



**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020**

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St. Clairsville, OH 43950
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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board Members
Steel Valley Regional Transit Authority
555 Adams Street
Steubenville, Ohio 43952

We have reviewed the *Independent Auditor's Report* of the Steel Valley Regional Transit Authority, Jefferson County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2020. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 27, 2021

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**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 30, 2021

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Steel Valley Regional Transit Authority**, Jefferson County, Ohio (the Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Steel Valley Regional Transit Authority, Jefferson County as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension and OPEB liabilities and pension and OPEB contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2, *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements.

The schedule is management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Steel Valley Regional Transit Authority
Jefferson County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

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, 2020. 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 a net position of \$1,663,979. The net position results from the difference between total assets and deferred outflows of resources of \$4,404,224 and \$276,973, respectively, and total liabilities and deferred inflows of resources of \$2,249,256 and \$767,962, respectively.

Current assets of \$2,976,192 primarily consist of non-restricted Cash and Cash Equivalents of \$2,094,544, Taxes Receivable of \$481,182 and Federal Funds Receivable of \$386,691.

Liabilities of \$2,249,256 primarily consist of Net Pension Liability of \$962,193, Net OPEB Liability of \$626,263 and Unearned Revenue of \$544,539.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position 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 *Statement of Net Position* presents information on the Authority's assets and liabilities and deferred inflows or outflows of resources, with the difference between the assets and liabilities and deferred inflows or outflows reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net Position increases when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicates improved financial condition.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position 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.

Steel Valley Regional Transit Authority
Jefferson County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

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 position as of December 31, 2020:

	2020	2019
Assets		
Current Assets	\$ 2,976,192	\$ 2,592,171
Restricted Assets	550,581	11,180
Noncurrent Assets	877,451	802,184
Total Assets	4,404,224	3,405,535
Deferred Outflows of Resources	276,973	472,011
Liabilities		
Current Liabilities	591,261	69,918
Noncurrent Liabilities	1,657,995	1,896,871
Total Liabilities	2,249,256	1,966,789
Deferred Inflows of Resources	767,962	555,612
Net Position		
Net Investment in Capital Asset	877,451	802,184
Restricted Net Position for Equipment	550,581	11,180
Unrestricted	235,947	541,781
Net Position	\$ 1,663,979	\$ 1,355,145

A large portion of the Authority's net position reflects net 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 the Mingo Junction and Wintersville areas; consequently, these assets are not available to liquidate liabilities or to cover other spending.

Steel Valley Regional Transit Authority
Jefferson County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

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

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 28,662	\$ 39,043
Operating Expenses (inc. Dep. Exp.)	1,959,975	2,034,764
Operating Gain/(Loss)	(1,931,313)	(1,995,721)
Net Non-Operating Revenues (Expenses)	2,267,559	1,582,057
Net Income/Loss	336,246	(413,664)
Net Position Beginning of Year, Restated	1,327,733	1,768,809
Net Position End of Year	<u>\$ 1,663,979</u>	<u>\$ 1,355,145</u>

The most significant change in net position was an increase in net non-operating revenues (expenses) (including depreciation) of \$749,910.

As a result of implementing the accounting standard for pension and OPEB, the Authority is reporting a significant net pension liability, net OPEB liability and related deferred inflows of resources for the fiscal year which have a negative effect on net position. In addition, the Authority is reporting deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the Authority's net position, additional information is presented below.

The most significant operating expenses (not including depreciation) for the Authority are Labor, Casualty and Liability Insurance, Insurance (Hospitalization and Life), and Fringe Benefits. These expenses account for 81% of the total operating expenses. Labor, which accounts for 46% of the total, represents costs associated with salaried and hourly employees. Casualty and Liability Insurance which accounts for 5% of the total, represents costs associated with insuring the Authority's buses, buildings and employees. Insurance (Hospitalization and Life), which accounts for 13% of the total, represents costs associated with the hospitalization and life insurance premiums paid by the Authority covering its employees. Fringe Benefits, which account for 16% of the total, represents costs associated with the Ohio Public Employees Retirement System.

Funding for the most significant operating expenses indicated above is from Non-Operating Revenues in the form of Property Tax Revenues, Federal Operating and Maintenance Grants and Reimbursements, State Operating and Maintenance Grants, Reimbursements, and Special Fare Assistance. These revenues account for 92% of the total combined revenues of \$2,125,056. Passenger Fares revenue for 2020 was \$28,662. Property Tax Revenues for 2020 were \$536,428 and accounts for 23% of the total revenue. Federal Operating and Maintenance Grants and Reimbursements Revenue for 2020 was \$1,502,648, and accounts for 65% of the total revenue. State Operating and Maintenance Grants, Reimbursements, and Special Fare Assistance revenue for 2020 was \$85,980, and accounts for 4% of the total revenue. The Authority monitors its sources of revenues very closely for fluctuations.

Steel Valley Regional Transit Authority
Jefferson County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Capital Assets and Debt Administration

The Authority's investment in capital assets as of December 31, 2020, amounts to \$877,451 (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 4 of the notes to the financial statements. As of December 31, 2020, the Authority had no debt obligations.

Property Tax Levy

In November 2015, voters in Steubenville, Mingo Junction and Wintersville, Ohio approved the renewal of a 1.5 mill, 10-year tax levy to support the Steel Valley Regional Transit Authority and expand service to the Wintersville area permanently.

Current Known Facts and Conditions

In the year 2020, the Authority transported 110,113 Steubenville passengers, 9,575 Mingo Junction passengers, 9,393 Wintersville passengers, and 1,382 ADA Para Transit passengers for a total of 130,463 passengers in the Steubenville, Mingo Junction and Wintersville areas.

The Authority has been receiving supplemental federal funding for preventive maintenance and capital (ODOT) Ohio Transit Preservation Partnership Program. The funding has allowed the Authority to leverage a larger portion of the Section 5307 funding for operating and planning functions. This infusion of additional federal funds continues to support these services. Current 5307 funding does not provide sufficient resources for capital or maintenance.

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: Tim Turner, Transit Manager, Steel Valley Regional Transit Authority, 555 Adams Street, Steubenville, Ohio 43952.

**Steel Valley Regional Transit Authority
Jefferson County
Statement of Net Position
For the Year Ended December 31, 2020**

Assets and Deferred Outflows of Resources	2020
Current Assets:	
Cash and Cash Equivalents	\$ 2,094,544
Taxes Receivable	481,182
Federal Funds Receivable	386,691
Fuel Inventory	5,652
Prepaid Expenses	8,123
<i>Total Current Assets</i>	<u>2,976,192</u>
Restricted Assets	
Cash and Cash Equivalents	550,581
<i>Total Restricted Assets</i>	<u>550,581</u>
Non-Current Assets:	
Land	190,051
Building	520,041
Building Improvements	217,729
Transportation Equipment	1,184,796
Other Equipment	248,194
Subtotal	<u>2,360,811</u>
Less Accumulated Depreciation	(1,483,360)
<i>Total Property, Facility and Equipment (net of accumulated depreciation)</i>	<u>877,451</u>
<i>Total Assets</i>	<u>4,404,224</u>
Deferred Outflows of Resources	
Pension	172,327
OPEB	104,646
<i>Total Deferred Outflows of Resources</i>	<u>276,973</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>4,681,197</u>
Liabilities	
Current Liabilities	
Accounts Payable	7,814
Accrued Payroll Expenses and Withheld Payroll Taxes	38,854
Unearned Revenue	544,593
<i>Total Current Liabilities</i>	<u>591,261</u>
Noncurrent Liabilities	
Due in More than One Year:	
Net Pension Liability	962,193
Net OPEB Liability	626,263
Accrued Sick Time	69,539
<i>Total Long-Term Liabilities</i>	<u>1,657,995</u>
<i>Total Liabilities</i>	<u>2,249,256</u>
Deferred Inflows of Resources	
Levy	465,678
Pension	204,102
OPEB	98,182
<i>Total Deferred Inflows of Resources</i>	<u>767,962</u>
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>3,017,218</u>
Net Position	
Net Invested in Capital Assets	877,451
Restricted of Net Position for Equipment	550,581
Unrestricted	235,947
<i>Total Net Position</i>	<u>1,663,979</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	<u>\$ 4,681,197</u>

See Accompanying Notes to the Basic Financial Statements

Steel Valley Regional Transit Authority
Jefferson County
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020

Operating Revenues	
Passenger Fares	\$ 17,175
SVRTA Passes	11,487
Total Operating Revenues	<u>28,662</u>
Operating Expenses	
Labor	833,602
Fringe Benefits	285,435
Insurance - Hospitalization and Life	234,075
Taxes - Payroll	10,667
Materials & Supply	48,479
Fuel & Lubricants	67,604
Services & Building Maintenance	56,229
Dues & Subscription	2,930
Utilities	52,048
Casualty and Liability Insurance	98,863
Advertising Fees	31,709
Professional Services	73,646
Miscellaneous	3,386
Depreciation	161,302
Total Operating Expenses	<u>1,959,975</u>
Operating Income/(Loss)	(1,931,313)
Non-Operating Revenues (Expenses)	
Property Taxes Revenues	536,428
Federal Operating and Maintenance Grants and Reimbursements	1,502,648
State Operating and Maintenance Grants, Reimbursements and Special Fare Assistance	85,980
Interest	966
Other	141,537
Total Non-Operating Revenue (Expenses)	<u>2,267,559</u>
Net Income (Loss)	336,246
Net Position, Beginning of Year (Restated)	<u>1,327,733</u>
Net Position, End of Year	<u><u>\$ 1,663,979</u></u>

See Accompanying Notes to the Basic Financial Statements

Steel Valley Regional Transit Authority
Statement of Cash Flows
Proprietary Fund as of
For the Years Ended December 31, 2020

	2020
Cash Flows from Operating Activities:	
Cash Received From Customers	28,662
Cash Paid for Goods and Services	(433,619)
Cash Paid to Employees	(1,215,621)
Net Cash Provided/(Used) for Operating Activities	<u>(1,620,578)</u>
Cash Flows from Non-Capital Activities:	
Property Taxes Received	520,924
Operating, Maintenance and Planning Grants Received	1,949,143
Other	141,537
Net Cash Provided/(Used) for Non-Capital Activities	<u>2,611,604</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(195,524)
Net Cash Provided/(Used) for Capital and Related Financing Activities	<u>(195,524)</u>
Cash Flows from Investing Activities:	
Interest	966
Net Cash Provided/(Used) for Capital and Related Financing Activities	<u>966</u>
Net Increase in Cash & Equivalents	796,468
Cash & Equivalents - Beginning of Year	<u>1,848,657</u>
Cash & Equivalents - End of Year	<u><u>\$ 2,645,125</u></u>
 Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used for) Operating Activities	
Net Operating Income	\$ (1,931,313)
Adjustments:	
Depreciation Expense	161,302
(Increase)/Decrease in Assets:	
Fuel Inventory	-
Prepaid Expenses	13,475
(Increase)/Decrease in Deferred Outflows of Resources:	
Pension	240,674
OPEB	(45,636)
Increase/(Decrease) in Liabilities	
Accounts Payable	(12,200)
Accrued Payroll Expenses	(11,834)
Net Pension Liability	(352,156)
Net OPEB Liability	43,741
Accrued Sick Leave	5,984
Increase/(Decrease) in Deferred Inflows of Resources:	
Pension	177,382
OPEB	90,003
Total Adjustments	<u><u>\$ (1,620,578)</u></u>

See Accompanying Notes to the Basic Financial Statements

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. REPORTING ENTITY

The Steel Valley Regional Transit Authority (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 an eight-member Board of Trustees and provides virtually all mass transportation within the greater Steubenville – Mingo Junction and Wintersville areas. In 2020, the Authority had fourteen fulltime equivalent employees and 7 part-time employees. Three-year collective bargaining agreements were ratified beginning January 1, 2020 and expire December 31, 2022.

A reporting authority is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Authority consists of all funds departments, boards and agencies that are not legally separate from the Authority. For the Steel Valley Regional Authority, this includes all operations of the Authority. The operation of all activities is directly controlled by the Board of Trustees through the budgetary process. The Authority is not financially accountable for any other organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Authority's accounting policies are described below.

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.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include property tax revenue and grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, and expense requirements, in which the resources are provided to the Authority on a reimbursement basis.

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value based on quoted market prices provided by recognized broker dealers.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Materials and Supplies Inventory

Materials and supplies inventory are stated at cost using the average cost method. Inventory generally consists of fuel in storage tanks for transportation equipment.

Capital Assets

The Authority defines capital assets as assets with an initial cost of at least \$5,000 and an estimated useful life in excess of one year. Capital assets, which include property, facilities infrastructure and equipment are stated at historical cost. The cost of normal maintenance and repairs is charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

<u>Description</u>	<u>Years</u>
Buildings	39
Building 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 legally restricted for specific activities.

Deferred Outflows of Resources

The Authority reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its Statement of Net Position. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. For the Authority, deferred outflows of resources include OPERS. The deferred outflows of resources related to pensions and other postemployment benefits are explained in Notes 7 and 8.

Deferred Inflows of Resources

The Authority reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include grants received in advance, property taxes received to fund a future year and OPERS. Any grants and entitlements received before time requirements are met but after all other eligibility requirements are met are recorded as a deferred inflow of resources. The deferred inflows of resources related to pensions and other postemployment benefits are explained in Notes 7 and 8.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is displayed in three components as follows:

Net Investment in Capital Assets – 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 position that is 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 position that does not meet the definition of “restricted” or “net investment in capital assets.”

Classification of Revenues

The Authority has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares and passes. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as property tax revenue and most federal, state and local grants and contracts.

Recognition of Revenue and Receivables

The federal government, through the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT), provides financial assistance and makes grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grants receivable and revenues over the entitlement periods.

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and non-operating revenues when the related capital expenses are incurred. Capital grants for the maintenance of property, plant and equipment are recorded as grants receivable and non-operating revenues in the period operating expenses are incurred. Capital grants received in advance of project costs being incurred are reported as deferred inflows.

When assets are acquired with capital grants funds are disposed of, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property and equipment may be used to acquire like-kind replacement vehicles or remitted to the granting federal agency.

Federal and State Operating and Preventative Maintenance Assistance Funds

Federal and state operating and preventative maintenance assistance funds to be received by the Authority under the Urban Mass Transportation Act of 1964, as amended, and under the Ohio Public Mass Transportation Grant Program are recorded and reflected as income in the period to which they are applicable.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

GASB Statement No. 16 establishes criteria for compensated absences. Compensated absences for vacation leave and benefits with similar characteristics should be recorded as a liability when earned by employees if the following conditions are satisfied:

- The compensated absence is earned on the basis of services already provided by the employees; and
- It is probable that the compensated absence will be paid in a future period.

The Authority records compensated absences for vacation and sick leave in accordance with GASB No. 16. The Authority accrues vacation benefits as earned by its employees. Unused vacation benefits are paid to the employee upon voluntary separation from the Authority. Upon voluntary termination, the Authority pays the employee 100% of accrued sick pay for a maximum of 750 hours. An employee cannot carry over vacation to the following year unless extenuating circumstances exist; however, the Authority pays an employee his or her accrued vacation upon termination of employment, if termination was voluntary. At December 31, 2020 the Authority has recognized \$69,539 for liability for unused leave.

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

In accordance with Section 5705 of the ORC, 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 expenses 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.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
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(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

The current accounting standard requires the Authority to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability.

Under the new standards, the net pension/OPEB liability equals the Authority proportionate share of the pension plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the Authority. However, the Authority is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The Authority has no control over the changes in the benefits, contributions rate, and return on investments affecting the balance of these liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

3. CASH AND INVESTMENTS

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

3. CASH AND INVESTMENTS (CONTINUED)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by surety company bonds deposited with the Finance Director by the financial institution or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

3. CASH AND INVESTMENTS (CONTINUED)

9. Investments in stripped principal or interest obligation, reverse repurchase agreement and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may only be made upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of the confirmation of transfer from the custodian.

Unrestricted Cash and Cash Equivalents

Cash on Hand

At December 31, 2020, the Authority had \$87 in undeposited cash on hand, which is included on the Statement of Net Position as part of "Cash and Cash Equivalents".

Deposits

At December 31, 2020, the carrying amount of the Authority's deposits was \$2,645,125 and the bank balance was \$2,684,482. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of December 31, 2020, \$1,690,922 of the Authority's bank balance was exposed to custodial credit risk, while \$993,559 was covered by FDIC and the remaining was either covered by OPCS or exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned.

Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC.

The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be insured or protected by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State. The Authority had \$574,010 exposed to custodial credit risk as the Authority's financial institutions were approved for a reduced collateral rate of 50% through the OPCS.

Restricted Cash

The Authority has restricted cash of \$550,581 made up of the following items:

Restricted Cash	
Unearned State Operating and Maintenance Grants Revenue	\$ 539,400
Deductible on Fuel Tanks	11,181
Total	<u>\$ 550,581</u>

Investments

The Authority held no investments at December 31, 2020.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

4. CAPITAL ASSETS

A summary of capital asset activity during the fiscal year follows:

	Restated Balance 1/1/2020	Addition	Deletion	Balance 12/31/2020
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 190,051	\$ -	\$ -	\$ 190,051
<i>Total Capital Assets, not being depreciated:</i>	<u>190,051</u>	<u>-</u>	<u>-</u>	<u>190,051</u>
<i>Capital Asset, being depreciated:</i>				
Buildings	520,041	-	-	520,041
Building Improvements	217,729	-	-	217,729
Transportation Equipment	1,293,530	195,524	(304,258)	1,184,796
Other Equipment	252,555	-	(4,361)	248,194
<i>Total Capital Assets, being depreciated:</i>	<u>2,283,855</u>	<u>195,524</u>	<u>(308,619)</u>	<u>2,170,760</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(209,600)	(13,334)	-	(222,934)
Building Improvements	(151,393)	(11,988)	-	(163,381)
Transportation Equipment	(1,026,812)	(131,022)	304,258	(853,576)
Other Equipment	(242,873)	(4,957)	4,361	(243,469)
<i>Total Accumulated Depreciation:</i>	<u>(1,630,678)</u>	<u>(161,301)</u>	<u>308,619</u>	<u>(1,483,360)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>653,177</u>	<u>34,223</u>	<u>-</u>	<u>687,400</u>
<i>Total Capital Assets, Net</i>	<u>\$ 843,228</u>	<u>\$ 34,223</u>	<u>\$ -</u>	<u>\$ 877,451</u>

5. PROPERTY TAXES

The Authority is subsidized by a property tax levy passed in November 2015 for a period of ten years. The renewal levy was passed by the voters of Steubenville, Mingo Junction and Wintersville, Ohio for 1.5 mills levied through 2025. 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.

6. LEASES

The Authority leases the building and land used for its administrative offices and main terminal from the City of Steubenville. The lease payment is \$1 annually for a period of ten years ending 2026. The Authority is responsible for the maintenance, improvements and utilities of the leased property. The property is owned by the City of Steubenville and is an asset of the City.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

7. – DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability, to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's excess unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued personnel costs on both the accrual and modified accrual bases of accounting.

Plan Description

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

7. – DEFINED BENEFIT PENSION PLAN (CONTINUED)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in the other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.		

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory Authority for member and employer contributions as follows:

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JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

7. – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	State and Local
Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

The Authority's contractually required contribution for the Traditional Pension Plan was \$100,723 for 2020. Of this amount \$0 is reported as an accrued payroll expense.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Pension Plan
Proportionate Share of the Net Pension Liability	\$ 962,193
Proportion of the Net Pension Liability	0.004868%
Increase/(decrease) in % from prior proportion measured	0.000069%
Pension Expense	\$ 166,623

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

7. – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Traditional Pension Plan
Deferred Outflows of Resources	
Changes in assumptions	\$ 51,392
Changes in proportion and differences between contributions and proportionate share of contributions	20,212
District contributions subsequent to the measurement date	100,723
Total Deferred Outflows of Resources	\$ 172,327
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 191,936
Differences between expected and actual experience	12,166
Total Deferred Inflows of Resources	\$ 204,102

\$100,723 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year Ending December 31:	Traditional Pension Plan
2021	\$ (5,493)
2022	(58,739)
2023	7,949
2024	(76,215)
Total	\$ (132,498)

Actuarial Assumptions - OPERS

OPERS' total pension asset and liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

7. – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2019, are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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7. – DEFINED BENEFIT PENSION PLAN (CONTINUED)

During 2019 OPERS manage investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan. Within the defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first on the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2019	Weighted Average Long-Term Expected Real Rate of Return
		(Arithmetic)
Fixed Income	25.00%	1.83%
Domestic Equities	19.00%	5.75%
Real Estate	10.00%	5.20%
Private Equity	12.00%	10.70%
International Equities	21.00%	7.66%
Other Investments	13.00%	4.98%
Total	100.00%	5.61%

Discount Rate The discount rate used to measure the total pension liability was 7.2%, post experience study results, for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

<u>Employer's Net Pension Liability/(Asset)</u>	<u>1% Decrease 6.2%</u>	<u>Current Discount Rate 7.2%</u>	<u>1% Increase 8.2%</u>
Traditional Pension Plan	\$ 1,586,968	\$ 962,193	\$ 400,539

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8. – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB liability represents Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. Authority cannot control benefit terms or the manner in which OPEB are financed; however, Authority's does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description

Authority's employees participate in the Ohio Public Employees Retirement System of Ohio (OPERS), which is a cost-sharing, multiple-employer retirement plan. OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member- Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans. The Plan is included in the report of OPERS which can be obtained by visiting www.opers.org or by calling (800) 222-7377.

Funding Policy – Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretionary authority over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2019, in the Traditional Plan OPERS allocated 0% of employer contributions to post-employment health care.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

8. – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Net OPEB Liability

The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. Authority's proportion of the net OPEB liability was based on Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportionate Share of the Net OPEB Liability	\$ 626,263
Proportion of the Net OPEB Liability	0.004534%
Increase/(decrease) in % from prior proportion measured	0.000066%
OPEB Expense	\$ 88,108

At December 31, 2020, the Authority's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$ 17
Changes in assumptions	99,131
Changes in proportion and differences between government contributions and proportionate share of contributions	5,498
Total Deferred Outflows of Resources	\$ 104,646
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 31,889
Differences between expected and actual experience	57,275
Changes in proportion and differences between government contributions and proportionate share of contributions	9,018
Total Deferred Inflows of Resources	\$ 98,182

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

8. – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31:	<u>OPERS</u>
2021	\$ 10,774
2022	9,291
2023	25
2024	<u>(13,626)</u>
Total	<u>\$ 6,464</u>

Actuarial Assumptions - OPERS

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Information	
Valuation Date	December 31, 2018
Rolled-forward measurement date	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Single Discount Rate	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.75%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

8. – DEFINED BENEFIT OPEB PLAN (CONTINUED)

A single discount rate of 3.16% as used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

The following table presents the OPEB liability calculated using the single discount rate of 3.16%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	2.16%	3.16%	4.16%
Authority's proportionate share of the net OPEB liability	\$ 819,566	\$ 626,263	\$ 471,491

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Discount	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 607,783	\$ 626,263	\$ 644,508

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

8. – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Asset Class	Target Allocation for 2019	Weighted Average Long Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00%	1.53%
Domestic Equities	21.00%	5.75%
REITs	6.00%	5.67%
International Equities	23.00%	7.66%
Other Investments	14.00%	4.90%
Total	100.00%	4.55%

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 19.7% for 2019.

9. 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, 2020, 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.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

10. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

Grants, reimbursements and special fare assistance included in the statement of revenues, expenses and changes in net position for the year ended December 31, 2020 consist of the following:

	2020
Non-Operating Revenues:	
Federal:	
FTA Operating Assistance	\$ 954,063
FTA Maintenance Assistance	548,582
FTA Planning Assistance	3
Total	\$ 1,502,648
State:	
ODOT Maintenance Assistance	\$ 81,868
ODOT Elderly Fare Assistance	4,112
Total	\$ 85,980

11. 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.

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 2020.

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.

12. PRIOR PERIOD ADJUSTMENT – CORRECTION OF ACCOUNTING ERRORS

The following accounting errors were noted with the Authority's accounting system at December 31, 2019:

- The Authority provides sick leave to its employees and upon the employee's termination of employment with the Authority the unused sick leave will be paid to the employee. This liability was not recorded by the Authority in the prior year.
- There were errors noted in the Authority's capital asset listing and accumulated depreciation.
- Various other accounting errors identified in the switching to a new accounting software.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

12. PRIOR PERIOD ADJUSTMENT – CORRECTION OF ACCOUNTING ERRORS

The following is a summary of these adjustments:

12/31/2019 Net Position	\$ 1,355,145
Accrued Sick Time	(63,555)
Capital Assets	(176,417)
Accumulated Depreciation	217,461
Accounting Errors	(4,901)
Restated 12/31/2019 Net Position	<u>\$ 1,327,733</u>

13. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**Steel Valley Regional Transit Authority
Jefferson County
For the Year Ended December 31, 2020
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Last Seven Years (1)
Ohio Public Employee Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability (asset) (percentage)	0.004868%	0.004799%	0.004593%	0.004778%	0.004610%	0.004351%	0.004351%
Authority's proportionate share of the net pension liability (asset)	\$ 962,193	\$ 1,314,349	\$ 720,553	\$ 1,085,003	\$ 798,510	\$ 524,779	\$ 512,926
Authority's covered-payroll	\$ 685,593	\$ 650,379	\$ 612,362	\$ 620,900	\$ 573,667	\$ 545,375	\$ 518,508
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	140.34%	202.09%	117.67%	174.75%	139.19%	96.22%	98.92%
Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan)	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

1 - Information prior to fiscal year 2014 is not available.

*The amounts presented were determined as of OPERS fiscal year ended December 31.

**Steel Valley Regional Transit Authority
Jefferson County
For the Year Ended December 31, 2020
Required Supplementary Information
Schedule of the Authority's Contributions - Pension
Last Eight Years (1)
Ohio Public Employees Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 100,723	\$ 95,983	\$ 91,053	\$ 79,607	\$ 74,508	\$ 68,840	\$ 65,445	\$ 67,406
Contributions in relation to contractually required contribution	<u>(100,723)</u>	<u>(95,983)</u>	<u>(91,053)</u>	<u>(79,607)</u>	<u>(74,508)</u>	<u>(68,840)</u>	<u>(65,445)</u>	<u>(67,406)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-payroll	\$ 719,447	\$ 685,593	\$ 650,379	\$ 612,362	\$ 620,900	\$ 573,667	\$ 545,375	\$ 518,508
Contributions as a percentage of covered-payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) - Information prior to 2013 is not available.

Steele Valley Regional Transit Authority
Jefferson County
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net OPEB Liability
 Ohio Public Employees Retirement System
 Last Four Fiscal Years (1)
For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.004534%	0.004468%	0.004285%	0.004470%
Authority's Proportionate Share of the Net OPEB Liability	\$ 626,263	\$ 582,522	\$ 465,319	\$ 451,485
Authority's Covered Payroll	\$ 685,593	\$ 650,379	\$ 612,362	\$ 620,900
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.35%	89.57%	75.99%	72.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available.

(2) The amounts presented were determined as of OPERS fiscal year ended December 31.

Steel Valley Regional Transit Authority
Jefferson County
Required Supplementary Information
Schedule of the Authority's Contributions
Ohio Public Employees Retirement System - OPEB Plan
Last Five Fiscal Years (1)
For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ 6,124	\$ 12,418
Contributions in Relation to the Contractually Required Contribution	-	-	-	(6,124)	(12,418)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority Covered Payroll	\$ 719,447	\$ 685,593	\$ 650,379	\$ 612,362	\$ 620,900
Contributions as Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.00%	2.00%

See Accompanying Notes to the Basic Financial Statements.

(1) Information prior to 2016 is not available.

(2) Information is presented on a fiscal year basis, consistent with Authority's financial statements.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**Notes to the Required Supplemental Information
For the Fiscal Year Ended December 31, 2020**

Note 1 - Changes in Assumptions – OPERS Pension

Amounts reported for fiscal year 2017 (Measurement Period 2016) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 (Measurement Period 2015) and prior are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information		
Valuation Date	December 31, 2016	December 31, 2015
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	8.00%
Wage Inflation	3.25%	3.75%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	4.25% to 10.05% (Includes wage inflation of 3.75%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from RP-2000 mortality tables to the RP-2014 mortality tables.

There are no changes in actuarial valuation for measurement period 2017 versus measurement period 2016.

Changes for the period 2018 versus the measurement period 2017 included a reduction of the discount rate from 7.5% to 7.2%.

There were no significant changes for the measurement period 2019 versus the measurement period 2018.

Note 2 - Changes in Assumptions – OPERS OPEB

Amounts reported for fiscal year 2019 (Measurement Period 2018) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2018 (Measurement Period 2017) are presented below:

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**Notes to the Required Supplemental Information (Continued)
For the Fiscal Year Ended December 31, 2020**

Changes in Assumptions – OPERS OPEB (Continued)

Key Methods and Assumptions Used in Valuation of Total OPEB Liability		
Actuarial Information		
Valuation Date	December 31, 2017	December 31, 2016
Rolled-forward measurement date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.96%	3.85%
Investment Rate of Return	6.00%	6.50%
Municipal Bond Rate	3.71%	3.31%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a increase of the discount rate from 3.85% to 3.96%, a reduction in the investment rate of return 6.50% to 6.00%, and an increase in bond rate from 3.31% to 3.71%.

Amounts reported for fiscal year 2020 (Measurement Period 2019) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2019 (Measurement Period 2018) are presented below:

Actuarial Information		
Valuation Date	December 31, 2018	December 31, 2017
Rolled-forward measurement date	December 31, 2019	December 31, 2018
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.16%	3.96%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.75%	3.71%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030	10% initial, 3.25% ultimate in 2029

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of the discount rate from 3.96% to 3.16% and a decrease in bond rate from 3.71% to 3.25%. There is also a change Health Care Cost Trend Rates.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct Award</i>			
<i>Federal Transit Cluster/Direct Program:</i>			
Urbanized Area/Capital Assitance Formula Grants			
Capital Assistance Fromula Grant	OH-2020-037-00	20.507	<u>\$ 1,502,648</u>
Total U.S. Department of Transportation			<u><u>\$ 1,502,648</u></u>

The Notes to the Federal Awards Expenditures Schedule is an integral part of the Schedule.

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require the Authority to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Authority has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 30, 2021

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

To the Members of the Board:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Steel Valley Regional Transit Authority**, Jefferson County, (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

June 30, 2021

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

To the Members of the Board:

Report on Compliance for the Major Federal Program

We have audited **Steel Valley Regional Transit Authority's**, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Transit Cluster: CFDA #20.507 Federal Transit Formula Grants
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2020-001

Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the Finance Director and the Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

STEEL VALLEY REGIONAL TRANSIT AUTHORITY
JEFFERSON COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

During fiscal year 2020, we noted the following errors:

- Federal revenue receivable at year end was not properly recorded;
- Capital asset additions were not recorded.

Changes were also made to the Footnotes to the Financial Statements and the MD&A as a result of the adjustments noted above.

We recommend the adjustments identified above be reviewed by the Finance Director and the Board of Directors to ensure that similar errors are not reported on financial statements in subsequent years.

Management's Response – See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None

June 30, 2021

Perry and Associates CPAs, A.C.
ATTN: Mariah Richards, Audit Manager
313 Second St.
Marietta, OH 45750

Dear Ms. Richards:

The Steel Valley Regional Transit Authority has developed the enclosed CAP to ensure the necessary financial transaction reporting system will include complete and accurate transactions and balances. The Steel Valley Regional Transit Authority recently converted from the DOS based AccPac Accounting system to the Windows based QuickBooks. With this change, the Steel Valley Regional Transit Authority is confident its accounting system reports will be more effective and accurate.

If you have any questions, please contact Tim Turner, Transit Manager at (740) 282-6145.

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2020-001	The Steel Valley Regional Transit Authority changed accounting systems at the beginning of 2021 which will be more effective in keeping track of financial transactions and balances.	Immediately	Tim Turner Executive Director

Respectfully,



Tim Turner

OHIO AUDITOR OF STATE KEITH FABER



STEEL VALLEY REGIONAL TRANSIT AUTHORITY

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/10/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov