STEEL VALLEY REGIONAL TRANSIT AUTHORITY

JEFFERSON COUNTY

AUDIT REPORT

For the year ended December 31, 2008

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants

Mary Taylor, CPA
Auditor of State

Board of Trustees
Steel Valley Regional Transit Authority
555 Adams Street
Steubenville, Ohio 43952

We have reviewed the *Report of Independent Accountants* of the Steel Valley Regional Transit Authority, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 Steel Valley Regional Transit Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 20, 2009

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Steel Valley Regional Transit Authority
Jefferson County
AUDIT REPORT
For the Year Ended December 31, 2008

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Steel Valley Regional Transit Authority
Jefferson County
555 Adams Street
Steubenville, Ohio 43952

To the Board of Trustees:

We have audited the financial statements of the Steel Valley Regional Transit Authority, Jefferson County (the Authority) as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority'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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 15, 2009, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Charles E. Harris & Associates, Inc.
May 15, 2009

As management of the Steel Valley Regional Transit Authority (the "Authority"), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2008. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Overview of Financial Highlights

The Authority has net assets of $1,648,256 These net assets result from the difference between total assets of $1,929,827 and total liabilities of $281,571.

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Current assets of $853,427 primarily consist of non-restricted Cash and Cash Equivalents of $754,043; Federal Funds Receivable of $77,170; and Fuel Inventory of $15,201.

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Current Liabilities of $69,228 primarily consist of Accrued Payroll of $14,336 Accrued and Withheld Payroll Taxes of $12,210, and Accrued Expenses of $23,297.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are the Balance Sheet, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority is structured as a single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets are capitalized and depreciated, except land, over their estimated useful lives.

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

The *Statement of Revenues, Expenses and Changes in Net Assets* present information showing how the Authority's net assets changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists capital grant revenues received from federal, state and local governments.

The *Statement of Cash Flows* allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) Cash flows from operating activities, 2) Cash flows from non-capital financing activities, 3) Cash flows from capital and related financing activities, and 4) Cash flows from investing activities.

Notes to the Financial Statements

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

Financial Analysis of the Authority

Table 1 provides a summary of the Authority's net assets as of December 31, 2008:

	2008	2007
ASSETS		
Current Assets	$ 853,427	$ 721,093
Restricted Assets	11,124	11,124
Noncurrent Assets	1,065,276	1,066,448
Total Assets	$ 1,929,827	$ 1,798,665
LIABILITIES		
Current Liabilities	$ 69,228	$ 68,639
Noncurrent Liabilities	212,343	210,579
Total Liabilities	281,571	279,218
NET ASSETS		
Net Assets	$ 1,648,256	$ 1,519,447

The largest portion of the Authority's net assets reflect investment in capital assets consisting of land, buildings, building improvements, transportation equipment, and other equipment less any related debt used to acquire those assets still outstanding. The Authority uses these capital assets to provide public transportation services for the City of Steubenville and Mingo Junction area; consequently, these assets are not available to liquidate liabilities or to cover other spending.

Table 2 shows the highlights of the Authority's revenues and expenses. These two main components are subtracted to yield the changes in net assets. This table uses the full accrual method of accounting.

	2008	2007
Operating Revenues	$ 68,304	$ 61,008
Operating Expenses (inc. Dep. Exp.)	1,074,496	1,053,377
Operating Income (Loss)	(1,006,192)	(992,369)
Net Non-Operating Revenues (Expenses)	1,135,001	1,112,972
Change in Net Assets	128,809	120,603
Net Assets (Deficit) Beginning of Year	1,519,447	1,398,844
Net Assets (Deficit) End of Year	$ 1,648,256	$ 1,519,447

The most significant operating expenses for the Authority are Labor, Insurance – Hospitalization and Life, Casualty and Liability Insurance, Materials and Supplies, Fuel and Lubricants, and Fringe Benefits. These expenses account for 68.8% of the total operating expenses. Labor, which accounts for 37.5% of the total, represents costs associated with salaried and hourly employees. Insurance – Hospitalization and Life, which account for 13.1% of the total, represents costs associated with the hospitalization and life insurance premiums paid by the Authority covering its employees. Casualty and Liability Insurance, which accounts for 7.4% of the total, represents costs associated with casualty and liability insurance premiums paid by the Authority. Fringe Benefits, which account for 6.4% of the total, represents costs associated with the Ohio Public Employees Retirement System. Fuel and Lubricants, which accounts for 7.9% of the total, represents costs associated with the purchase of diesel fuel and motor oils.

Funding for the most significant operating expenses indicated above is from Passenger Fares, as well as from Non-Operating Revenues in the form of Property Tax Revenues, Federal Operating and Maintenance Grants and Reimbursements, and State Operating and Maintenance Grants, Reimbursements, and Special Fare Assistance. These revenues account for 95.4% of the total combined revenues of $1,203,305. Passenger Fares revenue for 2008 was $68,304, and accounts for 6% of the total revenues. Property Tax Revenues for 2008 were $524,945 and accounts for 46.6% of the total revenue. Federal Operating and Maintenance Grants and Reimbursements Revenue for 2008 was $479,055, and accounts for 42.5% of the total revenue. State Operating and Maintenance Grants, Reimbursements, and Special Fare Assistance revenue for 2008 was $53,685, and accounts for 4.8% of the total revenue. Charter Revenue, Advertising Revenue, Interest Income, and Other Income make up the remaining .02% of total revenue.

The Authority monitors its sources of revenues very closely for fluctuations.

Capital Assets and Debt Administration

The Authority's investment in capital assets as of December 31, 2008, amounts to $867,637 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, building improvements, transportation equipment, and other equipment.

Additional information concerning the Authority's capital assets can be found in note 3 of the notes to the basic financial statements.

As of December 31, 2008, the Authority had no debt obligations.

Property Tax Levy

On May 3, 2005, voters in Steubenville and Mingo Junction, Ohio, approved a 1.5 mill, 10-year tax levy to support the Steel Valley Regional Transit Authority. The levy replaced an existing 1.0 mill levy approved by voters in 1995, which expired at December 31, 2004.

Current Known Facts and Conditions

In the year 2008, the Authority transported 72,505 Steubenville passengers, 13,041 Mingo Junction passengers, and 2,418 ADA Para Transit passengers for a total of 87,967 passengers in the Steubenville-Mingo Junction area.

House Bill 66 provides reimbursements to the Authority for the loss of revenue resulting from the elimination of certain business property taxes within the state. The phase out of these reimbursements may negatively impact revenue within the last five years of the current property tax levy. The Authority estimates a potential revenue loss of approximately $340,000 during this time frame (2011-2015). A reduction in service levels is to be implemented no later than in the fourth quarter of 2009. Phased increases in the fare structure are probable prior to 2010. In the event these options prove insufficient to offset anticipated revenue losses, further service reductions and/or confirmed sources of additional revenue must be in place by 2011.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, customers, and creditors, with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information in this report or to request for additional information should be addressed to: Frank Bovina, Transit Manager, Steel Valley Regional Transit Authority, 555 Adams Street, Steubenville, Ohio 43952.

STEEL VALLEY REGIONAL TRANSIT AUTHORITY

Statement of Revenues, Expenses and Changes in Fund Net Assets

STATEMENT OF NET ASSETS

Proprietary Fund

As of December 31, 2008

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	754,043
Trade Accounts Receivable		1,948
Federal Funds Receivable		77,170
Fuel Inventory		15,201
Prepaid Expenses		5,065
Total Current Assets		853,427
RESTRICTED ASSETS		
Cash and Cash Equivalents		11,124
Noncurrent Assets		
Land		186,751
Building		505,041
Building Improvements		41,016
Transportation Equipment		1,140,518
Other Equipment		115,144
Less Accumulated Depreciation		(1,120,833)
Total Noncurrent Assets		867,637
Deferred Receivable - Levy		197,639
TOTAL ASSETS	$	1,929,827

STEEL VALLEY REGIONAL TRANSIT AUTHORITY

Statement of Revenues, Expenses and Changes in Fund Net Assets

STATEMENT OF NET ASSETS (continued)

Proprietary Fund

As of December 31, 2008

LIABILITIES		
Current Liabilities		
Accounts Payable	$	19,385
Accrued Payroll Expenses		14,336
Accrued and Withheld Payroll Taxes		12,210
Accrued Expenses		23,297
Total Current Liabilities		69,228
Long Term Liabilities		
Deferred revenue - levy		197,639
Deferred Capital Grant		14,704
Total Long Term Liabilities		212,343
TOTAL LIABILITIES	$	281,571
NET ASSETS		
Capital Assets Net of Related Debt	$	867,637
Restricted Net Assets for Equipment		11,124
Unrestricted		769,495
TOTAL NET ASSETS	$	1,648,256

See accompanying notes to the basic financial statements

STEEL VALLEY REGIONAL TRANSIT AUTHORITY

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2008

Operating Revenues	
Passenger Fares	$ 62,322
School Passes	5,982
Total Operating Revenues	68,304
Operating Expenses	
Labor	416,460
Fringe Benefits	71,316
Insurance - Hospitalization and Life	145,558
Taxes - Payroll	23,005
Materials & Supplies	42,780
Fuel and Lubricants	87,226
Services	58,212
Utilities	30,262
Casualty and Liability Insurance	76,788
Depreciation	122,889
Total Operating Expenses	1,074,496
Operating Income (Loss)	(1,006,192)
Non-Operating Revenues (Expenses)	
Property Tax Revenues	524,945
Federal Operating and Maintenace Grants and Reimbursements	479,055
State Operating and Maintenance Grants, Reimbursements and Special Fare Assistance	53,685
Interest	3,290
Other	17,939
Total Non-Operating Revenues	1,078,914
Net Income (Loss) Before Capital Contributions	72,722
Capital Contributions	56,087
Change in Net Assets	128,809
Net Assets (Deficit) Beginning of Year	1,519,447
Net Assets (Deficit) End of Year	$ 1,648,256

See accompanying notes to the basic financial statements

STEEL VALLEY REGIONAL TRANSIT AUTHORITY

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2008

Cash flows from operating activities:		
Cash Received from Customers	$	68,532
Cash Paid for Goods and Services		(271,240)
Cash Paid to Employees		(660,470)
Net cash provided/(used) for operating activities	$	(863,178)
Cash flows from non-capital activities:		
Property Taxes Received	$	524,945
Acquisition of Capital Assets		(121,717)
Operating, Maintenance and Planning Grants Received		560,170
Other		56,824
Net cash provided/(used) for non-capital activities	$	1,020,222
Cash flows from capital and related financing activities:		
Capital Grants Received	$	56,087
Net cash provided/(used) for capital and related financing activities	$	56,087
Cash flows from investing activities:		
Interest	$	3,290
Net cash provided/(used) for investing activities	$	3,290
Net increase in cash and cash equivalents		216,421
Cash and cash equivalents, January 1, 2008		548,746
Cash and cash equivalents, December 31, 2008	$	765,167
Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities		
Net operating income/(loss)	$	(1,006,192)
Adjustments:		
Depreciation expense		122,889
(Increase)/decrease in assets:		
Accounts receivable - Trade		228
Fuel Inventory		8,050
Prepaid Expenses		(719)
Increase/(decrease) in liabilities:		
Accounts Payable		7,492
Accrued Payroll Expenses		1,729
Accrued and Withheld Payroll Taxes		(2,647)
Accrued Expenses		5,992
Total Adjustments		143,014
Net cash provided/(used) for operating activities	$	(863,178)

See accompanying notes to the basic financial statements

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Steel Valley Regional Transit Authority ("SVRTA" or the "Authority") was created pursuant to Sections 306.30 through 306.71 of the Ohio Revised Code for the purpose of providing public transportation in the Steubenville – Mingo Junction area. The Authority commenced operations on January 1, 1996. As a political subdivision it is distinct from, and is not an agency of, the State of Ohio or any other local governmental unit. The Authority is not subject to federal or state income taxes.

The Authority is managed by a five-member Board of Trustees and provides virtually all mass transportation within the greater Steubenville – Mingo Junction area. In 2008, the Authority had eleven full-time equivalent employees. Approximately 64% of the Authority's employees at December 31, 2008 are subject to a three year collective bargaining agreement expiring on December 31, 2008.

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

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

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989.

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

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

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

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

Description	Years
Buildings	39
Improvements	15-39
Transportation Equipment	5-10
Other Equipment	3-7

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

***Net Assets* -** Equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

The Authority complies with the provisions of Statement No. 33 of the Government Accounting Standards Board ("GASB") regarding the Accounting and Financial Reporting for Nonexhange Transactions. This statement requires that capital contributions be recognized as revenue and not as contributed capital. Accordingly, during the year ended December 31, 2008, $56,087 in capital contribution was recognized as revenue in the Statement of Revenue and Expenses for the Authority. This statement also requires the recognition of revenue for property taxes in the financial statement in the period for which the levy is intended to finance, which is the year after the taxes are levied. Taxes levied in 2008 that will be collected in 2009 are recorded as a deferred receivable and deferred revenue. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and entitlements 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 Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Vacation and Sick Pay Benefits – Employees earned vacation and sick pay benefits each year based upon length of service and employment status. Employees may not carry any vacation days over into a subsequent year. No payments are made for vacation days that are unused at the end of the year. Employees can carryover unused sick leave to a maximum of 720 hours. At December 31, 2008 employees have approximately 3,000 hours of unused sick leave. Sick leave is nonvesting and no sick leave benefits have been accrued. Unused sick benefits lapse upon an employee's separation from the Authority.

Use of Estimates – The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Accounting – The Authority's annual budget of revenues, expenses, and capital expenditures is prepared under the accrual basis of accounting, GAAP. The budget is adopted by resolution of the Board of Trustees. The Authority, operating as an enterprise fund, utilizes such budget and related budgetary accounting to ensure that: (1) service objectives are attained; (2) expenditures are properly controlled; and (3) adequate resources will be available to finance current operations and meet capital outlay requirements.

Because the Authority's revenues and expense may fluctuate with changing service delivery levels, a flexible-rather than fixed-dollar budget is utilized to permit budgetary revision based upon changing fare revenue, levels of service, and cost of operations at specific service levels. Actual results of operations are compared to the final, revised budget of the Authority for the year.

2. CASH AND CASH EQUIVALENTS

The investments and deposits of the Authority are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest monies in certificates of deposit, saving accounts, money market accounts, the State Treasurer's investment pool (STAROhio) and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities with a market value equal to 105% of public monies on deposit at the institution. 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 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 that securities maintained for public deposits and investments be held in the Authority's name.

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

Deposits

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

At December 31, 2008, the carrying amount of the Authority's deposits was $765,167 as compared to a bank balance of $765,332. Of the bank balance, $100,000 was on deposit and covered by federal depository insurance and $665,332 was collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name.

The Authority has restricted cash of $11,124 to guarantee the deductible for the insurance policy covering two fuel tanks.

Investments

The Authority held no investments at December 31, 2008.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 is as follows:

	Balance 1/1/2008	Addition	Deletion	Balance 12/31/2008
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$ 132,713	$ 54,038	$ -	$ 186,751
Total Capital Assets, not being depreciated:	132,713	54,038	-	186,751
Capital Asset, being depreciated:				
Buildings	505,041	-	-	505,041
Building Improvements	41,016	-	-	41,016
Transportation Equipment	1,072,839	67,679	-	1,140,518
Other Equipment	166,624	-	(51,480)	115,144
Total Capital Assets, being depreciated:	1,785,520	67,679	(51,480)	1,801,719
Less Accumulated Depreciation:				
Buildings	(51,800)	(12,950)	-	(64,750)
Building Improvements	(8,274)	(2,734)	-	(11,008)
Transportation Equipment	(861,212)	(100,593)	-	(961,805)
Other Equipment	(128,138)	(6,612)	51,480	(83,270)
Total Accumulated Depreciation	(1,049,424)	(122,889)	51,480	(1,120,833)
Total Capital Assets being depreciated, net	736,096	(55,210)	-	680,886
Total Capital Assets, Net	$ 868,809	$ (1,172)	$ -	$ 867,637

4. PROPERTY TAXES

The Authority was subsidized by a property tax levy passed in May, 2005 for ten years by the voters of Steubenville and Mingo Junction, Ohio. Taxes of 1.5 mills are levied through 2015. Property tax revenue can be used for operating or capital purposes.

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

5. DEFINED BENEFIT PENSION PLAN

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans were required to contribute10 percent of their annual covered salaries. The Authority's contribution rate for pension benefits was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The Authority's contributions for the years ending December 31, 2008, 2007, and 2006 were $57,764, $66,635, and $51,061, respectively.

6. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 employer contribution rate was 14 percent of covered payroll; 4.50 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007 (the latest information available), include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.00 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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

Actual employer contributions for 2008 which were used to fund postemployment benefits were $28,882. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2007 (the latest information available), was $12.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were $29.8 billion and $17.0 billion, respectively. The number of active contributing participants in the traditional and combined plans was 363,503.

In September 2004, the OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

7. CONTINGENCIES

Federal and State Grants – Under the terms of the Authority'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 December 31, 2008, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

The Authority 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 Authority's programs and activities.

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

8. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

Grants, reimbursements and special fare assistance included in the statement of revenues expenses and changes in net assets expenses for the year ended December 31, 2008 consist of the following:

	2008
Nonoperating	
Federal:	
FTA Operating Assistance	$ 170,313
FTA Maintenance Assistance	251,236
FTA Planning Assistance	57,506
Total	$ 479,055
State:	
ODOT Maintenance Assistance	$ 35,793
ODOT Elderly Fare Assistance	12,940
ODOT Fuel Tax Reimbursement	4,952
Total	$ 53,685
Capital	
FTA Capital	$ 56,087

9. RISK MANAGEMENT

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

The Authority participates in the Ohio Bureau of Workers' Compensation for workers compensation coverage and with the Ohio Department of Job and Family Services for unemployment coverage. The Authority continues to carry commercial insurance for other risks of loss, including employee health, life 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 in the year 2008.

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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_

Steel Valley Regional Transit Authority
Jefferson County
555 Adams Street
Steubenville, Ohio 43952

To the Board of Trustees:

We have audited the financial statements of the Steel Valley Regional Transit Authority, Jefferson County (the Authority) as of and for the year ended December 31, 2008, and have issued our report thereon dated May 15, 2009. 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, 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*.

We noted matters that we have reported to management of the Authority in a separate letter dated May 15, 2009.

This report is intended for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
May 15, 2009

STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY
For the Year Ending December 31, 2008

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2007, reported no material citations or recommendations.

Mary Taylor, CPA
Auditor of State

STEEL VALLEY REGIONAL TRANSIT AUTHORITY

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 30, 2009

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