

Brooke-Hancock-Jefferson
Metropolitan Planning Commission
Steubenville, Ohio

**Financial Statements and
Supplementary Information
Together with Auditor's Report
As of June 30, 2009**



Mary Taylor, CPA
Auditor of State

Board of Commissioners
Brooke-Hancock-Jefferson Metropolitan Planning Commission
124 North Fourth Street
Steubenville, Ohio 43952

We have reviewed the *Report of Independent Accountants* of the Brooke-Hancock-Jefferson Metropolitan Planning Commission, Jefferson County, prepared by S.R. Snodgrass, A.C., for the audit period July 1, 2008 through June 30, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 4, 2010

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**Brooke-Hancock-Jefferson
Metropolitan Planning Commission
AUDIT REPORT
JUNE 30, 2009**

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REPORT ON INDEPENDENT ACCOUNTANTS

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, as of and for the year ended June 30, 2009, which collectively comprise the BHJ's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brooke-Hancock-Jefferson Metropolitan Planning Commission'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 the Comptroller General of the United States' *Government Auditing Standards*. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Brooke-Hancock-Jefferson Metropolitan Planning Commission's internal control over financial reporting. Accordingly, we express no such opinion. 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 the Brooke-Hancock-Jefferson Metropolitan Planning Commission, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010 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 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 considered in assessing the results of our audit.

Brooke-Hancock-Jefferson
Metropolitan Planning Commission
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Management's Discussion and Analysis on pages 4 through 8 and other supplementary reports on pages 26 through 30 are not a required part of the basic financial statements but are supplementary information some of which are required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of 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.

S. R. Smolgrass, A.C.

Steubenville, Ohio
March 25, 2010

BROOKE-HANCOCK JEFFERSON METROPOLITAN PLANNING COMMISSION

MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2009

The following Management's Discussion and Analysis (MD&A) provides an overview of the Brooke-Hancock-Jefferson Metropolitan Planning Commission's (BHJ) financial performance and provides an introduction to the financial statements for the year ended June 30, 2009. The information contained in the MD&A allows management to make multi-year audit comparisons and define prominent trends. This comparison should be considered in conjunction with the one year audit as prepared by the independent audit financial statement.

The basic concept that underlies the standards for MD&A is:

"Each general purpose federal financial report (GPFRR) should include a section devoted to management's discussion and analysis (MD&A). It should address the reporting entity's performance measures, financial statements, systems and controls, compliance with laws and regulations, and actions taken or planned to address problems. The discussion and analysis of these subjects may be based partly on information contained in reports other than the GPFRR. MD&A also should address significant events, conditions, trends and contingencies that may affect future operations."

Federal Accounting Standards Advisory Board. Statement of Recommendations. Accounting Standard #15. April 1999.

Overview of the Financial Statements

- BHJ's financial statement is prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recognized when earned and expenses when incurred. Capital assets are capitalized and are depreciated over their useful lives.
- The statement of net assets presents information on all BHJ assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of BHJ is improving and deteriorating.
- Statements of Activities are agency-wide operational measures. They provide a guideline to determine whether BHJ successfully recovered all of its cost through federal, state and local government and contracts, members' per capita fees and other contributions and revenues.
- The General Fund-Balance Sheet presents information on the governmental fund assets, liabilities and ending balance in the governmental fund (General Fund).
- Statement of Revenues, Expenditure and Changes in Fund Balances – General Fund – measures the increases and decreases within the governmental fund.

Financial Highlights FY 08 to 09 Comparisons

- Total net assets (i.e., total assets minus total liabilities) decreased by \$26,954. This change occurred due to a \$57,925 drop in "cash and cash equivalents" while "accounts receivable/grants/equipment" all increased for a combined \$33,708 positive change.
- Over the last five years, the audit year 2009 ranked as the second largest accumulated Net Asset year. The low Net Asset year was 2005.
- Revenue in 2009 decreased \$115,236 over the previous year. The change was largely due to an off funding year for the US Environmental Protection Agency's brownfield program. This program, a competitive non-entitlement program, was refunded in the forthcoming FY 11 year.
- Expenses in 2009, driven by the above revenue generation, decreased \$56,942.

BROOKE-HANCOCK JEFFERSON METROPOLITAN PLANNING COMMISSION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2009

- When compared to 2008, Indirect Costs in 2009 increased 7% while fringe costs decreased 3% during the same comparison period. The primary driver for indirect costs is “personnel” while the primary fringe costs driver is “health insurance.”
- A major accounting change for 2008 was the incorporation of “agency management” expenditures or overhead administrative costs into BHJ’s general programs. This change was suggested by the Ohio Department of Transportation Auditor to better illustrate program impact.

Long Term Debt

Long term debt at June 30, 2009 was \$13,698. Under Ohio Revised Code, BHJ does not have the authority to incur debt; however, BHJ may enter into capital leases.

Economic Conditions

BHJ relies heavily on federal, state and local grants, contracts and local membership dues to fund our many programs. In the short term, these revenues are secure and relatively predictable; however, on a long-term basis, legislative action can alter these revenue streams. As a consequence, BHJ continues to seek revenue diversity for the greatest regional impact.

Contacting BHJ

This financial report is designed to provide members, grantors, federal and state oversight agencies and the citizens of the Upper Ohio Valley and Northern Panhandle with a general overview of BHJ’s finances and to show accountability for monies received. Additional financial information may be obtained by contacting the BHJ Finance Manager (124 North 4th Street, Steubenville, Ohio 43952).

BROOKE-HANCOCK-JEFFERSON METROPOLITAN PLANNING COMMISSION

ANNUAL AUDIT SUMMARY 2005 – 2009

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Net Assets	\$ 63,514	\$ 60,310	\$ 82,984	\$121,264	\$ 94,310
Assets					
Cash bank/in hand	\$ 28,139	\$ 37,806	\$100,284	\$103,014	\$ 45,089
Accounts receivable	7,945	18,270	9,135	9,135	18,270
Grants receivable	83,859	68,825	74,722	69,559	88,427
Property/equipment	<u>16,876</u>	<u>12,488</u>	<u>26,536</u>	<u>23,722</u>	<u>29,490</u>
Total Assets	\$136,819	\$ 137,389	\$210,677	\$205,430	\$181,276
Liabilities					
Accounts payable	\$ 9,347	\$ 13,908	\$ 34,079	\$ 26,260	\$ 17,530
Interfund payable	12,261	8,672	5,084	1,495	13,698
Accrued/Withheld					
Benefits	5,914	10,090	9,459	1,093	15,455
Accrued payroll	9,120	10,986	11,313	12,873	14,526
Accrued/Withheld					
Tax	3,299	2,188	3,548	1,979	6,609
Due to grantors	9,920	17,088	36,911	21,577	14,022
Deferred revenue	<u>23,444</u>	<u>14,146</u>	<u>27,300</u>	<u>18,889</u>	<u>5,126</u>
Total Liabilities	\$ 73,305	\$ 77,078	\$127,694	\$ 84,166	\$ 86,966
Revenue					
Fed. grants/projects	\$439,816	\$411,517	\$403,437	\$528,155	\$406,781
State financial assistance	150,360	100,525	102,222	75,262	119,100
Per capita dues	90,526	104,114	103,650	104,280	104,121
Other	<u>4,363</u>	<u>-</u>	<u>97,615</u>	<u>57,958</u>	<u>20,686</u>
Total Revenues	\$685,065	\$ 616,156	\$706,924	\$765,655	\$650,688
Expenditures					
Trans. Planning	\$291,883	\$ 270,500	\$290,140	\$340,569	\$406,335
Economic development	84,888	74,088	82,867	-	65,696
Transit studies	39,839	60,020	72,059	109,472	58,645
Comm. Development	95,984	77,075	92,515	103,153	105,336
Environmental Protection	195,255	137,674	133,269	174,180	41,634
Homeland Security	<u>-</u>	<u>-</u>	<u>13,401</u>	<u>-</u>	<u>-</u>
Total Expenditures	\$707,849	\$ 619,357	\$684,251	\$727,374	\$677,646

Source: BJJ Annual Audits.

BROOKE-HANCOCK-JEFFERSON METROPOLITAN PLANNING COMMISSION

AUDITED FRINGE, INDIRECT & COMBINED RATE 1998 TO 2010

Year	Fringe Rate	Indirect Rate	Combined Rate	Annual Change
1998	0.5735	1.0312	1.6047	0 %
1999	0.5792	1.2882	1.8854	17 %
2000	0.5655	1.0942	1.6597	(12)%
2001	0.5651	1.3223	1.8874	14 %
2002	0.6311	1.0838	1.7149	(9)%
2003	0.7325	1.3683	2.1008	22 %
2004	0.7020	1.2558	1.9578	(7)%
2005	0.7553	1.3806	2.1359	9 %
2006	0.6415	1.4890	2.1305	0 %
2007	0.6620	1.1954	1.8616	(27)%
2008	0.6314	1.2770	1.9084	3 %
2009	0.7228	1.3266	2.0494	7%
2010 Project	0.6645	1.0155	1.6805	(18)%

Source: BHJ Annual Audit Reports. 1998 – 2009 and
BHJ Budget and Overall Work Program 2010.

BROOKE-HANCOCK-JEFFERSON METROPOLITAN PLANNING COMMISSION

**INDIRECT AND FRINGE COMPARISON 2008 TO 2009
INDIRECT COSTS**

	<u>2008</u>	<u>2009</u>	<u>Change</u>	<u>% Change</u>
TOTAL INDIRECT COSTS	\$217,161	\$267,850	\$50,689	23 %
Personnel	90,896	94,785	3,889	4 %
Travel	1,500	582	(918)	(61)%
Fringe Benefits	57,389	84,264	26,875	47 %
Advertising	442	314	(128)	(29)%
Rent	32,400	31,456	(944)	(3)%
Audit /Personal Service Contract	4,000	22,453	18,453	461%
Insurance	3,439	2,924	(515)	(15)%
Telephone	5,186	4,674	(512)	(10)%
Equipment Cost	275	9,321	9,046	3289 %
Suppliers	4,442	7,052	2,610	59 %
Postage	4,550	3,132	(1,418)	(31)%
Dues and Publications	1,059	834	(225)	(21)%
Other	11,583	6,059	(5,524)	(48)%
INDIRECT COST RATE	1.277	1.326	.049	4 %

Fringe Benefit Costs

	<u>2008</u>	<u>2009</u>	<u>Change</u>	<u>% Change</u>
TOTAL FRINGE BENEFITS	\$164,759	\$195,592	\$30,833	19 %
Salary Benefits	43,569	43,866	297	1 %
Payroll Benefits	5,793	5,210	(583)	(10)%
Health Insurance	68,130	91,321	23,191	34 %
Ohio PERS	47,267	54,195	6,928	15 %
FRINGE BENEFIT RATE	0.631	.723	.092	15 %

Source: BHJ Annual Audits.

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	<u>Governmental Agency</u>
ASSETS	
Cash and cash equivalents	\$ 45,089
Accounts receivable	18,270
Grants and contributions receivable	88,427
Capital assets:	
Property, plant, and equipment, net of accumulated depreciation	<u>29,490</u>
 TOTAL ASSETS	 <u>\$181,276</u>
 LIABILITIES	
Accounts payable	\$ 17,530
Accrued and withheld employee benefits	15,455
Accrued payroll	14,526
Accrued and withheld payroll taxes	6,609
Due to grantors	14,022
Deferred revenue	5,126
Capital lease obligation	<u>13,698</u>
 TOTAL LIABILITIES	 <u>\$ 86,966</u>
 NET ASSETS	
Investments in capital assets, net of related debt	\$ 15,792
Unrestricted	<u>78,518</u>
 TOTAL NET ASSETS	 <u>\$ 94,310</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$181,276</u>

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, 2009**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Agency</u>
Primary Governmental:			
Transportation planning	\$406,335	\$368,611	\$ (37,724)
Transit studies and capital planning	58,645	48,228	(10,417)
Community development projects	105,336	46,166	(59,170)
Environmental protection projects	41,634	7,773	(33,861)
Economic development projects	<u>65,696</u>	<u>26,224</u>	<u>(39,472)</u>
TOTAL PRIMARY GOVERNMENTAL	<u>\$677,646</u>	<u>\$497,002</u>	<u>\$(180,644)</u>
General Governmental Revenues:			
Per Capita revenues			\$104,121
West Virginia Development Office			40,000
Other revenues			<u>9,569</u>
TOTAL GENERAL GOVERNMENTAL REVENUES			<u>\$153,690</u>
CHANGES IN NET ASSETS			(26,954)
Net Assets, Beginning			<u>121,264</u>
NET ASSETS, ENDING			<u>\$ 94,310</u>

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

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
GENERAL FUND
BALANCE SHEET
JUNE 30, 2009**

CURRENT ASSETS	General Fund
Assets	
Cash and cash equivalents	\$ 45,089
Accounts receivable	18,270
Grants receivable	<u>88,427</u>
TOTAL CURRENT ASSETS	<u>\$151,786</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 17,530
Accrued and withheld employee benefits	15,455
Accrued payroll	14,526
Accrued and withheld payroll taxes	6,609
Due to grantors	14,022
Deferred revenue	<u>5,126</u>
TOTAL LIABILITIES	<u>73,268</u>
 Fund Balance	
Fund balance – unrestricted	<u>78,518</u>
TOTAL FUND BALANCE	<u>78,518</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$151,786</u>

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

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
RECONCILITATION OF GENERAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL AGENCY
JUNE 30, 2009**

General Fund Balance	\$ 78,518
Amounts reported for governmental activities in the Statement of net assets are different because:	
Capital assets of \$91,579 net of accumulated depreciation of \$62,089, are not financial resources and, therefore, are not reported in the fund.	29,490
Long-term liabilities are not due and payable in the current period and are reported in the fund.	<u>(13,698)</u>
Net Assets of Governmental Agency	<u>\$ 94,310</u>

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

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURE,
AND CHANGES IN FUND BALANCES – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund
REVENUES	
Federal grants and projects	\$406,781
State financial assistance	119,100
Per capita dues	104,121
Project fees	20,090
Other	<u>596</u>
TOTAL REVENUES	<u>\$650,688</u>
EXPENDITURES	
Transportation planning	\$401,582
Transit studies and capital planning	58,342
Community development projects	104,675
Environmental protection projects	41,432
Economic development projects	<u>65,176</u>
TOTAL EXPENDITURES	<u>\$671,207</u>
 NET CHANGES IN FUND BALANCE	 \$(20,519)
 GENERAL FUND BALANCE, BEGINNING	 <u>99,037</u>
GENERAL FUND BALANCE, ENDING	<u>\$ 78,518</u>

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 AGENCY FUND TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2009**

Net Change in Fund Balances - General Fund \$ (20,519)

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

Governmental agency 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 of \$10,674 exceeded
capital outlays of \$1,447 in the current period. (9,227)

Governmental agency funds report debt payments as expenditures.
This is the amount of debt payments in the current period. 2,792

Change in Net Assets of Governmental Agency \$ (26,954)

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

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

1. Summary of Significant Accounting Policies

In fiscal year 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 resulted 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 Agency Fund Financial Statements – The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) 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 is 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.

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.

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

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 balance, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in the fund based upon the purposes of 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:

General Fund

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

Revenues – Non-Exchange Transactions – Non-exchange transactions, in which BHJ receives value without directly giving value in return, include 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 those specific purposes, 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.

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

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 – BHJ capitalizes at cost only non-program specific purchased property and equipment (See Note 10) costing \$500 and greater and with a useful life greater than one year. 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 limitation imposed on their use by external restrictions by creditors, grantors, laws or regulations of other governments.

Allocation of Employee Benefits and Indirect Cost – 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.

Cash and Cash Equivalents – The investment and deposit of BHJ'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 statues also permit BHJ to invest its monies in certificates of deposits, savings accounts, money market accounts, the State Treasurer's investment pool (Star Ohio) and obligations of the United States government and certain agencies thereof. BHJ 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.

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

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

Cash and Cash Equivalents (continued) – 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 or of 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.

2. Deposits and Investments

Concentration of Credit Risk – Cash deposits and cash on hand consist of the following at June 30, 2009

	<u>Bank Balance</u>	<u>Carrying Balance</u>
PNC Bank	<u>\$46,361</u>	<u>\$44,766</u>
Petty cash	<u>-</u>	<u>323</u>
Total cash deposits and cash on hand	<u>\$46,361</u>	<u>\$45,089</u>

BHI's funds at PNC Bank are insured up to the FDIC limit. At June 30, 2009 the agency's balances were not in excess of the FDIC prescribed insured limits. Refer to the Cash and Cash Equivalents section of Note 1 for deposit and investment policies.

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

3. Capital Assets

A summary of changes in capital assets for the fiscal year ended June 30, 2009 is as follows:

Primary Governmental Activities:

Equipment	
Balance of July 1, 2008	\$ 75,133
Additions	<u>16,446</u>
Balance June 30, 2009	\$ 91,579
Accumulated Depreciation	
Prior Years	(51,415)
Current Year	<u>(10,674)</u>
Balance June 30, 2009	<u>(62,089)</u>
Net Capital Assets June 30, 2009	<u>\$ 29,490</u>

Direct and In-direct depreciation expense for the period ending June 30, 2009 included in the Primary Governmental expenditures consists of the following:

Transportation planning	\$ 7,294
Transit studies and capital planning	684
Community development projects	1,339
Environmental protection projects	456
Economic development projects	<u>901</u>
	\$ 10,674

4. Due to Grantors

Due to grantors of \$14,022 is comprised of amounts due to the following governmental entities at June 30, 2009:

U.S. Department of Commerce – ARC 2005	\$ 1,754
U.S. Department of Commerce – EDA 2009	<u>12,268</u>
Total due to grantor	<u>\$ 14,022</u>

5. Deferred Revenue

Deferred Revenue represents monies advanced to BHJ from local governments:

Local Per-Capita Revenues	<u>\$5,126</u>
Total deferred revenue	<u>\$5,126</u>

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

6. GRANTS RECEIVABLE

Grants receivable of \$88,427 is comprised of amounts due from the following governmental entities at June 30, 2009:

WV Department of Transportation – FHWA (Federal)	\$17,266
WV Department of Transportation – FHWA (State)	2,159
WV Department of Transportation – FTA Section 8 (Federal)	2,219
WV Department of Transportation – FTA Section 8 (State)	277
Ohio Department of Transportation – FHWA (Federal)	28,554
Ohio Department of Transportation – FHWA (State)	3,569
Ohio Department of Transportation – FTA Section 8 (Federal)	2,983
Ohio Department of Transportation – FTA Section 8 (State)	373
Ohio Rideshare	<u>9,809</u>
Total transportation	<u>67,209</u>
Appalachian Regional Commission – Community Development	1,998
Mahan’s Lane/Eldersville Road – EPA	1,644
Beech Bottom Water – EPA	13,810
McKinley	2,194
Weirton Transit Study	<u>1,572</u>
Total other	<u>21,218</u>
Total grants receivable	<u>\$88,427</u>

7. CAPITAL LEASE OBLIGATIONS

Capital lease obligations at June 30, 2009 of \$13,698 consist of the following:

Dollar Leasing Corporation (Copier) \$14,995.00
6.28% interest rate, 60 monthly payments beginning
January 31, 2009 for \$291.80.

Maturity of obligation over next five years

2010	\$ 2,719
2011	2,894
2012	3,082
2013	3,280
2014	<u>1,723</u>
Total	<u>\$13,698</u>

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

8. Defined Benefit Pension Plan

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

Ohio Public Employees Retirement System (OPERS) – The following information was provided by the Ohio Public Employees Retirement System (OPERS) to assist BHJ in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: 1. The Traditional Plan is a cost-sharing multiple-employer defined benefit pension plan. 2. The Member-Directed Plan is a defined contribution plan. 3. The Combined Plan, a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

All employees of the BHJ, participate in one of the three OPERS pension plans. OPERS provides retirement, disability, survivor and death benefits, annual cost - of - living adjustments to qualifying members of both the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the OPERS. Interested parties may obtain a copy by making a written request to: OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-67055 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. As of January 1, 2008, the plan members are required to contribute 10% of their annual covered salary and the employer's contribution rate for 2008 was 14% of covered payroll. Internal Revenue Service law makes it possible for an employer to pay (pick up) employee contributions for member of PERS, and BHJ has opted to contribute 16% with plan members contributing 8% of covered payroll. BHJ's required contribution for the periods ended June 30, 2009, 2008, and 2007 were \$48,961, \$47,267 and \$46,570, respectively,

Other Post -Employment Benefits – OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits including post-employment health care coverage.

OPERS provides post-retirement health care coverage 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 under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

8. Defined Benefit Pension Plan (continued)

Other Post-Employment Benefits (continued) - A portion of each employer's OPERA contribution is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for public employers to fund post-retirement health care through their contributions to OPERS. The number of active contributing participants in the Traditional and Combined Plans was 362,130.

Summary of Assumptions:

Actuarial Review: The following assumptions and calculations were based on the System's latest Actuarial Review performed as of December 31, 2005.

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

Assets Valuation Method: All investments are carried at market value. For actuarial purposes, the funding value of defined benefit assets recognizes assumed investment return fully each year. Differences between actual and assumed investment return are phased in over a closed 4 year period. Funding value is not permitted to deviate from market value by more than 12%.

Investment Return: The investment assumption rate for 2005 was 8.00%, compounded annually, for all members and beneficiaries.

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 .7% to 3%. Health care costs were assumed to increase 4.00% annually, beginning in 9 years.

The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2005 was \$11.7 billion. The actuarially accrued liability and the unfunded actuarially accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a 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 rising health care costs. Under the HCPP, retirees that are eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. HCPP will incorporate a cafeteria approach, offering a larger range of health care options that allow 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. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

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, 2009, 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 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 the 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.

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.

INDEPENDENT AUDITOR'S 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 government-wide statement of net assets and statement of activities and the balance sheet – general fund, statement of revenues, expenditures, and changes in fund balance – general fund, reconciliation of the balance sheet of general fund to statement of net assets, and the reconciliation of the statement of revenues, expenditures, and changes in fund balances of general fund to the statement of activities of Brooke-Hancock-Jefferson Metropolitan Planning Commission (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 25, 2010. 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 Control over Financial Reporting

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

A deficiency in internal control 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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 Brooke-Hancock-Jefferson Metropolitan Planning Commission'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management and others within the organization, 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
March 25, 2010

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
SCHEDULE OF AGENCY MANAGEMENT EXPENDITURES
INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Allocation of Indirect Costs</u>	<u>Unallocated Agency Management</u>	<u>Total Agency Management</u>
Personnel	\$ 94,785	\$ -	\$ 94,785
Fringe benefits	67,347	16,917	84,264
Travel	582	-	582
Advertising	314	-	314
Rent	31,456	-	31,456
Audit and personal service contracts	10,453	12,000	22,453
Insurance	2,924	-	2,924
Telephone	4,674	-	4,674
Equipment costs	9,321	-	9,321
Supplies	7,052	-	7,052
Postage	3,132	-	3,132
Dues and publications	834	-	834
Other	<u>317</u>	<u>5,742</u>	<u>6,059</u>
 Total, Government-Wide Level	 <u>\$233,191</u>	 <u>\$34,659</u>	 \$267,850
 Less: Depreciation			 (7,712)
 Plus: Lease principal payments			 2,792
 Plus: Indirect capital asset additions			 <u>16,447</u>
 Total, Fund Level			 <u>\$279,377</u>

INDIRECT COST RATE COMPUTATION

<u>Total Indirect Costs</u>	<u>\$233,191</u>	=	132.66%
Direct Personnel Costs	\$175,782		

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2009**

Salary benefits		\$ 43,866
Payroll benefits:		
Medicare	\$ 4,060	
Unemployment insurance	504	
Workers compensation	<u>1,646</u>	<u>6,210</u>
Other benefits:		
Health insurance	91,321	
Ohio PERS	<u>54,195</u>	<u>145,516</u>
Total fringe benefits		<u>\$195,592</u>

FRINGE BENEFIT RATE COMPUTATION

<u>TOTAL FRINGE BENEFITS</u>	<u>\$195,592</u>	
<u>TOTAL PERSONNEL COSTS</u>	<u>\$270,567</u>	= 72.2897%

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009**

	Revenue Recorded				Expenditures				
	Federal	State	Local	Total	Personnel	Fringe Benefits	Other	Indirect	Total
Federal Highway Administration									
Highway Planning and Research									
Ohio Department of Transportation FY 09	\$ 85,427	\$ 10,678	\$10,678	\$106,783	\$ 33,956	\$ 22,177	\$ 5,604	\$ 45,046	\$106,783
WV Department of Transportation FY 09	44,484	5,560	5,560	55,604	17,456	11,400	3,591	23,157	55,604
Short Range	38,014	4,382	4,386	46,782	14,213	9,282	1,469	18,855	43,819
TIP	34,694	3,998	4,002	42,694	12,104	7,905	3,911	16,058	39,978
Surveillance	33,847	3,913	3,916	41,676	12,412	8,107	2,139	16,467	39,125
Federal Transit Administration									
Transit Technical Studies: FTA Section 8									
Ohio Department of Transportation FY 09	20,983	2,623	2,623	26,229	8,272	5,402	1,582	10,973	26,229
WV Department of Transportation FY 09	14,448	1,806	1,806	18,060	5,927	3,871	399	7,863	18,060
Ohio Special Transportation Planning									
Ohio Department of Transportation FY 09	2,072	-	98	2,170	-	-	2,170	-	2,170
Ohio Long Range Finance Element									
Ohio Department of Transportation	33,095	4,137	4,142	41,374	12,600	8,229	3,830	16,715	41,374
Ohio Rideshare									
Ohio Department of Transportation	60,763	-	-	60,763	1,572	1,027	50,679	2,086	55,364
Appalachian Regional Commission:									
Appalachian Local Development District									
302(a)(1) 01/01/08 – 12/31/08	22,338	20,000	9,793	52,131	14,329	9,359	9,434	19,009	52,131
302(a)(1) 01/01/09 – 06/30/09	23,828	20,000	1,568	45,396	15,225	9,943	31	20,197	45,396
ARC Flex E	-	-	-	-	692	452	203	917	2,264

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

	Revenue Recorded				Expenditures				
	Federal	State	Local	Total	Personnel	Fringe Benefits	Other	Indirect	Total
U.S. Environmental Protection									
EPA Administration Contract	1,961	-	5,481	7,442	2,150	1,404	1,036	2,852	7,442
EPA Flex E	-	-	-	-	908	593	5,938	1,205	8,644
EPA Focus	-	-	-	-	-	-	3,000	-	3,000
Economic Development									
West Virginia Economic Development	-	26,224	36,353	62,577	14,928	9,749	18,097	19,803	62,577
WV Division of Environmental Protection									
Brooke County Mahan Lane/Eldersville Road	-	4,109	-	4,109	882	576	-	1,170	2,628
Oakland PSD	-	-	-	-	759	495	19	1,006	2,279
Hancock County Route 8 Sewer	-	5,403	-	5,403	4,242	2,771	-	5,628	12,641
Beech Bottom Water Project	-	-	79	79	26	17	1	35	79
Mahan Lane Sewer Phase II	-	-	2,839	2,839	953	622	-	1,264	2,839
Local Contracts and Projects									
Jefferson County Transit Study	3,502	3,174	-	6,676	15	10	5,769	19	5,813
Aerial Photos	-	-	130	130	-	-	130	-	130
Weirton Transit Study	-	1,692	3,730	5,422	1,764	1,152	166	2,340	5,422
Toronto 5 th Street Project	-	-	1,196	1,196	397	259	14	526	1,196
TOTALS	<u>\$419,456</u>	<u>\$117,699</u>	<u>\$98,380</u>	<u>\$635,535</u>	<u>\$175,782</u>	<u>\$114,802</u>	<u>\$119,212</u>	<u>\$233,191</u>	<u>\$642,987</u>

**BROOKE-HANCOCK-JEFFERSON
METROPOLITAN PLANNING COMMISSION
NOTE TO SCHEDULE OF CONTRACT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009**

BASIS OF PRESENTATION

The accompanying Schedule of Contract Revenues and Expenditures reflects the expenditures of the Brooke-Hancock-Jefferson Metropolitan Planning Commission programs for the year ended June 30, 2009. 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.



Mary Taylor, CPA
Auditor of State

BROOKE-HANCOCK-JEFFERSON METROPOLITAN PLANNING COMMISSION

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 18, 2010**