

**CLARK COUNTY – SPRINGFIELD
TRANSPORTATION COORDINATING COMMITTEE**

Audit Report

Year Ended June 30, 2004

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



**Auditor of State
Betty Montgomery**

To the Members and Board of Directors
Clark County - Springfield Transportation Coordinating Committee
Springfield, Ohio

We have reviewed the Independent Auditor's Report of the Clark County - Springfield Transportation Coordinating Committee, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clark County - Springfield Transportation Coordinating Committee is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

March 3, 2005

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Clark County – Springfield Transportation Coordinating Committee
Audit Report
For the Year Ending June 30, 2004

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Certified Public Accountants

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Report of Independent Accountants

To the Members and Board of Directors
Clark County – Springfield Transportation Coordinating Committee
Springfield, Ohio

We have audited the accompanying financial statements of the governmental activities and each major fund of Clark County – Springfield Transportation Coordinating Committee (CCTCC), as of and for the year ended June 30, 2004, which collectively comprise the CCTCC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Clark County – Springfield Transportation Coordinating Committee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in note 12 to the basic financial statements, during 2004, the CCTCC adopted Governmental Accounting and Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Clark County – Springfield Transportation Coordinating Committee, as of June 30, 2004 and the respective changes in financial position and the respective budgetary comparison for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3-6 is not a part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2004 on our consideration of the Clark County – Springfield Transportation Coordinating Committee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements of the Clark County – Springfield Transportation Coordinating Committee, taken as a whole. The accompanying information listed as supplemental schedules in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied to the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
November 29, 2004

Clark County – Springfield Transportation Coordinating Committee
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

The discussion and analysis of Clark County - Springfield Transportation Coordinating Committee's (CCTCC) financial performance provides an overall review of CCTCC's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at CCTCC's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of CCTCC's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

Overall:

- For governmental activities, net assets increased \$14,123 or 7.8% to \$194,658 from 2003.
- The CCTCC had \$580,647 in expenses related to governmental activities and all of these expenses were offset by program revenues.
- The governmental activities increased revenues \$91,252 or 18.1% to \$594,770.
- Among major funds, the special revenue fund increased its fund balance \$28,787 or 47.3% to \$89,575. The General Fund balance increased from \$99,041 to \$96,599.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Clark County - Springfield Transportation Coordinating Committee as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole CCTCC, presenting both an aggregate view of CCTCC's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending.

Clark County – Springfield Transportation Coordinating Committee
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Reporting the CCTCC as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains both funds used by CCTCC to provide its program, the view of the CCTCC as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report CCTCC's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for CCTCC as a whole, the *financial position* of CCTCC has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the continued availability of grants, at the federal, state and local levels.

In the Statement of Net Assets and the Statement of Activities, CCTCC is presented as one activity, governmental.

- Governmental Activities – All of CCTCC's programs are transportation planning.

Reporting CCTCC's Funds

Fund Financial Statements

The analysis of the CCTCC's major funds begins on page 9. Fund financial reports provide detailed information about the CCTCC's major funds. CCTCC uses two (2) funds to account for a multitude of financial transactions and both funds are considered major funds.

Governmental Funds All of CCTCC's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of CCTCC's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities*

Clark County – Springfield Transportation Coordinating Committee
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2004

(reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

The CCTCC as a Whole

Governmental Activities

Table 1 shows net assets for fiscal years 2004. Since this is the first year CCTCC has prepared financial statements following GASB Statement 34, net asset comparisons to prior fiscal years are not available.

Table 1
6/30/2004

	Governmental Activities
Assets	
Current and Other Assets	\$ 323,309
Capital Assets	<u>54,515</u>
Total Assets	<u>377,824</u>
Liabilities	
Long-Term Liabilities	46,031
Other Liabilities	<u>137,135</u>
Total Liabilities	<u>183,166</u>
Net Assets	
Invested in Capital Assets Net of Debt	54,515
Unrestricted Net Assets	<u>140,143</u>
Total Net Assets	<u>\$194,658</u>

What are CCTCCs Revenue Sources? CCTCC receives 100% of its revenue from operating grants. Sources of these grants are federal, state and local. CCTCC has one function, transportation planning, all revenue is used to support its mission.

Clark County – Springfield Transportation Coordinating Committee
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

CCTCC's Funds

Information about CCTCC's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. The general fund had revenues of \$106,534, expenses of \$108,976 and a decrease in fund balance of \$2,442. The special revenue fund had revenue of \$488,236, expenses of 459,449 and an increase in fund balance of \$29,787.

General Fund Budgeting Highlights

The CCTCC's budget is prepared according to Ohio law and is based on accounting for certain transactions on a GAAP basis of accounting. Budgets are prepared for both funds. During the course of fiscal year 2004 the CCTCC did not amend its fund budgets.

Capital Assets and Debt Administration

At the end of fiscal year 2004, the CCTCC had \$54,515 (net) invested in equipment and furniture.

Debt

At June 30, 2004, CCTCC had long-term debt of \$46,031. All long-term debt is for compensated absences (vacation and sick leaves). Because of the nature of this debt, no payments have been scheduled.

Current Financial Related Activities

CCTCC receives its funding from the Federal Highway Administration, the Federal Transit Administration, the Ohio Department of Transportation, the Ohio Public Works Commission, the Ohio Historic Preservation Office, Clark, Miami and Champaign Counties, the City of Springfield and the West Central Port Authority. Grants for fiscal years 2005 and 2006 appear certain.

Contacting the CCTCC's Financial Management

This financial report is designed to provide our citizen's, taxpayers and grantors with a general overview of CCTCC's finances and to show CCTCC's accountability for the money it receives. If you have questions about this report or need additional financial information contact Larry W. Himes, Transportation Director at Clark County - Springfield Transportation Coordinating Committee, City Hall, 76 E. High Street, Springfield, Ohio 45502.

Clark County - Springfield Transportation Coordinating Committee

Statement of Net Assets

June 30, 2004

Assets:	
Cash	\$ 155,560
Grants receivable	164,199
Inventory	3,550
Property, plant and equipment	54,515
Total Assets and other debits	<u>\$ 377,824</u>
Liabilities:	
Accounts payable	\$ 53,958
Accrued personnel costs	8,988
Unearned revenue	74,189
Long-term debt due in more than one year	46,031
Total Liabilities	<u>\$ 183,166</u>
Net Assets	
Invested in Capital Assets	54,515
Restricted for Other Purposes	89,575
Unrestricted	50,568
Total Net Assets	<u>\$ 194,658</u>

See notes to the basic financial statements

Clark County - Springfield Transportation Coordinating Committee

Statement of Activities

For the Year Ended June 30, 2004

Expenses:	
Transportation:	
Personnel	\$ 377,721
Other program expense	192,630
Depreciation	<u>10,296</u>
Total program expense	<u>580,647</u>
Program revenues:	
Operating grants	<u>594,770</u>
Total program revenue	<u>594,770</u>
Change in net assets	14,123
Net assets - July 1, 2003 - As Adjusted	<u>180,535</u>
Net assets - June 30, 2004	<u><u>\$ 194,658</u></u>

See notes to the basic financial statements

Clark County - Springfield Transportation Coordinating Committee

Balance Sheet
Governmental Funds
June 30, 2004

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 144,922	\$ 10,638	\$ 155,560
Grants receivable	11,100	153,099	164,199
Inventory	3,550	-	3,550
 Total assets	 <u>159,572</u>	 <u>163,737</u>	 <u>323,309</u>
 Liabilities			
Accounts payable	-	53,958	53,958
Accrued personnel costs	2,227	6,761	8,988
Deferred revenue	60,746	13,443	74,189
 Total liabilities	 <u>62,973</u>	 <u>74,162</u>	 <u>137,135</u>
 Fund Balance			
Reserved for Inventory	3,550	-	3,550
Unreserved: Reported in General fund	93,049	-	93,049
Reported in Special Revenue Fund	-	89,575	89,575
 Total fund balance	 <u>96,599</u>	 <u>89,575</u>	 <u>186,174</u>
 Total liabilities and fund balance	 <u>\$ 159,572</u>	 <u>\$ 163,737</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 54,515

Long-term debt (Compensated absences) are not due and payable in the current period and therefore are not reported in the funds (46,031)

Net assets of governmental activities \$ 194,658

See notes to the basic financial statements

Clark County - Springfield Transportation Coordinating Committee

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types
Year Ended June 30, 2004

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Grants - federal, state and local	\$ 106,534	\$ 488,236	\$ 594,770
Total revenues	<u>106,534</u>	<u>488,236</u>	<u>594,770</u>
Expenditures			
Personnel	52,546	188,786	241,332
Other	14,090	97,033	111,123
Indirect costs	42,340	173,630	215,970
Total expenditures	<u>108,976</u>	<u>459,449</u>	<u>568,425</u>
Change in fund balances	(2,442)	28,787	26,345
Fund balance, July 1, 2003, as adjusted	99,041	60,788	
Fund balance June 30, 2004	<u>\$ 96,599</u>	<u>\$ 89,575</u>	

The change in fund balances differ from the change in net assets because:

Increases in compensated absences (long-term debt) are not recognized in the fund statements until they are paid.

(1,926)

Depreciation expense does not require the use of current financial resources therefore it is not reported in the funds statements

(10,296)

Change in net assets

\$ 14,123

See notes to the basic financial statements

Clark County - Springfield Transportation Coordinating Committee
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Non-GAAP Budget Basis - Major Funds)
 Year Ended June 30, 2004

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Grants - federal, state and local	\$ 187,135	\$ 187,135	\$ 106,534	\$ (80,601)	\$ 648,185	\$ 648,185	\$ 488,236	\$ (159,949)
Total revenues	<u>187,135</u>	<u>187,135</u>	<u>106,534</u>	<u>(80,601)</u>	<u>648,185</u>	<u>648,185</u>	<u>488,236</u>	<u>(159,949)</u>
Expenditures:								
Personnel	73,799	73,799	52,546	21,253	263,570	263,570	188,786	74,784
Other	67,840	67,840	14,090	53,750	242,287	242,287	97,033	145,254
Indirect costs	45,496	45,496	42,340	3,156	142,328	142,328	173,630	(31,302)
Total expenditures	<u>187,135</u>	<u>187,135</u>	<u>108,976</u>	<u>78,159</u>	<u>648,185</u>	<u>648,185</u>	<u>459,449</u>	<u>188,736</u>
Excess of revenues over(under) expenditures	-	-	(2,442)	(2,442)	-	-	28,787	28,787
Fund balance, July 1, 2003	76,801	76,801	76,801	-	33,053	33,053	33,053	33,053
Fund balance June 30, 2004	<u>\$ 76,801</u>	<u>\$ 76,801</u>	<u>\$ 74,359</u>	<u>\$ (2,442)</u>	<u>\$ 33,053</u>	<u>\$ 33,053</u>	<u>\$ 61,840</u>	<u>\$ 61,840</u>

See notes to the basic financial statements

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 1 – Description of the Clark County – Springfield Transportation Coordinating Committee

The Clark County – Springfield Transportation Coordinating Committee (CCTCC) was organized in 1964 by a resolution of the Clark County Board of Commissioners to initiate and guide activities necessary for a comprehensive transportation plan in the Clark County – Springfield Ohio metropolitan region. Effectively, the Transportation Coordinating Committee appointed a committee coordinator and staffed the Clark County – Springfield Transportation Coordinating Study. The Committee is the main policy making body which establishes all non-technical policies, reviews staff proposals and approves budgets and work programs.

Note 2 – Summary of Significant Accounting Policies

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

A. Reporting Entity

For financial reporting purposes CCTCC's financial statements include all funds and component units for which the CCTCC is financially accountable based upon criteria set forth in GASB Statement 14. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the CCTCC) are financially accountable. CCTCC would consider an organization to be a component unit if:

1. CCTCC appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization OR (b) there is a potential for the organization to provide specific burdens on the CCTCC; OR
2. The Organization is fiscally dependent upon the CCTCC; OR
3. The nature of the relationship between the CCTCC and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the CCTCC misleading.

For the fiscal year 2004, CCTCC does not have any component units.

B. Fund Accounting

CCTCC uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain CCTCC functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances,

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of CCTCC are grouped into the following generic fund types under the broad fund category governmental.

Governmental Fund Types Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are CCTCC major governmental funds:

General Fund The general fund is the operating fund of CCTCC and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to CCTCC for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Fund The special revenue fund is used to account for grants and other contract revenues that are legally restricted to expenditures for specified purposes.

CCTCC has no other funds.

C. Basis Of Presentation

Government-wide Financial Statements The statement of net assets and statement of activities display information about CCTCC as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations, to better identify the relation between the government-wide statements and the statements to governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of CCTCC's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of CCTCC.

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements Fund financial statements report detailed information about the CCTCC. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is represented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For CCTCC, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which CCTCC receives value without directly giving equal value in return, only include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which CCTCC must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to CCTCC on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

As required by Ohio Revised Code, the Clark County Auditor acts as the fiscal agent for CCTCC's and the cash is held and invested by the Clark County Treasurer. The agency's assets are held in the County's cash and investment pool. At year-end, the reconciled carrying amount on the County Auditor's records for CCTCC's cash balance was \$155,560.

F. Inventory

On government-wide financial statements, inventories are represented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

G. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Furniture	10Years
Equipment	10Years
Fixtures	10Years
Vehicles	10Years

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

H. Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

CCTCC's policies regarding compensated absences are determined by state laws, board policy, and/or negotiated agreements. In summary, the policies are as follows:

Accumulated vested vacation pay is recorded as a liability on the balance sheet at the employee's current rate of pay. A full-time employee accumulates one and one quarter days sick pay per month. Twenty-five percent of the sick pay, up to a maximum of 30 days, will be paid upon retirement after 10 years of service.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "accrued personnel costs" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported.

I. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources.

Clark County – Springfield Transportation Coordinating Committee
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by CCTCC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CCTCC applies restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net assets are available.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control CCTCC's management and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

L. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Indirect Costs

Fringe benefits, payroll related and general and administrative indirect costs are invoiced at provisional rates. During the audit period the provisional rate was 125%. A schedule of indirect cost rate is included in this report.

N. Budget Basis

CCTCC prepares its budgets on the same basis of accounting as its funds statements.

Note 3 – Operating Lease

The Committee, through Clark County, leases office space from the City of Springfield, under an operating lease expiring March 31, 2007, for the sum of \$11,229 per year subject to CPI adjustment annually. Lease expense for fiscal year 2004 was \$11,275.

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 3 – Operating Lease (continued)

Minimum future rental payments under the lease for fiscal years end June 30 are as follows:

2005	\$ 12,270
2006	12,639
2007	<u>9,764</u>
	<u>\$ 34,673</u>

Note 4 – Capital Assets

	7/1/2003	Addition	Deletion	6/30/2004
Governmental Activities				
<i>Capital Asset, being depreciated:</i>				
Furniture and Equipment	\$ 122,000	\$ -	\$ -	\$ 122,000
Total Capital Assets, being depreciated:	122,000	-	-	122,000
Less Accumulated Depreciation:				
Furniture and Equipment	(57,189)	(10,296)	-	(67,485)
Total Accumulated Depreciation	(57,189)	(10,296)	-	(67,485)
Governmental Activities				
Capital Assets, Net	\$ 64,811	\$ (10,296)	\$ -	\$ 54,515

Depreciation expense for the year ended June 30, 2004 was: \$10,296.

Note 5 - Receivables

Receivables at June 30, 2004, consisted of grants receivable. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 6 – Long-term Obligations

The changes in CCTCC’s long-term obligations during fiscal year 2004 were as follows:

	Principal Outstanding 7/1/03	Additions	Deductions	Principal Outstanding 6/30/04	Due in One Year
Governmental Activities					
Compensated Absences	\$44,105	\$2,376	(450)	\$46,031	-0-
Total					
Governmental Activities	\$44,105	\$2,376	(450)	\$46,031	-0-

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003 (the latest information available), member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan.

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

The 2004 member contribution rate for CCTCC employees was 8.5% of covered payroll. The 2004 employer contribution rate for CCTCC was 13.55% of covered payroll. CCTCC's required contributions to OPERS for the years ending June 30, 2004, 2003, and 2002 were \$47,040, \$38,268 and \$36,472, respectively. CCTCC has made required deposits for all three years.

Note 8 – Postemployment Benefit

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2004 employer contribution rate was 13.55% of covered payroll, and 5% was used to fund health care.

The Ohio Revised Code provides the statutory authority to require public employers fund post retirement health care through their contributions to OPERS.

The assumptions and calculations below were based on the Retirement System's latest Actuarial Review performed as of December 31, 2002.

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

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

The investment assumption rate for 2002 was 8%. An annual increase of 4%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

increases, over and above the 4% base increase, were assumed to range from .5% to 6.3%. Health care costs were assumed to increase 4.00% annually.

OPEB's are advance-funded on an actuarially determined basis. At year-end 2003, the number of active contributing participants in the Traditional and Combined Plans totaled 364,881. The contribution rates stated above are the actuarially determined contribution requirements for OPERS. The portion of the CCTCC's 2004 contributions that were used to fund post-employment benefits was \$17,358.

\$10 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2002. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

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

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

Note 9 – Risk Management

CCTCC is exposed to various risks of loss related to torts, theft of or damage to, an destruction of assets, errors or omissions, injuries to employees and natural disasters. Clark County maintains comprehensive insurance coverage with County Risk Sharing Authority (CORSA) for liability, property and crime insurance that CCTCC. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing a group primary and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Settled claims have not exceeded this coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

Note 10 – Contingencies

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount or expenditures which may be disallowed by the grantor cannot be determined at this time, although CCTCC expects such amounts, if any, to be immaterial.

Note 11 – Cost Allocation Plan

A cost allocation plan is prepared annually by CCTCC. The plan, which includes fringe benefit and indirect costs, is used for the purpose of determining provisional allocation rates is prepared in accordance with provisions of Federal Management Circular (FMC) A-87 and the U.S. Department of Health and Human Services' Circular OASC-10. The plan is submitted to the Federal Highway Administration through the Ohio Department of Transportation, for approval and authorization of negotiated provisional rates, which are used for billing purposes during the fiscal year. These provisional rates are subject to audit at the end of each fiscal year. If the actual rates are less than the provisional rates, CCTCC must credit any over-billed amounts to the following year's cost pool. Conversely, CCTCC may recover under-billed amounts in the following year's cost pool.

Adjustments as a result of a change in the rates are recognized for financial reporting purposes when determined.

Following are summaries of the accounting treatment and rate experience for fringe benefit and indirect cost for 2004.

Fringe Benefits – Fringe benefit costs are recorded in the general fund and allocated to the special revenue funds in accordance with the approved cost allocation plan, based upon a provisional rate approved by an oversight grantor agency. The 2004 fringe benefit costs were allocated at a provisional rate 71% of the productive direct and indirect labor dollars. The actual fringe benefit cost rate was 71.22%

Indirect Costs – Administrative costs are recorded in the general fund as indirect costs and allocated to the special revenue funds in accordance with approved cost allocation plan, based upon a provisional rate approved by an oversight agency. The 2004 indirect costs were allocated at a provisional rate of 54% of direct labor dollars, including fringe benefits at the start of the year. The actual indirect cost rate was 43.18%

As a result of CCTCC having actual rates in excess of provisional rates in prior fiscal years, the provisional rate for fiscal year 2004 was increased to recover those excess costs incurred in prior years. The net result of the provisional rate adjustments is as follows:

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

	Actual Cost Rate	Provisional Cost Rate	Actual Costs	Recovered Costs	Variance
Fringe Benefits:					
2002	72%	60%	\$124,058	\$103,205	\$(20,853)
2003	70%	75%	130,033	139,972	9,939
2004	71%	71%	<u>134,463</u>	<u>131,948</u>	<u>(2,515)</u>
Total Fringe Benefits			<u>388,554</u>	<u>375,125</u>	<u>(13,429)</u>
Indirect Costs:					
2002	41%	50%	71,229	86,005	14,776
2003	40%	60%	74,286	111,977	37,691
2004	43%	54%	<u>81,511</u>	<u>100,355</u>	<u>18,844</u>
Total Indirect Costs			<u>227,026</u>	<u>298,337</u>	<u>71,311</u>
Net Result			<u>\$615,580</u>	<u>\$673,462</u>	<u>\$57,882</u>

Per the agreement with ODOT, the fringe benefit provisional rate and indirect cost provisional rate will be adjusted in the cost allocation plan of fiscal year 2006 to be proportional to actual costs and prevent recovering costs in excess of the actual costs incurred.

Note 12 – Changes in Accounting Principals and Restatement of Fund Balance

Changes in Accounting Principles For the fiscal year 2004, CCTCC has implemented GASB No. 34, “Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments.”

GASB 34 creates new basic financial statements for reporting on CCTCC’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements present CCTCC’s programs as governmental activities. The beginning net asset amount for governmental programs reflects the changes in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

Clark County – Springfield Transportation Coordinating Committee

Notes to the Basic Financial Statements

For the Year Ended June 30, 2004

Note 12 – Changes in Accounting Principals and Restatement of Fund Balance, (continued)

The transition from governmental fund balance to net assets of the governmental activities is presented as follow:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Fund Balance June 30, 2003	<u>\$87,267</u>	<u>\$33,053</u>	<u>\$120,320</u>
Prior period adjustments:			
Adjustment of beginning deferred revenue	11,774	34,297	46,071
Adjustment for beginning accounts payable		(6,562)	(6,562)
Adjusted Fund Balance July 1, 2003	<u>\$99,041</u>	<u>\$60,788</u>	<u>159,829</u>
Adjusted Fund Balance July 1, 2003			159,829
GASB 34 Adjustments:			
Capital Assets			122,000
Accumulated Depreciation			(57,189)
Compensated Absences			<u>(44,105)</u>
Net Assets, July 1, 2003			<u>\$180,535</u>

SUPPLEMENTARY SCHEDULES

Clark County - Springfield Transportation Coordinating Committee
Supporting Schedule of Revenue and Expenses
Year Ended June 30, 2004

	1	2	3	4	5	6	7	8	9	10	Total
	CPG/ODOT Grant	FTA 5307 Grant	OPWC	CMAQ	Westco	Ohio Historic Preservation Office	SPR	Byways	Clean Ohio	Local and Unallocated	
Grant Revenue:											
Federal Funds	\$ 265,799	\$ 42,672	-	\$ 19,184	-	-	\$ 48,200	-	-	-	\$ 375,855
State Funds	33,225	5,334	23,214	-	-	32,360	12,049	-	-	-	106,182
Local funds	33,225	5,334	-	-	42,487	-	-	4,991	14,360	12,336	112,733
	<u>332,249</u>	<u>53,340</u>	<u>23,214</u>	<u>19,184</u>	<u>42,487</u>	<u>32,360</u>	<u>60,249</u>	<u>4,991</u>	<u>14,360</u>	<u>12,336</u>	<u>594,770</u>
Expenses, direct costs:											
Salaries	117,579	22,974	10,173	1,048	18,559	11,898	-	-	6,554	-	188,785
Travel	4,599	1,025	11	44	362	1,442	-	35	89	-	7,607
Maps	219	-	-	-	-	-	-	-	-	-	219
Copies	412	-	293	-	574	255	-	-	219	-	1,753
Consultant	45,000	-	-	-	-	-	60,249	-	-	-	105,249
Outside printing	15,443	100	-	-	-	1,359	-	2,855	-	-	19,757
Miscellaneous	1,910	65	-	17,292	-	1,904	-	1,500	-	-	22,671
Special Supplies	3,685	1,105	-	-	-	1,025	-	599	-	-	6,414
	<u>188,847</u>	<u>25,269</u>	<u>10,477</u>	<u>18,384</u>	<u>19,495</u>	<u>17,883</u>	<u>60,249</u>	<u>4,989</u>	<u>6,862</u>	<u>-</u>	<u>352,455</u>
Indirect costs (114.40% of direct salaries)	<u>134,510</u>	<u>26,282</u>	<u>11,638</u>	<u>1,199</u>	<u>21,231</u>	<u>13,611</u>	<u>-</u>	<u>-</u>	<u>7,498</u>	<u>-</u>	<u>215,970</u>
Eligible expenses charged to grant	<u>323,357</u>	<u>51,551</u>	<u>22,115</u>	<u>19,583</u>	<u>40,726</u>	<u>31,494</u>	<u>60,249</u>	<u>4,989</u>	<u>14,360</u>	<u>-</u>	<u>568,425</u>
Excess (deficiency) revenue over expenses	<u>\$ 8,892</u>	<u>\$ 1,789</u>	<u>\$ 1,099</u>	<u>\$ (399)</u>	<u>\$ 1,761</u>	<u>\$ 866</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 12,336</u>	<u>\$ 26,345</u>

1. Federal Highway Administration/Ohio Department of Transportation
2. Federal Transit Administration, Section 5307
3. Ohio Public Works Commission
4. Congestion Mitigation/Air Quality
5. West Central Port Authority
6. Ohio Historic Preservation Office
7. Ohio Department of Transportation/Upper Valley Pike
8. Ohio Scenic Byways
9. Clean Ohio

CLARK COUNTY – SPRINGFIELD TRANSPORTATION COORDINATING COMPANY

Indirect Cost Rate
Year Ended June 30, 2004

Indirect salaries and wages:

Administrative	\$5,867
Technical	1,322
Clerical	25,045
Bookkeeping	20,312
Vacation	21,768
Holiday	12,280
Sick Leave	10,119
Miscellaneous	<u>1,722</u>
	<u>98,435</u>

Other indirect costs:

Retirement	47,041
Hospitalization	36,977
Rent	11,275
Postage	2,039
Audit fees	7,151
Telephone	3,973
Printing	1,932
Copies	526
Supplies	806
Travel	198
Dues and subscriptions	65
Life insurance	154
Dental insurance	1,397
Medicare	1,828
CORSA insurance	998
Miscellaneous	<u>1,179</u>
	<u>117,539</u>

Total Indirect Cost Pool \$215,974

Divided by Direct Labor \$188,786

Indirect Cost Rate 114.40%

CLARK COUNTY – SPRINGFIELD TRANSPORTATION COORDINATING COMMITTEE

Board of Directors

June 30, 2004

Toni Keller

John Baird

John Sessler

Nancy Pence

Marjorie Travis

James Sheehan

Sarah Wildman

Tom Waddle

Leonard Hartoog

Elmer Bead

Robert Warren

Martin Mahoney

Sherrif Gene Kelly

Paul Wilson

James Caplinger

Roger Tackett

John Detrick

Dan Martin

Tom Junk

Bruce Smith

Ron Lyons

James Caplinger

Bob McKie

William Harrison

Bill George

Geoff Steele

John Klosterman

Darryl Bauer

Tim Gothard

Nancy Brown

Herbert Greer

Jim Campbell

David Locke

Randy Chevalley

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Report on Compliance and on Internal Control Over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance With
Government Auditing Standards

To the Board of Directors and Members
Clark County – Springfield Transportation Coordinating Committee
Springfield, OH

We have audited the financial statements of the governmental activities and each major fund of Clark County – Springfield Transportation Coordinating Committee (CCTCC) as of and for the year ended June 30, 2004 which collectively comprises the CCTCC's basic financial statements and have issued a report thereon dated November 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether the Clark County – Springfield Transportation Coordinating Committee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clark County – Springfield Transportation Coordinating Committee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.

November 29, 2004

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report , as of June 30, 2003, included no material citations or recommendations.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**CLARK COUNTY – SPRINGFIELD TRANSPORTATION
COORDINATING COMMITTEE**

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 15, 2005**