

Brooke-Hancock-Jefferson
Metropolitan Planning Commission
Steubenville, Ohio

Audit Report

June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
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, 2002 through June 30, 2003. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 16, 2004

This Page is Intentionally Left Blank.

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
AUDIT REPORT
JUNE 30, 2003**

	<u>Page Number</u>
Schedule of Findings and Questioned Costs	2-3
Independent Auditor's Report	4-5
General Purpose Financial Statements	
Combined Balance Sheet	6
Combined Statement of Revenues, Expenditures and Changes in Fund Equity and Other Credits	7
Notes to the Financial Statements	8-15
Schedule of Agency Management Expenditures – Indirect Costs	16
Schedule of Fringe Benefits	17
Schedule of Contract Revenues and Expenditures	18-19
Schedule of Expenditures of Federal Awards	20-21
Note to Schedule of Expenditures of Federal Awards	22
Report on Compliance and on Internal Control Over Financial Reporting Based On an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	23-24
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	25-26
Summary of Prior Years Findings	27

This Page is Intentionally Left Blank.

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003**

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, 2003**

(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, 2003, 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, 2003, and the results of its operations for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2004 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.



Brooke-Hancock-Jefferson
Metropolitan Planning Commission
Page 2

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 16 through 19 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 20 through 22 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. Smolgrass, a. c.

Steubenville, Ohio
January 8, 2004

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
COMBINED BALANCE SHEET
ALL FUNDS
JUNE 30, 2003**

	<u>Governmental</u> <u>Fund Types</u>		<u>Account</u> <u>Group</u>	<u>Totals</u>
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>(Memorandum</u> <u>Only)</u>
<u>ASSETS</u>				
Cash in bank and on hand	\$ 24,427	\$ -	\$ -	\$ 24,427
Accounts receivable	7,541	-	-	7,541
Grants receivable	-	91,130	-	91,130
Due from grantor	-	63,948	-	63,948
Interfund receivable	78,213	-	-	78,213
Property and equipment (net of accumulated depreciation of \$114,057)	<u>-</u>	<u>-</u>	<u>34,723</u>	<u>34,723</u>
Total assets	<u>\$110,181</u>	<u>\$155,078</u>	<u>\$34,723</u>	<u>\$299,982</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>AND OTHER CREDITS</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 7,275	\$ -	\$ 7,275
Interfund payable	-	78,213	-	78,213
Accrued and withheld employee benefits	4,731	-	-	4,731
Accrued payroll	-	6,437	-	6,437
Accrued and withheld payroll taxes	4,773	-	-	4,773
Due to grantors	-	19,729	-	19,729
Deferred revenue	<u>-</u>	<u>62,296</u>	<u>-</u>	<u>62,296</u>
Total liabilities	<u>9,504</u>	<u>173,950</u>	<u>-</u>	<u>183,454</u>
<u>FUND EQUITY AND OTHER CREDITS</u>				
Investments in general fixed assets	-	-	34,723	34,723
Fund balance – unreserved, undesignated	<u>100,677</u>	<u>(18,872)</u>	<u>-</u>	<u>81,805</u>
Total fund equity and other credits	<u>100,677</u>	<u>(18,872)</u>	<u>34,723</u>	<u>116,528</u>
Total liabilities, fund equity and other credits	<u>\$110,181</u>	<u>\$155,078</u>	<u>\$34,723</u>	<u>\$299,982</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, 2003**

	Governmental		<u>Fund Types</u>
	General	Special	and
	<u>Fund</u>	<u>Revenue</u>	<u>Memorandum</u>
		<u>Funds</u>	<u>Only</u>
<u>REVENUES</u>			
Federal grants and projects	\$ -	\$485,417	\$485,417
State financial assistance	-	73,902	73,902
Per capita dues	86,325	-	86,325
Other	<u>10,263</u>	-	<u>10,263</u>
Total revenues	<u>96,588</u>	<u>559,319</u>	<u>655,907</u>
<u>EXPENDITURES</u>			
Current programs			
Transportation planning	-	292,806	292,806
Economic development services	-	104,501	104,501
Transit studies and capital planning	-	17,237	17,237
Community development projects	-	13,046	13,046
Environmental protection projects	-	18,750	18,750
Agency management and indirect costs	<u>-</u>	<u>215,988</u>	<u>215,988</u>
	<u>-</u>	<u>662,328</u>	<u>662,328</u>
Excess of Revenue Over (Under) Expenditures	<u>96,588</u>	<u>(103,009)</u>	<u>(6,421)</u>
Other financing sources (uses):			
Operating transfers in	-	86,325	86,325
Operating transfers out	<u>(86,325)</u>	<u>-</u>	<u>(86,325)</u>
Total other financing sources (uses)	<u>(86,325)</u>	<u>86,325</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	10,263	(16,684)	(6,421)
FUND EQUITY AND OTHER CREDITS – JULY 1, 2002	<u>90,414</u>	<u>(2,188)</u>	<u>88,226</u>
FUND EQUITY AND OTHER CREDITS – JUNE 30, 2003	<u>\$100,677</u>	<u>\$(18,872)</u>	<u>\$ 81,805</u>

See accompanying notes to the general purpose financial statements.

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

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. Accordingly, the accompanying financial statements include only the accounts and transactions of the Commission. Under the criteria specified in Statement No. 14, the Commission has no component units. The Commission is not financially accountable for any other organization.

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.

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.

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 within 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 105% 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.

The Commission held no investments at June 30, 2003.

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.

USE OF 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.

CASH IN BANK AND ON HAND

Cash in bank and on hand consist of the following at June 30, 2003:

	<u>Per Bank</u>	<u>Per Books</u>
National City	\$ 7,000	\$ 7,000
United National Bank – Checking Plus	<u>45,345</u>	<u>17,093</u>
Total cash in bank	52,345	24,093
Petty cash	<u>-</u>	<u>334</u>
Total cash in bank and on hand	<u>\$52,345</u>	<u>\$24,427</u>

The Commission's funds at United National Bank and National City are insured up to the FDIC limit. At June 30, 2003, the agency's balances were \$-0- over the FDIC prescribed insured limits.

GRANTS RECEIVABLE

Grants receivable of \$91,130 is comprised of amounts due from the following governmental entities at June 30, 2003:

WV Department of Transportation – FHWA	\$19,076
Ohio Department of Transportation – FHWA	13,162
Ohio Department of Transportation – FTA 8	693
Ohio Department of Transportation – FHWA (Rideshare)	<u>468</u>
Total transportation	<u>33,399</u>
WV Economic Development Authority	26,000
New Cumberland Heights/Johnsonville Road Sewer – CDBG	<u>5,597</u>
Total development block grants	<u>31,597</u>
Brooke County, WV – Colliers Water – EPA	2,265
Brooke County, WV – Colliers Sewer – EPA	20,209
McKinley Water Storage Tank – EPA	2,948
Mahans Lane/Eldersville Road – EPA	<u>712</u>
Total EPA	<u>26,134</u>
Total grants receivable	<u>\$91,130</u>

DUE FROM GRANTORS

Due from grantors of \$63,948 is comprised of amounts due from the following governmental agencies at June 30, 2003. These amounts are based upon closed programs at June 30, 2003 and after considering the grant receivable for these programs.

Federal Highway Administration (OH/WV)	\$ 43,685
Ohio Department of Transportation – FHWA (Rideshare)	7,556
Ohio Department of Transportation – FHWA – ODOT	2,955
Ohio Department of Transportation – FTA 8	2,992
Ohio Department of Transportation – FTA – ODOT	455
WV Department of Transportation – FTA 8	<u>5,724</u>
Total transportation	<u>63,367</u>
Hancock County, WV – SRF	<u>581</u>
Total state revolving funds	<u>581</u>
Total due from grantors	<u>\$63,948</u>

PROPERTY AND EQUIPMENT, NET

Equity and other credits – office furniture and equipment:

Balance July 1, 2002	\$49,654
Additions	513
Deletions	-
Depreciation	<u>(15,444)</u>
Balance June 30, 2003	<u>\$34,723</u>

DUE TO GRANTORS

Due to grantors of \$19,729 is comprised of amounts due to the following governmental entities at June 30, 2003:

Federal Highway Administration (OH/WV)	\$11,561
WV Department of Transportation – FTA 8	171
WV Department of Transportation – FTA 9	1,167
Ohio Department of Transportation – FHWA (Rideshare)	2,315
Ohio Department of Transportation – FTA 8	862
Ohio Department of Transportation – FTA Match	47
Brooke County, WV – CDBG, Windsor Heights	3,337
Jefferson County Airpark – Obstruction Removal	<u>269</u>
Total due to grantor	<u>\$19,729</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, 2003.

U.S. Department of Commerce – EDA	\$55,195
Appalachian Regional Commission (12/02)	<u>7,101</u>
Total deferred revenue	<u>\$62,296</u>

SPECIAL REVENUE FUND BALANCE

Special revenue fund balances (deficit) of \$(18,872) is comprised from the following agencies at June 30, 2003. These amounts are based upon open programs that have excess expenditures over revenues as of June 30, 2003.

New Cumberland Heights/Johnsonville Road Sewer Line	\$ (2,445)
McKinleyville Water Storage Tank	(672)
Mahans Lane/Eldersville Road	(420)
Hancock County, WV – Colliers Sewer – EPA	(2,811)
Hancock County, WV – Colliers Water – EPA	(355)
BDC Brownfield/Business Incubator	(9,291)
Weirton Brownsfield	(1,835)
BDC Parcel File	(292)
Route 2 Sewer Extension	(40)
Wellsburg – 11 th Street Sewer	(711)
	<u><u>\$(18,872)</u></u>

DEFINED BENEFIT PENSION PLAN

All of the Commission's full-time employees participate in a cost sharing, multiple employer defined benefit pension plan.

Public Employees Retirement System (the "PERS of Ohio")

The following information was provided by the PERS of Ohio to assist the Commission in complying with GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers. "

All employees of the Commission, participate in the PERS of Ohio, a cost sharing, multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5% of their annual covered salary and the Commission's contribution rate for 2003 was 13.55% of covered payroll. The commission's required contributions for the periods ended June 30, 2003, 2002, and 2001 were \$43,300, \$39,300 and \$18,700, respectively.

Other Post -Employment Benefits

In addition to the pension benefits described previously, PERS provides post-retirement health care coverage commonly referred to as OPEB (other post-employment benefits). For this system, the Ohio Revised Code provides the authority for public employers to fund post-retirement health care through their contributions.

Other Post -Employment Benefits (Continued)

The PERS of Ohio provides post employment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post employment health care through their contributions to the PERS of Ohio. For local government employer units the rate was 13.55% of covered payroll; 5% was the portion that was used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

Summary of Assumptions:

Actuarial Review: The following assumptions and calculations were based on the System's latest Actuarial Review performed as of December 31, 2001.

Funding Method: An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

Assets Valuation Method: All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return: The investment assumption rate for 2001 was 8%.

Active Employee Total Payroll: An annual increase of 4.00% 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 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health Care: Health care costs were assumed to increase 4.00% annually.

The OPEB's were advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The portion of MVRPC's contributions that were used to fund post employment benefits was \$13,800. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff eligibility standard for the present Plan.

CONTINGENCIES

Federal and State Grants – Under the terms of the Commission’s 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 June 30, 2003, 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. Management of the Commission believes there will be no material adjustments to the grants and, accordingly, has not recorded a provision for possible repayments under the above grants.

The Commission receives a substantial amount of support from federal, state, and local governments. A significant reduction in the level of this support, if such were to occur, would have a material effect on the Commission’s programs and activities.

In the normal course of its business activities, the Commission may become subject to claims and litigation relating to contracts, employment or other matters. In the opinion of management, the resolution of any such claims pending would not likely have a material impact on the Commission’s financial position

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, 2003**

	<u>Allocation of Indirect Costs</u>	<u>Unallocated Agency Management</u>	<u>Total Agency Management</u>
Personnel	\$ 80,173	\$ -	\$ 80,173
Fringe benefits	58,724	-	58,724
Travel	2,164	-	2,164
Rent	29,983	-	29,983
Audit and personal service contracts	10,575	-	10,575
Insurance	3,348	-	3,348
Telephone	5,634	-	5,634
Equipment costs	3,996	-	3,996
Supplies	9,162	-	9,162
Postage	4,074	-	4,074
Dues and publications	1,181	-	1,181
Advertising	1,032	-	1,032
Interest and penalties	472	-	472
Other	<u>5,470</u>	<u>-</u>	<u>5,470</u>
	<u>\$215,988</u>	<u>\$ -</u>	<u>\$215,988</u>

INDIRECT COST RATE COMPUTATION

TOTAL INDIRECT COSTS
DIRECT PERSONNEL COSTS

$\frac{215,988}{157,853} = 136.8286\%$

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2003**

Salary benefits		\$ 35,255
Payroll benefits:		
Social security	\$ 3,950	
Unemployment insurance	502	
Workers compensation	<u>1,278</u>	5,730
Other benefits:		
Health insurance	73,209	
Ohio PERS	<u>60,153</u>	<u>133,362</u>
Total fringe benefits		<u>\$174,347</u>

FRINGE BENEFIT RATE COMPUTATION

<u>TOTAL FRINGE BENEFITS</u>	<u>\$174,347</u> = 73.2470%
<u>TOTAL PERSONNEL COSTS</u>	<u>\$238,026</u>

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

	Revenue Recorded			Expenditures										
	Federal	State	Local	Total	Personnel	Fringe			Total					
						Benefits	Travel	Other	Direct	Indirect	Total			
Federal Highway Administration														
Highway Planning and Research														
Ohio Department of Transportation FY03	\$118,843	\$14,854	\$14,867	\$148,564	\$45,481	\$33,313	\$3,032	\$4,507	\$86,333	\$62,231	\$148,564			
WV Department of Transportation FY03	90,397	-	22,569	112,966	34,577	25,327	2,305	3,446	65,655	47,311	112,966			
Ohio Department of Transportation – Bridge Study FY03	70,314	-	95	70,409	-	-	-	70,409	70,409	-	70,409			
WV Department of Transportation – Bridge Study FY03	70,314	-	95	70,409	-	-	-	70,409	70,409	-	70,409			
Federal Transit Administration														
Transit Technical Studies: FTA Section 8														
Pass Through-Ohio Dept. of Transp.-FY03	4,256	532	532	5,320	1,703	1,247	-	40	2,990	2,330	5,320			
Pass Through-WV Dept. of Transp.-FY03	7,472	-	1,868	9,340	2,985	2,187	10	73	5,255	4,085	9,340			
Rideshare Program														
Ohio Department of Transportation STP-2M99(8)	11,201	-	1,244	12,445	2,524	1,849	19	4,600	8,992	3,453	12,445			
Appalachian Regional Commission:														
Appalachian Local Development District Assistance														
302(a)(1) Grant #WV-2436-02-C29-302 (1/02-12/02)	33,888	33,889	-	67,777	20,460	14,986	1,694	2,642	39,782	27,995	67,777			
302(a)(1) Grant #WV-2436-03-C30-302 (1/03-12/03)	33,888	6,111	27,778	67,777	20,460	14,986	1,694	2,642	39,782	27,995	67,777			
U.S. Department of Commerce – EDA														
	14,578	-	14,578	29,156	8,082	5,920	1,983	2,112	18,097	11,059	29,156			

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission**
SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2003

	Revenue Recorded				Expenditures						
	Federal	State	Local	Total	Personnel	Fringe Benefits	Travel	Other	Direct	Indirect	Total
U.S. Department of Housing and Urban Development											
Passed Through WV Governor's Office of Community Development and the Grantee County or Municipality:											
New Cumberland Heights/Johnsonville Road Sewer Line	20,661	-	-	20,661	7,247	5,308	249	242	13,046	9,916	22,962
U.S. Environmental Protection Agency	9,605	-	-	9,605	3,594	2,633	278	17	6,522	4,918	11,440
Passed through the City of Weirton Development Department											
WV Division of Environmental Protection											
Wellsburg – 11 th Street Sewer	-	-	-	-	223	163	18	2	406	305	711
Colliers Sewer Project	-	7,982	-	7,982	2,811	2,059	108	130	5,108	3,846	8,954
Colliers Water Project	-	1,817	-	1,817	689	505	18	17	1,229	942	2,171
Hancock County – Route 2 Sewer	-	1,469	-	1,469	486	356	-	2	844	665	1,509
McKinleyville Water Storage Tank	-	3,501	-	3,501	1,220	894	115	27	2,256	1,670	3,926
Mahans Lane/Eldersville Road	-	3,747	-	3,747	1,338	980	33	28	2,379	1,831	4,210
Hancock County PSD – Sewer	-	-	6	6	-	-	6	-	6	-	6
Local Contracts and Projects											
BDC of Northern Panhandle (Parcel)	-	-	2,208	2,208	806	591	-	-	1,397	1,103	2,500
BDC of Northern Panhandle (Brownsfield)	-	-	-	-	3,014	2,208	-	(55)	5,167	4,124	9,291
Miscellaneous	-	-	485	485	153	112	-	11	276	209	485
Total All Contracts and Projects	<u>\$485,417</u>	<u>\$73,902</u>	<u>\$86,325</u>	<u>\$645,644</u>	<u>\$157,853</u>	<u>\$115,624</u>	<u>\$11,562</u>	<u>\$161,301</u>	<u>\$446,340</u>	<u>\$215,988</u>	<u>\$662,328</u>

**Brooke-Hancock- Jefferson
Metropolitan Planning Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

<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>
<u>U.S. Department of Transportation</u>				
Federal Highway Administration				
Highway Planning and Construction	20.205			
Ohio Department of Transportation (FY03)		N/A	\$125,800	\$118,843
Ohio Department of Transportation – Bridge Study (FY03)		SPR(FY03)	125,000	70,314
Ohio Department of Transportation (Rideshare) – (FY03)		N/A	25,000	11,201
WV Department of Transportation (FY02)		N/A	90,117	90,397
WV Department of Transportation – Bridge Study (FY03)		WVPL(FY03)	125,000	<u>70,314</u>
Subtotal – Highway Planning And Construction				<u>361,069</u>
Federal Transit Administration				
Transit Technical Studies – FTA Section 8	20.505			
Ohio Department of Transportation (FY03)		N/A	15,187	4,256
WV Department of Transportation (FY03)		N/A	8,427	<u>7,472</u>
Subtotal – Transit Technical Studies – FTA Section 8				<u>11,728</u>
Subtotal U.S. Department of Transportation				<u>372,797</u>
<u>U.S. Department of Commerce</u>				
<u>Economic Development Administration</u>				
Economic Adjustment Program	11.307	01-86-07835	52,000	14,578
<u>U.S. Environmental Protection Agency</u>				
City of Weirton Development Department	66.818	N/A	15,000	9,605

**Brooke-Hancock- Jefferson
Metropolitan Planning Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2003**

<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>
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Development Office/Community Development Division and the Grantee County or Municipality:				
Community Development Block Grants	14.228			
Hancock County Commission/New Cumberland Heights/Johnsonville Road Sewer Line		N/A	50,000	20,661
<u>Appalachian Regional Commission</u>				
Appalachian Local Development District Assistance	23.009			
302(a)(1) Grant#WV-2436-02-C29-302 (01/02 – 12/02)		WV-2436-02 C29-302	45,733	33,888
302(a)(1) Grant#WV-2436-03-C30-302 (01/03 – 12/03)		WV-2436-03 C30-302	43,682	<u>33,888</u>
Subtotal Appalachian Regional Commission				<u>67,776</u>
Total Federal Financial Expenditures				<u>\$485,417</u>

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

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, 2003. 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 modified 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, 2003, and, have issued our report thereon dated January 8, 2004. 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.



Brooke-Hancock-Jefferson
Metropolitan Planning Commission
Page 2

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

S. R. Smolgrass, a. c.

Steubenville, Ohio
January 8, 2004



**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, 2003. 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.



Brooke-Hancock-Jefferson
Metropolitan Planning Commission
Page 2

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, 2003.

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. Arnoldgrass, a. c.

Steubenville, Ohio
January 8, 2004

**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
SUMMARY OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

None



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
APRIL 6, 2004**