as a "derivative"). The Commission is also prohibited from investing in reverse purchase agreements.

## **FIXED ASSETS**

Fixed assets are recorded at historical costs. The use of operational funds for the purpose of acquiring fixed assets are accounted for as transfers to the General Fixed Asset Account Group. Proceeds from the sale of these assets, if not restricted, are transferred to the general fund balance. Depreciation of these assets is provided over the estimated useful lives of the respective assets under the straight line method over five (5) to seven (7) years. Depreciation on these assets is accounted for in the General Fixed Asset Account Group.

## **ESTIMATES**

The preparation of financial statements in conformity with auditing standards 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.

## TOTAL COLUMN ON COMBINED STATEMENTS

The total column on the combined statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles.

## CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the Commission has implemented the provisions of GASB Statement No. 33, “Accounting and Reporting for Nonexchange Transactions”, GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues” and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements”. The implementation of these statements and interpretation had no effect on previously reported fund balances.

## CASH IN BANK AND ON HAND

Cash in bank and on hand consist of the following at June 30, 2001:

	<u>Per Bank</u>	<u>Per Books</u>
United National Bank – Checking Plus	<u>\$50,076</u>	<u>\$27,543</u>
Total cash in bank	50,076	27,543
Petty cash	<u>-</u>	<u>100</u>
Total cash in bank and on hand	<u>\$50,076</u>	<u>\$27,643</u>

The Commission’s funds at United National Bank are insured up to the FDIC limit. At June 30, 2001, the agency’s balances were \$-0- over the FDIC prescribed insured limits.

## GRANTS RECEIVABLE

Grants receivable of \$78,360 is comprised of amounts due from the following governmental entities at June 30, 2001:

WV Department of Transportation – FHWA	\$12,185
WV Department of Transportation – FTA 8	669
WV Department of Transportation – Bridge Study	1,988
Ohio Department of Transportation – FHWA	25,463
Ohio Department of Transportation – FHWA – ODOT	3,183
Ohio Department of Transportation – FTA – ODOT	440
Ohio Department of Transportation – FTA 8	3,529
Ohio Department of Transportation – Bridge Study	950
Ohio Department of Transportation – FHWA (Rideshare)	<u>4,753</u>
Total transportation	<u>53,160</u>
Brooke County, WV – Windsor Heights – CDBG	190
New Cumberland Heights/Johnsonville Road Sewer – CDBG	<u>2,084</u>
Total development block grants	<u>2,274</u>
Brooke County, WV – Colliers Sewer – EPA	6,237
McKinley Water Storage Tank – EPA	3,242
Mahans Lane/Eldersville Road – EPA	<u>2,668</u>
Total EPA	<u>12,147</u>
Jefferson County Industrial Park	9,897
Jefferson County, Ohio – Airpark	<u>882</u>
Total other grants	<u>10,779</u>
Total grants receivable	<u>\$78,360</u>

## DUE FROM GRANTORS

Due from grantors of \$32,633 is comprised of amounts due from the following governmental agencies at June 30, 2001. These amounts are based upon closed programs at June 30, 2001 and after considering the grant receivable for these programs.

Ohio Department of Transportation – FHWA	\$14,653
Ohio Department of Transportation – FHWA (Rideshare)	2,793
Ohio Department of Transportation – FHWA – ODOT	1,160
Ohio Department of Transportation – FTA 8	2,419
Ohio Department of Transportation – FTA – ODOT	302
WV Department of Transportation – FHWA	5,023
WV Department of Transportation – FTA 8	<u>5,702</u>
Total transportation	<u>32,052</u>
Hancock County, WV – SRF	<u>581</u>
Total state revolving funds	<u>581</u>
Total due from grantors	<u>\$32,633</u>

## PROPERTY AND EQUIPMENT

Equity and other credits – office furniture and equipment:

Balance July 1, 2000	\$34,248
Additions	27,603
Deletions	-
Depreciation	(13,722)
Balance June 30, 2001	<u>\$48,129</u>

## DUE TO GRANTORS

Due to grantors of \$20,014 is comprised of amounts due to the following governmental entities at June 30, 2001:

WV Department of Transportation – FHWA	\$ 3,585
WV Department of Transportation – FTA 8	83
WV Department of Transportation – FTA 9	1,167
Ohio Department of Transportation – FHWA	8,182
Ohio Department of Transportation – FHWA (Rideshare)	2,082
Ohio Department of Transportation – FTA 8	862
Ohio Department of Transportation – FTA Match	447
Brooke County, WV – CDBG, Windsor Heights	3,337
Jefferson County Airpark – Obstruction Removal	<u>269</u>
Total due to grantor	<u>\$20,014</u>

## DEFERRED REVENUE

Deferred Revenue represents monies advanced to the Commission from grantors for the purpose of carrying on specific grant functions, but is unobligated as of June 30, 2001.

Appalachian Regional Commission (12/00)	\$15,824
Ohio Department of Transportation – Bridge Study	1,988
WV Department of Transportation – Bridge Study	<u>1,987</u>
Total deferred revenue	<u>\$19,799</u>

## SPECIAL REVENUE FUND BALANCE

Special revenue fund balances (deficit) of \$(2,707) is comprised from the following agencies at June 30, 2001. These amounts are based upon open programs that have excess expenditures over revenues as of June 30, 2001.

New Cumberland Heights/Johnsonville Road Sewer Line	\$ (385)
McKinleyville Water Storage Tank	(255)
Mahans Lane/Eldersville Road	(212)
Hancock County, WV – Colliers Sewer – EPA	<u>(1,855)</u>
	<u>\$(2,707)</u>

## **EMPLOYEE RETIREMENT AND DEFERRED COMPENSATION PLANS**

### ICMA Deferred Compensation Plan

Commission employees participated in the ICMA Deferred Compensation Plan created in accordance with Ohio Revised Code Section 145.71-74, and the Internal Revenue Code Section 457. Participation was on a voluntary, payroll deduction basis. The Plan permitted deferral of compensation until future years. According to the Plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred wages and any earned income are not subject to taxes until actually received by the employees. Contributions to this plan ended in April, 1995.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the Plan's participants and their beneficiaries. The Plan agreement states that the Commission and the Plan administrators have no liability for losses under the Plan with the exception of fraud or wrongful taking.

The amount on deposit in the Plan is not reflected in the accompanying balance sheet as of June 30, 2001 because it is held in trust for the exclusive benefit of the Plan participants and their beneficiaries. See previous note regarding the accounting change with respect to the ICMA Deferred Compensation Plan.

### Public Employees Retirement System of Ohio

The Commission's participation in Ohio "PERS" was initiated on January 1, 1997. An agreement between the Ohio "PERS" board and the Commission for past service was entered into in which the Commission would calculate the amount due to Ohio "PERS" for active employees as of December 31, 1996 for each of the employees' years of service at the Commission. The amount due to Ohio "PERS" for active employees as of December 31, 1996, was approximately \$157,193.10. The Commission paid this in full on January 16, 1998.

**Plan Description** – All employees of the Commission are required to be members of the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple-employer pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

**Funding Policy** – The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of their covered payroll to PERS. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent for state and local government divisions. For local government units, the rate was 10.84 and 13.55 percent for 2000 and 1999, respectively, of covered payroll including 4.3 and 4.2 percent, respectively, that is used to fund postretirement health care benefits. The Authority’s total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for 2001, 2000 and 1999 were approximately \$18,700, \$21,000 and \$20,700 respectively, equal to 100% of the required contribution each year.

**Other Postemployment Benefits Provided Through PERS** – In addition to the pension benefits described previously, PERS provides postretirement healthcare coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The healthcare coverage provided by the retirement system is considered an Other Postemployment Benefit (“OPEB”) as described in GASB Statement No. 12.

The assumptions and calculations noted below were based on the Retirement System’s latest actuarial review performed as of December 31, 1999. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEBs. The difference between assumed and actual experience (actuarial gains and losses) becomes a part of unfunded actuarial accrued liability. For actuarial purposes, a smoothed market approach is used in determining the value for plan assets. Under this approach, assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment return assumption rate for 1999 was 7.75 percent. An annual increase of 4.75 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases over and above the 4.75 percent base increase, were assumed to range from .54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually.

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The Authority’s contributions for other postemployment benefits to PERS for the years ended June 30, 2001, 2000 and 1999 were \$12,400, \$11,500 and \$9,250, respectively, equal to 100 percent of the required contributions for each year.

The actuarially value of the Retirement System’s net assets available for OPEB at December 31, 1999 was \$10.8 billion. The actuarially accrued liability and the unfunded accrued liability, based on the actuarial costs method used, was \$12.5 billion and \$1.7 billion, respectively.

## **CONTINGENCIES**

### **Grant Agreements**

The Commission receives the majority of its revenues from governmental grants, most of which are subject to review by the respective grantor agency. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and reviewed by the state or federal government. Until such reviews have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs.

## **RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omissions, employment matters, injuries to employees and employee theft and fraud.

The Commission participates in the Ohio Bureau of Workers' Compensation for workers compensation coverage and with the Ohio Department of Job and Family Services for unemployment coverage. The Commission continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in prior years.

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
SCHEDULE OF AGENCY MANAGEMENT EXPENDITURES – INDIRECT COSTS  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Allocation of Indirect Costs</u>	<u>Unallocated Agency Management</u>	<u>Total Agency Management</u>
Personnel	\$ 70,746	\$ -	\$ 70,746
Fringe benefits	39,978	-	39,978
Travel	811	-	811
Rent	21,700	-	21,700
Audit and personal service contracts	9,112	-	9,112
Insurance	2,105	-	2,105
Telephone	5,122	-	5,122
Equipment costs	10,934	-	10,934
Supplies	11,309	-	11,309
Postage	3,465	-	3,465
Dues and publications	790	-	790
Advertising	1,319	-	1,319
Interest and penalties	223	-	223
Other	<u>7,202</u>	<u>7,258</u>	<u>14,460</u>
	<u>\$184,816</u>	<u>\$7,258</u>	<u>\$192,074</u>

**INDIRECT COST RATE COMPUTATION**

<u>TOTAL INDIRECT COSTS</u>	<u>\$184,816</u> = 132.2296%
<u>DIRECT PERSONNEL COSTS</u>	<u>\$139,769</u>

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
SCHEDULE OF FRINGE BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2001**

Salary benefits		\$27,751
Payroll benefits:		
Social security	\$ 3,570	
Unemployment insurance	874	
Workers compensation	<u>405</u>	4,849
Other benefits:		
Health insurance	55,234	
Ohio Pers	<u>31,125</u>	<u>86,359</u>
Total fringe benefits		<u>\$118,959</u>

**FRINGE BENEFIT RATE COMPUTATION**

<u>TOTAL FRINGE BENEFITS</u>	<u>\$118,959</u>	= 56.5086%
TOTAL PERSONNEL COSTS	\$210,515	

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

	Revenue Recorded			Expenditures						Total		
	Federal	State	Local	Total	Personnel	Fringe Benefits	Travel	Other	Direct		Indirect	Total
Federal Highway Administration Highway Planning and Research												
Ohio Department of Transportation FY01	\$114,682	\$14,334	\$14,346	\$143,362	\$ 45,816	\$25,890	\$ 4,775	\$ 6,299	\$ 82,780	\$ 60,582	\$143,362	
WV Department of Transportation FY01	84,459	21,106	-	105,565	34,266	19,363	2,296	4,331	60,256	45,309	105,565	
Ohio Department of Transportation – Bridge Study FY01	8,555	-	-	8,555	-	-	-	6,567	6,567	-	6,567	
WV Department of Transportation – Bridge Study FY01	8,555	-	-	8,555	-	-	-	6,567	6,567	-	6,567	
Federal Transit Administration Transit Technical Studies: FTA Section 8												
Pass Through-Ohio Dept. of Transp.-FY01	14,882	1,860	1,860	18,602	6,105	3,450	286	688	10,529	8,073	18,602	
Pass Through-WV Dept. of Transp.-FY01	18,636	4,659	-	23,295	7,493	4,234	772	887	13,386	9,909	23,295	
Federal Transit Administration Rideshare Program												
Ohio Department of Transportation STP-2M99(8)	21,793	-	2,421	24,214	6,932	3,917	270	3,929	15,048	9,166	24,214	
Appalachian Regional Commission: Appalachian Local Development District Assistance												
302(a)(1) Grant #WV-2436-00-C27-302 (1/00-12/00)	32,383	7,051	20,675	60,109	19,612	11,082	2,348	12,110	45,152	25,932	71,084	
302(a)(1) Grant #WV-2436-01-C28-302 (1/01-12/01)	32,995	7,184	21,066	61,245	9,503	5,370	1,138	5,869	21,880	12,567	34,447	
U.S. Department of Housing and Urban Development Passed Through WV Governor's Office of Community Development and the Grantee County of Municipality:												
Federal Community Development Funds												
Brooke County, WV – Windsor Heights Sewer	3,337	-	-	3,337	-	-	-	-	-	-	-	
New Cumberland Heights/Johnsonville Road Sewer Line	4,201	-	-	4,201	1,543	872	68	62	2,545	2,040	4,585	

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2001**

	Revenue Recorded				Expenditures					Total	
	Federal	State	Local	Total	Personnel	Fringe Benefits	Travel	Other	Direct		Indirect
U.S. Department of Transportation											
Federal Aviation Administration Airport Improvement											
Program Passed Through Jefferson County, Ohio											
Airpark Obstruction Removal	1,155	-	-	1,155	283	160	-	68	511	374	885
Airpark Roadway Grading	1,551	-	125	1,676	580	328	-	2	910	766	1,676
WV Division of Environmental Protection											
Brooke County PSD – Wastewater	-	-	1,232	1,232	-	-	-	-	-	-	-
Brooke County PSD – Franklin Manor Sewer	-	63	96	159	-	-	-	(6)	(6)	-	(6)
Colliers Sewer Project	-	5,282	-	5,282	1,946	1,100	77	4	3,127	2,574	5,701
Hancock County – Route 2 Sewer	-	8,343	1,741	10,084	3,022	1,708	159	110	4,999	3,996	8,995
Brooke-Hancock Water & Sewer Facilities	-	5,831	9,762	15,593	494	279	2,100	478	3,351	654	4,005
McKinleyville Water Storage Tank	-	3,242	-	3,242	1,185	669	51	26	1,931	1,566	3,497
Mahans Lane/Eldersville Road	-	2,668	-	2,668	984	556	36	3	1,579	1,301	2,880
Local Contracts and Projects											
Jefferson County Industrial Park	-	-	3,475	3,475	5	3	-	-	8	7	15
City of Follansbee – Raymond Street	-	-	4	4	-	-	-	-	-	-	-
Total All Contracts and Projects	<u>\$347,184</u>	<u>\$81,623</u>	<u>\$76,803</u>	<u>\$505,610</u>	<u>\$139,769</u>	<u>\$78,981</u>	<u>\$14,376</u>	<u>\$47,994</u>	<u>\$281,120</u>	<u>\$184,816</u>	<u>\$465,936</u>

**Brooke-Hancock- Jefferson  
Metropolitan Planning Commission  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Federal Grantor/Pass-Through Grant/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Program Or Award Amount</u>	<u>Expenditures</u>
<b><u>U.S. Department of Transportation</u></b>				
Federal Highway Administration				
Highway Planning and Construction	20.205			
Ohio Department of Transportation (FY01)		N/A	\$136,780	\$114,682
Ohio Department of Transportation – Bridge Study (FY01)		SPR(FY01)	75,000	6,567
Ohio Department of Transportation (Rideshare) – (FY01)		N/A	25,000	21,793
WV Department of Transportation (FY01)		N/A	88,891	84,459
WV Department of Transportation – Bridge Study (FY01)		WVPL(FY01)	75,000	<u>6,567</u>
Subtotal – Highway Planning And Construction				<u>234,068</u>
Federal Transit Administration				
Transit Technical Studies – FTA Section 8	20.505			
Ohio Department of Transportation (FY01)		N/A	17,105	14,882
WV Department of Transportation (FY01)		N/A	18,636	<u>18,636</u>
Subtotal – Transit Technical Studies – FTA Section 8				<u>33,518</u>
Federal Aviation Administration				
Airport Improvement Program Passed Through Jefferson County, Ohio	20.106			
Airpark Obstruction Removal		89-1-3-39 0074-03-93	11,299	885
Airpark Roadway grading		89-1-3 0074-08-00	1,544	<u>1,551</u>
Subtotal – Federal Aviation Administration				<u>2,436</u>
Subtotal U.S. Department of Transportation				<u>270,022</u>

**Brooke-Hancock- Jefferson  
Metropolitan Planning Commission  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Federal Grantor/Pass-Through Grant/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Program Or Award Amount</u>	<u>Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed Through WV Governor's Office of Community Development and the Grantee County or Municipality:				
Community Development Block Grants	14.219			
New Cumberland Heights/Johnsonville Road Sewer Line		N/A	50,000	<u>4,585</u>
Subtotal – U.S. Department of Housing And Urban Development				<u>4,585</u>
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>				
Appalachian Local Development District Assistance	23.009			
302(a)(1) Grant#WV-2436-00-C27-302 (01/00 – 12/00)		WV-2436-00 C27-302	56,112	33,956
302(a)(1) Grant#WV-2436-01-C28-302 (01/01 – 12/01)		WV-2436-01 C28-302	44,040	<u>17,171</u>
Subtotal Appalachian Regional Commission				<u>51,127</u>
Total Federal Financial Expenditures				<u>\$325,734</u>

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of the Brooke-Hancock-Jefferson Metropolitan Planning Commission programs financed by the U.S. Government for the year ended June 30, 2001. The Schedule has been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Executive Committee  
Brooke-Hancock-Jefferson  
Metropolitan Planning Commission

We have audited the general purpose financial statements of Brooke-Hancock-Jefferson Metropolitan Planning Commission as of and for the year ended June 30, 2001, and, have issued our report thereon dated December 10, 2001. 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.

**Compliance**

As part of obtaining reasonable assurance about whether Brooke-Hancock-Jefferson Metropolitan Planning Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Brooke-Hancock-Jefferson Metropolitan Planning Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

S.R. Snodgrass, A.C.

Steubenville, Ohio  
December 10, 2001

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

To The Executive Committee  
Brooke-Hancock-Jefferson  
Metropolitan Planning Commission

**Compliance**

We have audited the compliance of Brooke-Hancock-Jefferson Metropolitan Planning Commission 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 June 30, 2001. Brooke-Hancock-Jefferson Metropolitan Planning Commission's major federal program is 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 its major federal program is the responsibility of Brooke-Hancock-Jefferson Metropolitan Planning Commission's management. Our responsibility is to express an opinion on Brooke-Hancock-Jefferson Metropolitan Planning Commission'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 Brooke-Hancock-Jefferson Metropolitan Planning Commission'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 Brooke-Hancock-Jefferson Metropolitan Planning Commission's compliance with those requirements.

In our opinion, Brooke-Hancock-Jefferson Metropolitan Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

### **Internal Control Over Compliance**

The management of Brooke-Hancock-Jefferson Metropolitan Planning Commission 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 Brooke-Hancock-Jefferson Metropolitan Planning Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

S.R. Snodgrass, A.C.

Steubenville, Ohio  
December 10, 2001

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission  
SUMMARY OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2001**

Prior Audit  
Findings

00-1      The Commission has obligations past the liquidation period mandate of 90-days.

Steps were taken to contact all granting agencies and the Agency is in the process of clearing all obligations through the June 30, 2001 year end.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BROOKE-HANCOCK-JEFFERSON METROPOLITAN PLANNING COMMISSION**

**JEFFERSON 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  
MAY 9, 2002**