

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

Financial Statements and  
Supplementary Information  
Together with Auditor's Report  
As of June 30, 2004

**BODKIN WILSON & KOZICKI** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS





**Auditor of State  
Betty Montgomery**

Executive Committee  
Brooke-Hancock-Jefferson Metropolitan Planning Commission  
124 N 4th St., 2nd floor  
Steubenville, Ohio 43952

We have reviewed the *Independent Auditor's Report* of the Brooke-Hancock-Jefferson Metropolitan Planning Commission, Jefferson County, prepared by Bodkin Wilson & Kozicki PLLC, for the audit period July 1, 2003 through June 30, 2004. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 5, 2005

**This Page is Intentionally Left Blank.**

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
AUDIT REPORT  
JUNE 30, 2004**

	<u>Page Number</u>
Independent Auditor's Report	1-2
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Fund	5
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Assets	6
Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Fund	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	8
 Notes to the Financial Statements	 9-18
 <b>SUPPLEMENTARY INFORMATION:</b>	
Schedule of Agency Management Expenditures Indirect Costs	19
Schedule of Fringe Benefits	20
Note to Schedule of Contract Revenues and Expenditures	21
Schedule of Contract Revenues and Expenditures	22
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	23-24
Schedule of Findings	25
Summary of Prior Audit Findings	26

**BODKIN WILSON & KOZICKI** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA  
Dan E. Wilson, CPA, MBA  
Dennis A. Kozicki, CPA

The Maxwell Centre  
32 Twentieth Street, Suite 300  
Wheeling, West Virginia 26003

Weirton Office  
3600 West Street, Suite 4  
Weirton, West Virginia 26062

Janet L. Roset, CPA  
Nancy J. Gywnn, CPA

304 232-2280  
Fax 304 232-2322  
www.bwcpas.com

304 748-5550  
Fax 304 748-5551

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Brooke-Hancock-Jefferson Metropolitan Planning Commission (BHJ), as of and for the year ended June 30, 2004, which collectively comprise BHJ's basic financial statements as listed in the table of contents. These financial statements are the responsibility of BHJ's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of BHJ, as of June 30, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 1, BHJ has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

BHJ has not presented a Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise BHI's basic financial statements. The schedule of agency management expenditures – indirect costs, the schedule of fringe benefits, and schedule of contract revenues and expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Bodhi Wil & Koyich, LLC*

Weirton, West Virginia,  
February 28, 2005.

**BROOKE-HANCOCK-JEFFERSON**  
**METROPOLITAN PLANNING COMMISSION**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

**ASSETS**

Cash and cash equivalents	\$ 55,237
Accounts receivable, net	8,209
Grants and contributions receivable	50,184
Capital assets:	
Property, plant, and equipment, net of accumulated depreciation	<u>23,903</u>

**TOTAL ASSETS** \$ 137,533

**LIABILITIES**

Accounts payable	\$ 18,138
Accrued and withheld employee benefits	6,345
Accrued payroll	9,017
Accrued and withheld payroll taxes	5,047
Due to grantors	3,356
Deferred revenue	<u>9,334</u>

**TOTAL LIABILITIES** \$ 51,236

**NET ASSETS**

Investments in capital assets, net of related debt	\$ 23,903
Restricted for:	
Programs	(4,387)
Unrestricted	<u>66,782</u>

**TOTAL NET ASSETS** \$ 86,298

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



**BROOKE-HANCOCK-JEFFERSON**  
**METROPOLITAN PLANNING COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<b>FUNCTIONS/PROGRAMS</b>	<b><u>Expenses</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Governmental Activities</u></b>
Primary Government:			
Transporation planning	\$ 319,217	\$ 268,144	\$ (51,073)
Economic development services	113,123	55,219	(57,904)
Transit studies and capital planning	11,303	11,303	-
Community development projects	91,658	43,577	(48,081)
Environmental protection projects	77,356	78,138	781
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 612,657</u></b>	<b><u>\$ 456,381</u></b>	<b><u>\$ (156,276)</u></b>
General Revenues:			
			\$ 91,297
			40,000
			<u>9,639</u>
<b>TOTAL GENERAL REVENUES</b>			<b><u>\$ 140,936</u></b>
<b>CHANGE IN NET ASSETS</b>			<b>(15,340)</b>
<b>NET ASSETS, BEGINNING</b>			<b><u>\$ 101,637</u></b>
<b>NET ASSETS, ENDING</b>			<b><u>\$ 86,298</u></b>

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

**BROOKE-HANCOCK-JEFFERSON**  
**METROPOLITAN PLANNING COMMISSION**  
**BALANCE SHEET**  
**JUNE 30, 2004**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 55,237
Accounts receivable, net	8,209
Grant receivable	50,184
Interfund receivable	7,743
	121,373
<b>TOTAL ASSETS</b>	<b>\$ 121,373</b>
 <b>LIABILITIES AND FUND EQUITY</b>	
 <b>Liabilities</b>	
Accounts payable	\$ 18,138
Interfund payable	7,743
Accrued and withheld employee benefits	6,345
Accrued payroll	9,017
Accrued and withheld payroll taxes	5,047
Due to grantors	3,356
Deferred revenue	9,334
	58,979
<b>TOTAL LIABILITIES</b>	<b>58,979</b>
 <b>Fund Balances</b>	
Reserved for:	
Programs	(4,387)
Fund balance - unreserved	66,782
	62,395
<b>TOTAL FUND BALANCES</b>	<b>62,395</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 121,373</b>

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

**BROOKE-HANCOCK-JEFFERSON**  
**METROPOLITAN PLANNING COMMISSION**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCE**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2004**

Governmental Fund Balance	\$ 62,396
---------------------------	-----------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets of \$151,433 net of accumulated depreciation of \$127,530, are not financial resources and, therefore, are not reported in the fund.	<u>23,903</u>
---	---------------

Net Assets of Governmental Activities	<u>\$ 86,298</u>
---------------------------------------	------------------

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

**BROOKE-HANCOCK-JEFFERSON**  
**METROPOLITAN PLANNING COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<b>General Fund</b>
<b>REVENUES</b>	
Federal grants and projects	\$ 390,201
State financial assistance	106,181
Per capita dues	91,297
Other	9,639
	\$ 597,318
<b>EXPENDITURES</b>	
Current:	
Transportation planning	\$ 194,092
Economic development services	65,608
Transit studies and capital planning	11,303
Community development projects	56,499
Environmental protection projects	59,715
Agency management and indirect costs	214,620
	601,837
(Deficiency) excess of revenues (under) over expenditures	\$ (4,519)
<b>NET OTHER FINANCING SOURCES (USES)</b>	-
<b>NET CHANGES IN FUND BALANCES</b>	\$ (4,519)
Fund balance, Beginning	81,805
Prior Period Adjustment (Note 11)	(14,891)
Fund balance, Beginning (As Restated)	66,914
<b>FUND BALANCE</b>	\$ 62,395

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

**BROOKE-HANCOCK-JEFFERSON**  
**METROPOLITAN PLANNING COMMISSION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE OF**  
**GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2004**

Net Change in Fund Balances – Governmental Fund \$ (4,519)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. The cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense. This is the amount by which depreciation expense of \$13,472 exceeds capital outlays of \$2,652 in the current period. (10,820)

Change in Net Assets of Governmental Activities (\$ 15,339)

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

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

**1. Summary Of Significant Accounting Policies**

In 2004, BHJ adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*; Statement No. 37 *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This results in a change in format and content of the basic financial statements, including the institution of two levels of reporting. The two levels are government-wide financial statements and governmental fund financial statements.

Reporting Entity –

BHJ 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. BHJ is as a reporting entity in accordance with GASB No. 14.

BHJ 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 BHJ for each fiscal year.

BHJ maintains its own set of accounting records. Accordingly, the accompanying financial statements include only the accounts and transactions of BHJ. Under the criteria specified in Statement No. 14, BHJ has no component units. BHJ is not financially accountable for any other organization.

Government-Wide And Governmental Fund Financial Statements –

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses have been included as part of program expenses on the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenue. Major individual governmental funds are reported as separate columns in the fund financial statements.

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

Government-Wide And Governmental Fund Financial Statements (continued) –

The effect of internal activity has been removed from these statements. BHJ has only one governmental fund (General Fund) which is supported primarily by intergovernmental revenues. There are no business-type activities at BHJ.

Measurement Focus and Basis of Accounting -

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within ninety days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Grants and similar items are recognized as revenue in the fund financial statements as soon as all eligibility requirements imposed by the provider have been met and the resources become available.

Fund Accounting – The accounts of BHJ are organized on the basis of funds or groups of accounts, each of which is considered a separate accounting entity. BHJ has one fund (General Fund). The operations of the fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund in this report is reported under the following broad fund category:

Governmental Funds

General Fund – The General Fund is the general operating fund of BHJ. It is used to account for all financial resources.

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

Revenues – Non-Exchange Transactions –

Non-exchange transactions, in which BHJ receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations 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 BHJ must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to BHJ on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenses/Expenditures –

On an accrual basis of accounting, expenses are recognized at the time they are incurred. 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.

Capital Assets –

Purchased capital assets are reported at cost. Due to the implementation of GASB 34, BHJ has begun capitalizing and depreciating its capital assets. The beginning balance on the government-wide financial statements of BHJ's net assets has been restated to allow for this change. Capital assets are depreciated using the straight-line method over their estimated useful lives less any salvage value.

Reservations of Fund Balance –

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose or are not available for expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for spending in future periods. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

Net Assets –

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets are reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws or regulations of other governments.

Allocation of Employee Benefits and Indirect Costs –

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



**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

Cash and Cash Equivalents -

The investment and deposit of BHI'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 BHI 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. BHI 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.

BHI 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"). BHI is also prohibited from investing in reverse purchase agreements.

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 BHI's name.

Income Taxes -

BHI is exempt from federal income tax under §501(c)(1) of the Internal Revenue Code of 1954.

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.

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

**2. Cash in Bank and On Hand**

Cash in bank and on hand consist of the following at June 30, 2004:

	Per Bank	Per Books
National City	\$ 16,146	\$ 16,146
United National Bank - Checking Plus	48,038	38,757
Total cash in bank	64,184	54,903
Petty Cash	-	335
Total cash in bank and on hand	\$ 64,184	\$ 55,238

BHJ's funds at United National Bank and National City are insured up to the FDIC limit. At June 30, 2004, the agency's balances were not in excess of the FDIC prescribed insured limits.

**3. Capital Assets**

A summary of changes in capital assets for the fiscal year ended June 30, 2004 is as follows:

**Governmental Activities:**

	Equipment
Restated Balance July 1, 2003	\$ 148,781
Additions	2,652
Deletions	-
Balance June 30, 2004	\$ 151,433
Accumulated Depreciation	
Prior Years	(114,058)
Current Year	(13,472)
Net Capital Assets June 30, 2004	\$ 23,903

**4. Due to Grantors**

Due to grantors of \$3,356 is comprised of amounts due to the following governmental entities at June 30, 2004:

U.S. Department of Commerce - EDA	\$ 3,356
Total due to grantor	\$ 3,356

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

**5. Grants Receivable**

Grants receivable of \$50,184 is comprised of amounts due from the following governmental entities at June 30, 2004:

WV Department of Transportation - Aerial Photo Project	4,476
WV Department of Transportation - FHWA	8,755
WV Department of Transportation - FTA Section 8	4,967
Ohio Department of Transportation - FHWA (Federal)	6,479
Ohio Department of Transportation - FHWA (State)	810
Ohio Department of Transportation - FHWA (Rideshare)	819
Ohio Department of Transportation - FTA Section 8 (Federal)	4,885
Ohio Department of Transportation - FTA Section 8 (State)	611
Total transportation	<u>31,802</u>
New Cumberland Heights/Johnsonville Road Sewer - CDBG	<u>501</u>
Total development block grants	<u>501</u>
Brownsfield, WV - EPA	8,297
Brooke County, WV - Colliers Water - EPA	1,038
Brooke County, WV - Colliers Sewer - EPA	1,580
Mahans Lane/Eldersville Road - EPA	2,443
McKinley Water Storage Tank - EPA	402
Route 2 Sewer - EPA	2,381
Wellsburg 11th Street Sewer - EPA	1,475
BDC Parcel - EPA	265
Total EPA	<u>17,881</u>
Total grants receivable	<u><u>50,184</u></u>

**6. Deferred Revenue**

Deferred Revenue represents monies advanced to BHJ from grantors for the purpose of carrying on specific grant functions, but is unobligated as of June 30, 2004:

U.S. Department of Commerce – EDA	\$ 8,981
Appalachian Regional Commission	<u>353</u>
Total deferred revenue	<u><u>\$ 9,334</u></u>

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

**7. General Fund - Reserved Fund Balance**

General fund reserved fund balance (deficit) of \$(4,387) is comprised from the following agencies at June 30, 2004. These amounts are based upon open programs that have excess expenditures over revenues as of June 30, 2004.

Mahans Lane/Eldersville Road	\$ (473)
Hancock County, WV – Colliers Sewer – EPA	(2,782)
Hancock County, WV – Colliers Wager – EPA	(341)
BDC Parcel File	(77)
Route 2 Sewer Extension	(35)
Wellsburg – 11 <sup>th</sup> Street Sewer	<u>(679)</u>
	<u>\$ (4,387)</u>

**8. Defined Benefit Pension Plan**

All of BHJ’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 BHJ in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of BHJ, 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 BHJ’s contribution rate for 2004 was 13.55% of covered payroll. BHJ’s required contributions for the periods ended June 30, 2004, 2003, and 2002 were \$47,325, \$43,300, and \$39,300, respectively.

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

**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.

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 254% 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.

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

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.

## **9. Contingencies**

Federal and State Grants – Under the terms of BHJ'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, 2004, 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 BHJ believes there will be no material adjustments to the grants and, accordingly, has not recorded a provision for possible repayments under the above grants.

BHJ 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 BHJ's programs and activities.

In the normal course of its business activities, BHJ 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 BHJ's financial position.

## **10. Risk Management**

BHJ 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.

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

**10. Risk Management (continued)**

BHJ 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. BHJ 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.

**11. Prior Period Adjustments**

The fund balance of the general fund as of July 1, 2003 has been adjusted to correct for the omission of certain activities and items. The effects of the adjustments are as follows:

	<u>General Fund</u>
Fund balance, beginning of year as previously stated:	\$ 100,677
Prior period adjustments-	
FY04 per capita revenue recorded in FY03:	(5,351)
FY03 grants receivable recorded as revenue in FY04:	3,078
Uncollectible prior period due to and due from grantors:	(44,219)
FY03 ARC grant actual revenue and deferred revenue adjustment:	17,961
FY03 EDA grant actual revenue and deferred revenue adjustment:	13,639
Fund balance, beginning of year as restated:	\$ 85,786

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
SCHEDULE OF AGENCY MANAGEMENT EXPENDITURES  
INDIRECT COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

	Allocation of Indirect Costs	Unallocated Agency Management	Total Agency Management
Personnel	\$ 81,735	\$ -	\$ 81,735
Fringe Benefits	57,382	-	57,382
Travel	119	-	119
Rent	29,700	-	29,700
Audit and personal service contracts	9,648	-	9,648
Insurance	3,449	-	3,449
Telephone	5,650	-	5,650
Equipment costs	798	-	798
Supplies	8,082	-	8,082
Postage	3,959	-	3,959
Dues and publications	759	-	759
Advertising	695	-	695
Interest and penalties	450	-	450
Other	12,194	-	12,194
	<u>\$ 214,620</u>	<u>\$ -</u>	<u>\$ 214,620</u>

**INDIRECT COST RATE COMPUTATION**

<u>Total Indirect Costs</u>	<u>\$214,620</u>	=	
Direct personnel Costs	\$170,906		125.5778%



**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
SCHEDULE OF FRINGE BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2004**

Salary benefits		\$ 39,488
Payroll benefits:		
Social security	\$ 4,236	
Unemployment insurance	497	
Workers compensation	1,684	6,417
Other benefits:		
Health insurance	85,153	
Ohio PERS	46,307	131,460
Total fringe benefits		\$ 177,365

**FRINGE BENEFIT RATE COMPUTATION**

$$\frac{\text{TOTAL FRINGE BENEFITS}}{\text{TOTAL PERSONNEL COSTS}} = \frac{\$177,365}{\$252,641} = 70.2044\%$$

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
NOTE TO SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

**BASIS OF PRESENTATION**

The accompanying Schedule of Contract Revenues and Expenditures reflects the expenditures of the Brooke-Hancock-Jefferson Metropolitan Planning Commission programs financed by the U.S. Government for the year ended June 30, 2004. The Schedule has been prepared in accordance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, using the modified accrual basis of accounting in accordance with generally accepted accounting principles. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

	REVENUE RECORDED				EXPENDITURES					
	Federal	State	Local	Total	Personnel	Fringe Benefits	Other	Indirect	Total	
<b>Federal Highway Administration</b>										
Highway Planning & Research										
Ohio Dept of Transportation FY 04	\$ 124,515	\$ 15,563	\$ 15,576	\$ 155,654	\$ 48,748	\$ 35,267	\$ 8,262	\$ 63,378	\$ 155,654	
WV Dept of Transportation FY 04	87,120	-	21,770	108,889	34,740	24,482	6,836	42,841	108,889	
ODOT Bridge Study FY 04	5,651	-	-	5,651	-	-	5,651	-	5,651	
WV DOT Bridge Study FY 04	5,651	-	-	5,651	-	-	5,651	-	5,651	
<b>Federal Transit Administration</b>										
Transit Technical Studies-FTA Section 8										
Ohio Dept of Transportation FY 04	13,025	1,628	1,628	16,281	5,024	3,484	1,376	6,225	16,109	
WV Dept of Transportation FY 04	9,307	-	2,256	11,563	4,237	2,907	56	5,234	12,434	
<b>Rideshare Program</b>										
Ohio Dept of Transportation FY 04	4,511	-	-	4,511	667	468	2,538	838	4,511	
<b>Federal Highway Administration</b>										
Digital Aerial Photography Project	8,060	4,476	3,416	15,892	-	-	15,892	-	15,892	
<b>Appalachian Regional Commission</b>										
Appalachian Local Dev. District										
302(G)(1) 07/03-12/31/03	12,302	10,600	2,302	24,604	7,757	5,157	1,741	9,948	24,603	
302(G)(1) 01/01/04-06/30/04	31,276	30,000	1,276	62,552	19,258	13,524	7,455	24,190	64,427	
<b>U.S. Environmental Protection</b>										
EPA Admin Contract	33,624	-	-	33,624	1,831	1,283	30,510	-	33,624	
<b>U.S. Dept of Commerce - EDA</b>										
07/01/03-12/31/03	38,200	-	38,200	76,400	23,597	15,687	6,857	30,260	76,401	
01/01/04-06/30/04	17,019	-	17,019	34,038	10,692	7,506	2,415	13,426	34,038	
<b>WV Division of Environmental Protection</b>										
Brooke City Colliers Sewer Project										
Brooke City Colliers Water Project										
Brooke City Mahan Lane/Hidersvl	11,411	-	-	11,411	3,750	2,632	311	4,709	11,402	
Hancock Cty Rt 2 Sewer	8,698	-	-	8,698	2,906	2,033	104	3,655	8,698	
Hammond PSD McKinleyville	6,813	-	-	6,813	2,178	1,529	318	2,735	6,759	
Wellburg 11th St Sewer	9,930	-	-	9,930	3,265	2,292	271	4,101	9,930	
	1,006	-	-	1,006	239	169	-	300	707	
	1,475	-	-	1,475	491	344	29	616	1,480	
<b>US Dept of Housing &amp; Urban Dev</b>										
N Cumberland Hw/Johnsowl Sewer										
	-	1,141	-	3,141	850	737	48	1,318	2,952	
<b>Local Contracts and Projects</b>										
BDC of Northern Panhandle - Parcel										
	2,041	-	-	2,041	687	482	10	848	2,026	
<b>TOTALS</b>	\$ 190,391	\$ 106,181	\$ 103,443	\$ 599,825	\$ 170,906	\$ 119,983	\$ 96,329	\$ 214,620	\$ 601,837	

**BODKIN WILSON & KOZICKI** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA  
Dan E Wilson, CPA, MBA  
Dennis A. Kozicki, CPA

The Maxwell Centre  
32 Twentieth Street, Suite 300  
Wheeling, West Virginia 26003

Weirton Office  
3600 West Street, Suite 4  
Weirton, West Virginia 26062

Malcolm M. Shimp, CPA  
Janet L. Roset, CPA  
Nancy J. Gwynn, CPA

304 232-2280  
Fax 304 232-2322  
www.bwkcpas.com

304 748-5550  
Fax 304 748-5551

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

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Brooke-Hancock-Jefferson Metropolitan Planning Commission (BHJ), as of and for the year ended June 30, 2004, and have issued our report thereon dated February 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered BHJ'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 an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect BHJ's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and responses as item *2004-1*.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, we consider item *2004-1* to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether BHJ's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2004-1.

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.

A handwritten signature in cursive script, appearing to read "Beth Wil & Kopylov".

Weirton, West Virginia,  
February 28, 2005.

**BROOKE HANCOCK JEFFERSON METROPOLITAN PLANNING COMMISSION**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2004**

**SECTION I – FINANCIAL STATEMENT FINDINGS**

*2004-1:* Billing System Reconciliation

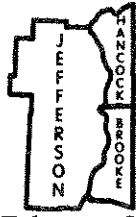
*Condition and Criteria:* The system currently maintained by BHJ to accumulate expenditures, allocate the related fringe and indirect costs and ultimately invoice the appropriate funding sources is totally separate from the general ledger accounting system. BHJ has not developed a system to ensure that the information generated from these separate sources is consistent.

*Cause and Effect:* During the course of our audit, we noted, both, instances where the amounts recorded in the general ledger were omitted from invoices and instances where amounts were invoiced but not properly recorded in the general ledger. The failure to reconcile these separate sources of information on a regular basis could possibly lead to a material misstatement and is, accordingly, considered to be a reportable condition.

*Auditor's Recommendation:* BHJ needs to develop and maintain a system to reconcile the billing system with the general ledger on a timely basis.

**BROOKE-HANCOCK-JEFFERSON  
METROPOLITAN PLANNING COMMISSION  
SUMMARY OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004**

NONE



February 28, 2005

**Brooke-Hancock-Jefferson  
Metropolitan Planning Commission**

**124 North Fourth Street  
Second Floor  
Steubenville, Ohio 43952-4498**

Bodkin Wilson & Kozicki PLLC  
3600 West Street, Suite 4  
Weirton, WV 26062

Re: Corrective Action Plan

Gentlemen:

Brooke-Hancock-Jefferson Metropolitan Planning Commission respectfully submits the following corrective action plan for the year ended June 30, 2004. The findings from the June 30, 2004 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

*2004-1:* Billing System Reconciliation

*Auditor's Recommendation:* BHI needs to develop and maintain a system to reconcile the billing system with the general ledger on a timely basis.

*Action Taken:* We concur with the recommendation, and we will begin this process immediately.

If there are any questions regarding this plan, please call Joan Beatty, Finance Manager, at (740) 282-3685.

Sincerely yours,

Dr. John Brown  
Executive Director





**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  
AUGUST 4, 2005**