

**Steel Valley Regional Transit Authority**

**Steubenville, Ohio**

**Single Audit Report for the Year Ended**

**December 31, 2000**





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

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Steel Valley Regional Transit Authority

We have reviewed the Independent Auditor's Report of the Steel Valley Regional Transit Authority, Jefferson County, prepared by S.R. Snodgrass, A.C. for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted this report 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 Steel Valley Regional Transit Authority is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

September 5, 2001

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**Steel Valley Regional Transit Authority**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Steel Valley Regional Transit Authority  
Steubenville, Ohio

We have audited the accompanying financial statements of the Steel Valley Regional Transit Authority (the "Authority") as of December 31, 2000 and 1999, and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2001 on our consideration of the Authority'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.

Board of Trustees  
June 27, 2001  
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Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying supplemental schedule of expenditures of federal awards for the year ended December 31, 2000 is presented for purpose of 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 not a required part of the basic financial statements. This schedule is the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

S.R. Snodgrass, A.C.

Steubenville, Ohio  
June 27, 2001



**Steel Valley Regional Transit Authority**  
**BALANCE SHEETS**  
**DECEMBER 31, 2000 AND 1999**

|  | 2000               | 1999               |                                     | 2000               | 1999               |
|--|--------------------|--------------------|-------------------------------------|--------------------|--------------------|
| <b>ASSETS</b>                              |                    |                    | <b>LIABILITIES AND EQUITY</b>       |                    |                    |
| Cash and cash equivalents (Note 2)         | \$ 281,018         | \$ 153,141         | Accounts payable                    | \$ 10,715          | \$ 9,410           |
| Receivables:                               |                    |                    | Accrued payroll                     | 5,843              | 6,162              |
| Trade                                      | 1,813              | 2,297              | Accrued and withheld payroll taxes  | 25,568             | 10,523             |
| Federal assistance                         | 72,155             | 49,000             | Accrued expenses                    | 2,878              | 3,915              |
| Other assistance                           | 2,349              | 4,925              | Total current liabilities           | <u>45,004</u>      | <u>30,010</u>      |
| Property taxes (Note 3)                    | -                  | 2,183              |                                     |                    |                    |
| Fuel inventory                             | 2,129              | 5,401              | <b>NONCURRENT LIABILITIES:</b>      |                    |                    |
| Prepaid expenses                           | 50,853             | 24,293             | Deferred revenue – levy (Note 3)    | 163,287            | 187,715            |
| Total current assets                       | <u>410,317</u>     | <u>241,240</u>     | Deferred planning grant             | 4,846              | 16,530             |
|  |                    |                    | Total noncurrent liabilities        | <u>168,133</u>     | <u>204,245</u>     |
| <b>RESTRICTED ASSETS:</b>                  |                    |                    | Total liabilities                   | <u>213,137</u>     | <u>234,255</u>     |
| Cash and cash equivalents (Note 2)         | 4,846              | 16,530             |                                     |                    |                    |
| Planning assistance receivable             | 1,562              | 8,218              | <b>EQUITY:</b>                      |                    |                    |
| Total restricted assets                    | <u>6,408</u>       | <u>24,748</u>      | Contributed capital (Note 1):       |                    |                    |
|  |                    |                    | Federal grants                      | 374,601            | 447,212            |
| <b>IMPROVEMENTS AND EQUIPMENT:</b>         |                    |                    | State grants                        | <u>37,754</u>      | <u>38,144</u>      |
| Building improvements                      | 13,396             | 13,396             | Total contributed capital           | <u>412,355</u>     | <u>485,356</u>     |
| Transportation equipment                   | 673,038            | 673,038            | Retained earnings                   | 412,772            | 288,388            |
| Other equipment                            | 52,573             | 51,082             | Total equity                        | <u>825,127</u>     | <u>773,744</u>     |
| Total                                      | <u>739,007</u>     | <u>737,516</u>     |                                     |                    |                    |
| Less accumulated depreciation              | 280,755            | 183,220            | <b>TOTAL LIABILITIES AND EQUITY</b> | <u>\$1,038,264</u> | <u>\$1,007,999</u> |
| Improvements and equipment, net            | <u>458,252</u>     | <u>554,296</u>     |                                     |                    |                    |
|  |                    |                    |                                     |                    |                    |
| <b>DEFERRED RECEIVABLE – LEVY (Note 3)</b> | <u>163,287</u>     | <u>187,715</u>     |                                     |                    |                    |
| <b>TOTAL ASSETS</b>                        | <u>\$1,038,264</u> | <u>\$1,007,999</u> |                                     |                    |                    |

See notes to financial statements

**Steel Valley Regional Transit Authority**  
**STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

|   | <u>2000</u>      | <u>1999</u>       |
|---|------------------|-------------------|
| <b>OPERATING REVENUES:</b>  |                  |                   |
| Passenger fares   | \$ 62,336        | \$ 57,253         |
| Advertising   | <u>2,921</u>     | <u>2,314</u>      |
| Total operating revenues  | <u>65,257</u>    | <u>59,567</u>     |
| <b>OPERATING EXPENSES:</b>  |                  |                   |
| Labor   | 301,847          | 320,890           |
| Fringe benefits (Note 4)  | 33,034           | 43,229            |
| Insurance – hospitalization and life  | 80,745           | 79,601            |
| Taxes – payroll   | 31,029           | 15,669            |
| Materials and supplies  | 88,521           | 76,557            |
| Services  | 29,579           | 32,450            |
| Utilities   | 18,551           | 17,070            |
| Casualty and liability insurance  | 54,632           | 55,893            |
| Miscellaneous   | <u>26,993</u>    | <u>18,231</u>     |
| Total operating expenses excluding depreciation                             | <u>664,931</u>   | <u>659,590</u>    |
| <b>OPERATING LOSS BEFORE DEPRECIATION EXPENSE</b>                           | <u>(599,674)</u> | <u>(600,023)</u>  |
| <b>DEPRECIATION EXPENSE (Note 1):</b>                                       |                  |                   |
| On assets acquired with capital grants                                      | 79,711           | 65,295            |
| On other assets   | <u>17,824</u>    | <u>13,659</u>     |
| Total depreciation expense  | <u>97,535</u>    | <u>78,954</u>     |
| <b>OPERATING LOSS</b>   | <u>(697,209)</u> | <u>(678,977)</u>  |
| <b>NONOPERATING REVENUES:</b>   |                  |                   |
| Property tax revenues (Note 3)  | 261,662          | 260,746           |
| Federal operating and maintenance grants and reimbursements (Note 6)        | 385,370          | 281,885           |
| State operating grants, reimbursements and special fare assistance (Note 6) | 83,004           | 83,300            |
| Interest income   | 4,209            | 1,336             |
| Other   | <u>7,637</u>     | <u>4,515</u>      |
| Total nonoperating revenues   | <u>741,882</u>   | <u>631,782</u>    |
| <b>NET INCOME (LOSS)</b>  | <u>\$ 44,673</u> | <u>\$(47,195)</u> |

See notes to financial statements.

**Steel Valley Regional Transit Authority**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

|  | <u>Contributed Capital</u> |                         |                              |                   |
|--|----------------------------|-------------------------|------------------------------|-------------------|
|  | <u>Federal<br/>Grants</u>  | <u>State<br/>Grants</u> | <u>Retained<br/>Earnings</u> | <u>Total</u>      |
| BALANCES AT JANUARY 1, 1999                                  | \$413,486                  | \$39,965                | \$270,288                    | \$723,739         |
| CAPITAL CONTRIBUTIONS  | 93,200                     | 4,000                   |                              | 97,200            |
| NET LOSS FOR 1999  |                            |                         | (47,195)                     | (47,195)          |
| DEPRECIATION ON FIXED ASSETS<br>ACQUIRED WITH CAPITAL GRANTS | <u>(59,474)</u>            | <u>(5,821)</u>          | <u>65,295</u>                | <u>          </u> |
| BALANCES AT DECEMBER 31, 1999                                | 447,212                    | 38,144                  | 288,388                      | 773,744           |
| CAPITAL CONTRIBUTIONS  |                            | 6,710                   |                              | 6,710             |
| NET INCOME FOR 2000  |                            |                         | 44,673                       | 44,673            |
| DEPRECIATION ON FIXED ASSETS<br>ACQUIRED WITH CAPITAL GRANTS | <u>(72,611)</u>            | <u>(7,100)</u>          | <u>79,711</u>                | <u>          </u> |
| BALANCES AT DECEMBER 31, 2000                                | <u>\$374,601</u>           | <u>\$37,754</u>         | <u>\$412,772</u>             | <u>\$825,127</u>  |

See notes to financial statements.

**Steel Valley Regional Transit Authority**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

|   | <u>2000</u>        | <u>1999</u>        |
|---|--------------------|--------------------|
| <b>OPERATING ACTIVITIES:</b>  |                    |                    |
| Cash received from customers  | \$ 65,741          | \$ 58,770          |
| Cash payments to suppliers for goods and services                                 | (371,059)          | (362,404)          |
| Cash payments to employees for services   | <u>(302,166)</u>   | <u>(319,015)</u>   |
| Net cash used in operating activities   | <u>(607,484)</u>   | <u>(622,649)</u>   |
| <b>NONCAPITAL FINANCING ACTIVITIES:</b>   |                    |                    |
| Property taxes received   | 263,845            | 260,897            |
| Operating and planning grants received  | 424,920            | 318,549            |
| Other   | <u>29,693</u>      | <u>15,845</u>      |
| Net cash provided by noncapital financing activities                              | <u>718,458</u>     | <u>595,291</u>     |
| <b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                  |                    |                    |
| Capital grants received   | 6,710              | 131,861            |
| Acquisition of fixed assets   | <u>(1,491)</u>     | <u>(130,713)</u>   |
| Net cash provided by capital and related financing activities                     | <u>5,219</u>       | <u>1,148</u>       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                       | 116,193            | (26,210)           |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                               | <u>169,671</u>     | <u>195,881</u>     |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                                     | <u>\$285,864</u>   | <u>\$169,671</u>   |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b> |                    |                    |
| Operating loss  | \$(697,209)        | \$(678,977)        |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                    |                    |
| Depreciation  | 97,535             | 78,954             |
| Change in assets and liabilities:   |                    |                    |
| Accounts receivable – trade   | 484                | (797)              |
| Fuel inventory  | 3,272              | (375)              |
| Prepaid expenses  | (26,560)           | (6,059)            |
| Accounts payable  | 1,305              | (2,244)            |
| Accrued payroll   | (319)              | 1,875              |
| Accrued and withheld payroll taxes  | 15,045             | (11,755)           |
| Accrued expenses  | <u>(1,037)</u>     | <u>(3,271)</u>     |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                                      | <u>\$(607,484)</u> | <u>\$(622,649)</u> |

See notes to financial statements.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization** – Steel Valley Regional Transit Authority (“SVRTA” or the “Authority”) was created pursuant to Sections 306.30 through 306.71 of the Ohio Revised Code for the purpose of providing public transportation in the Steubenville – Mingo Junction area. The Authority commenced operations on January 1, 1996. 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 Authority is not subject to federal or state income taxes.

The Authority is managed by a five-member Board of Trustees and provides virtually all mass transportation within the greater Steubenville – Mingo Junction area.

**Reporting Entity** – The Authority has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board (“GASB”) regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14, the Authority has no component units. The Authority is not financially accountable for any other organization.

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

In accordance with Statement No. 20 of the Governmental Accounting Standards Board, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*”, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Inventory** – Inventory is stated at cost using the average cost method. Inventory consists of fuel in storage tanks for transportation equipment.

**Property and Depreciation** – Improvements and equipment are stated at historical cost. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

| <u>Description</u>       | <u>Years</u> |
|--------------------------|--------------|
| Improvements             | 15-39        |
| Transportation equipment | 5-10         |
| Other equipment          | 5- 7         |

Depreciation recognized on assets acquired or constructed through grants externally restricted for capital acquisitions are closed to the appropriate contributed capital account. Net income adjusted by the amount of depreciation on fixed assets acquired in this manner is closed to retained earnings.

**Restricted Assets** – Restricted assets consist of monies and other resources, the use of which is restricted for specific activities.

**Recognition of Revenue, Receivables and Deferred Revenues** – Passenger fares are recorded as revenue at the time services are performed.

Property tax revenues are recognized in revenue in the year the taxes are collected and are available to the authority within the first 60 days after the year end.

The Federal Transit Administration (“FTA”) and the Ohio Department of Transportation (“ODOT”) provide financial assistance and make grants directly to the Authority for operations, maintenance and acquisition of property and equipment. Operating, maintenance and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement period. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to contributed capital when the related qualified expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

**Vacation and Sick Pay Benefits** – Employees earned vacation and sick pay benefits each year based upon length of service and employment status. Employees may not carry any vacation days over into a subsequent year. No payments are made for vacation days that are unused at the end of the year. Employees can carryover unused sick leave to a maximum of 720 hours. Sick leave is nonvesting and no sick leave benefits have been accrued. Unused sick benefits lapse upon an employee’s separation from the Authority.

**Reclassifications** – The Authority has reclassified certain amounts in the 1999 financial statements to conform to the current year’s presentation.

## 2. CASH AND CASH EQUIVALENTS

The provisions of the Ohio Revised Code govern the investment and deposit of authority monies. 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 Authority 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 Authority 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 two percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority 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 Authority is also prohibited from investing in reverse purchase agreements.

**Deposits** – The carrying amount of the Authority's deposits was \$285,864 at December 31, 2000 with a \$302,457 bank balance. The deposits include a \$141,019 passbook savings account and \$144,845 in demand deposits. Of the bank balance, \$100,000 was covered by depository insurance and \$202,457 was uninsured and uncollateralized as defined by the *Governmental Accounting Standards Board*. These uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name as permitted under Ohio law.

## 3. PROPERTY TAXES

The Authority is subsidized by a property tax levy passed in May, 1995 for ten years by the voters of Steubenville and Mingo Junction, Ohio. Taxes of 1.0 mills are to be levied through 2004. Property tax revenue can be used for operating or capital purposes.

The Authority receives cash from tax levies when the related property tax collections are distributed by the Jefferson County Auditor's office. These distributions are generally received in the year following that for which the tax is levied.

### 3. **PROPERTY TAXES (continued)**

Property tax revenues are recognized in revenue in the year the taxes are collected and are available to the Authority within the first 60 days after the year end.

Property tax collected in 2001, levied in 2000, are measurable, however these amounts are not available at December 31, 2000 and are not intended to finance 2000 operations. These amounts are recorded as a deferred receivable, offset by a credit to deferred revenue.

### 4. **EMPLOYEE RETIREMENT PLAN**

#### **Public Employees Retirement System of Ohio**

**Plan Description** – All employees of the Authority 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 or 1-800-222-PERS (7377).

**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 2000, 1999 and 1998 were approximately \$23,700, \$29,800 and \$28,000 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 health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (“OPEB”) as described in GASB Statement No. 12.



## **Public Employees Retirement System of Ohio (continued)**

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 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 December 31, 2000, 1999 and 1998 were \$9,300, \$13,400, and \$12,600, respectively, equal to 100 percent of the required contributions for each year.

The actuarial 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.

### **5. CONTINGENCIES**

***Federal and State Grants*** – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2000, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

***Legal Proceedings*** – The Authority is involved in litigation in the normal course of business. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate liability is not expected to have a material effect on the Authority's financial position.

**6. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE**

Grants, reimbursements and special fare assistance included in the statements of revenues and expenses for the years ending December 31 consist of the following:

|                              | <u>2000</u>      | <u>1999</u>      |
|------------------------------|------------------|------------------|
| FEDERAL:                     |                  |                  |
| FTA Operating Assistance     | \$200,763        | \$253,885        |
| FTA Planning Assistance      | 41,955           | 28,000           |
| FTA Maintenance Assistance   | <u>142,652</u>   | <u>-</u>         |
| Total                        | <u>\$385,370</u> | <u>\$281,885</u> |
| STATE                        |                  |                  |
| ODOT Operating Assistance    | \$ 46,151        | \$ 65,377        |
| ODOT Planning Assistance     | 3,750            | 3,005            |
| ODOT Elderly Fare Assistance | 9,416            | 9,870            |
| ODOT Fuel Tax Reimbursement  | 5,855            | 5,048            |
| ODOT Maintenance Assistance  | <u>17,832</u>    | <u>-</u>         |
| Total                        | <u>\$ 83,004</u> | <u>\$ 83,300</u> |

Under the terms and conditions of the operating grant from the U.S. Department of Transportation – Federal Transit Administration, the amount of the grant awarded to Steel Valley Regional Transit Authority that the authority is ultimately eligible to receive, is based upon a formula involving certain revenues and expenditures for the grant period.

The following are the amounts for the federal operating grant for year 2000:

|                                    |                  |
|------------------------------------|------------------|
| Total expenditures                 | \$448,828        |
| Less: Passenger fares              | (62,335)         |
| Ineligible expenditures (charter)  | <u>(6,692)</u>   |
| Net project cost                   | <u>\$379,801</u> |
| Eligible federal share (A)         | \$189,901        |
| Grant funds received for year 2000 | <u>200,763</u>   |
| Difference                         | <u>\$ 10,862</u> |

This difference of federal funds has been credited to next year (2001).

(A) Eligible federal share is based upon the lessor of:

|  |           |
|--|-----------|
| 50% of net project costs: \$379,801 x 50% equals | \$189,901 |
| Local share availability:                        | \$280,991 |

## **7. RISK MANAGEMENT**

The Authority 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 Authority 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 Authority 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.

## **8. NEW ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board has issued Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. These statements establish accounting standards for nonexchange transactions such as grants and other assistance provided to the Authority by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 33 is effective for the Authority's year ending December 31, 2001 and Statement No. 34 is effective for the year ending December 31, 2004. The Authority has not completed an analysis of the impact of these two statements on its reported financial condition and results of operations.

**Steel Valley Regional Transit Authority**  
**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

| <u>Federal Grantor/Pass-through Grantor/<br/>Program Title</u>                              | <u>Federal<br/>CFDA<br/>Number</u> | <u>Federal<br/>Grant<br/>Number</u> | <u>Grant<br/>Expenditures</u> |
|---|------------------------------------|-------------------------------------|-------------------------------|
| <b>U.S. Department of Transportation</b>  |                                    |                                     |                               |
| Federal Transit Cluster/Direct Programs:  |                                    |                                     |                               |
| Federal Transit Administration Capital, Operating<br>and Planning Assistance Formula Grants | 20.507                             | OH 90-0338                          | \$142,652                     |
|   |                                    | OH 90-4338                          | 200,763                       |
|   |                                    | OH 90-2338                          | 30,000                        |
|   |                                    | OH 90-2230                          | <u>11,955</u>                 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS  |                                    |                                     | <u>\$385,370</u>              |

See note to supplemental schedule of expenditures of federal awards.

**Steel Valley Regional Transit Authority**  
**NOTE TO THE SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

**1. BASIS OF PRESENTATION**

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of the Steel Valley Regional Transit Authority programs financed by the U.S. Government for the year ended December 31, 2000. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

Board of Trustees  
Steel Valley Regional Transit Authority  
Steubenville, Ohio

We have audited the financial statements of the Steel Valley Regional Transit Authority (the "Authority") as of and for the year ended December 31, 2000 and have issued our report thereon dated June 27, 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 the Authority's 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 the Authority'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 solely for the information and use of the Board of Trustees, management, federal awarding agencies, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

S.R. Snodgrass, AC.

Steubenville, Ohio  
June 27, 2001

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

Board of Trustees  
Steel Valley Regional Transit Authority  
Steubenville, Ohio

**Compliance**

We have audited the compliance of the Steel Valley Regional Transit Authority (the “Authority”) 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 its major federal program for the year ended December 31, 2000. The Authority’s major federal program is identified in the summary of auditors’ 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 the Authority’s management. Our responsibility is to express an opinion on the Authority’s compliance 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; 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 the Authority’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 the Authority’s compliance with those requirements.



In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

### **Internal Control Over Compliance**

The management of the Authority 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 the Authority's internal control over compliance with requirements that could have a direct and material effect on its 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 solely for the information and use of the Board of Trustees, management, and federal awarding agencies, and the Auditor of the State of Ohio 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  
June 27, 2001

**Steel Valley Regional Transit Authority**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

**SUMMARY OF AUDITORS' RESULTS**

- Type of Report issued on the Financial Statements as of and for the Year Ended December 31, 2000 – Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements – None
- Noncompliance Noted that is Material to the Financial Statements of the Authority – None
- Reportable Conditions in Internal Control Over Major Federal Financial Assistance Programs Disclosed by the Audit of the Financial Statements – None
- Type of Report Issued on Compliance for Major Federal Financial Assistance Programs – Unqualified.
- The audit did not disclose any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133
- Major Federal Financial Assistance Programs Identified for the Year Ended December 31, 2000:

Federal Transit Cluster:

CFDA #20.507 Federal Transit Administration Capital, Operating and Planning Assistance Formula Grants

- Dollar Threshold Used to Distinguish Between Type A and Type B Programs - \$300,000.
- The Authority is considered to be a Low Risk Auditee as defined under OMB Circular A-133.

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE  
REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING STANDARDS***

None

**FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS**

None

**Steel Valley Regional Transit Authority  
STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

Prior Audit  
Findings

99-1      Ineffective use of the accounting system.

Steps were taken to properly utilize the accounting system.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY**

**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  
SEPTEMBER 18, 2001**