



Dave Yost • Auditor of State



**EASTERN OHIO REGIONAL TRANSIT AUTHORITY  
BELMONT COUNTY  
SEPTEMBER 30, 2017 AND 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Eastern Ohio Regional Transit Authority  
Belmont County  
21 South Huron Street  
Wheeling, West Virginia 26003

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Eastern Ohio Regional Transit Authority, Belmont County, Ohio (the Authority), as of and for the year ended September 30, 2017, 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 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Ohio Regional Transit Authority, Belmont County, Ohio, as of September 30, 2017, 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.

**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* 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.

*Prior Period Financial Statements Audited by a Predecessor Auditor*

The financial statements of the Authority, as of and for the year ended September 30, 2016, were audited by a predecessor auditor whose report dated December 15, 2016, expressed an unmodified opinion on those statements.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 4, 2017

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
Fiscal Year Ended September 30, 2017 and 2016**

This analysis, prepared by the Finance Director, offers readers of the Authority's financial statements a narrative overview of the activities of the Eastern Ohio Regional Transit Authority (the Authority) for the fiscal year ended September 30, 2017 (FY2017). We encourage readers to consider this information in conjunction with the additional information that is furnished within the Authority's financial statements, which follow. This analysis is required by the Governmental Accounting Standards Board (GASB) which provides preparers with guidelines on what must be included and excluded from this analysis.

**FINANCIAL HIGHLIGHTS**

- The assets of the Eastern Ohio Regional Transit Authority exceeded its liabilities at the close of fiscal year 2017 by \$1,339,019.09. This amount may be used to meet the Authority's ongoing obligations to users.
- The Authority's total capital assets increased \$18,296.95 due to the purchase of three fare boxes and three security cameras for the three replacement buses we will be purchasing in FY2018.
- Total operating revenue for the year ended September 30, 2017 is \$75,688.11, a decrease of \$7,288.98 compared to operating revenue of \$82,977.09 for year ended September 30, 2016. This is the result of less people choosing to use the bus this year; however, bus pass sales have increased \$72.50 from the prior year.
- Non-operating revenues increased \$17,567.40 from FY2016; the majority of this increase is due to increased grant funds received from FTA and increased tax levy revenue.
- Total operating expenses, excluding depreciation, were \$1,261,235.93 in the fiscal year ended September 30, 2017, an increase of \$34,537.17 over the prior fiscal year. Mainly due to wage increases.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Eastern Ohio Regional Transit Authority's financial statements.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and depreciation of assets is recognized in the Statement of Revenues, Expenses and Changes in Fund Net Position. All assets and liabilities associated with the operation of the Authority are included in the Statement of Net Position.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
Fiscal Year Ended September 30, 2017 and 2016  
(Continued)**

**A FINANCIAL ANALYSIS OF THE EASTERN OHIO REGIONAL TRANSIT AUTHORITY**

The Statement of Net Position presents information on all of Eastern Ohio Regional Transit Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Authority.

A condensed Statement of Net Position for year ended September 30, 2017 and 2016:

<u>ASSETS:</u>	<u>2017</u>	<u>2016</u>
Cash & cash equivalents	\$ 1,173,455.42	\$ 1,158,850.79
Investments	57,000.00	57,000.00
Accounts Receivable	32,089.48	31,715.08
Accrued Interest Receivable	0.44	0.37
Net Capital Assets	<u>178,716.88</u>	<u>213,707.65</u>
Total Assets	<u>\$ 1,441,262.22</u>	<u>\$ 1,461,273.89</u>
<u>LIABILITIES:</u>	<u>2017</u>	<u>2016</u>
Current liabilities	\$ 102,243.13	\$ 92,119.85
Total Liabilities	<u>102,243.13</u>	<u>92,119.85</u>
<u>NET POSITION:</u>		
Net investment in capital assets	178,716.88	213,707.65
Unrestricted	<u>1,160,302.21</u>	<u>1,155,446.39</u>
Total Net Position	<u>1,339,019.09</u>	<u>1,369,154.04</u>
Total Liabilities & Net Position	<u>\$ 1,441,262.22</u>	<u>\$ 1,461,273.89</u>

The condensed statement of net position indicates that current assets increased by \$14,979.10 during fiscal year 2017. This is the result of EORTA continuing to build reserve funds.

Total capital assets increased by \$18,296.95 due to the purchase of three fareboxes and three security cameras for the three replacement buses we will be purchasing in FY2018.



**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**Fiscal Year Ended September 30, 2017 and 2016**  
**(Continued)**

A condensed Statement of Revenues, Expenses and Changes in Fund Net Position – Year ended September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
Passenger Fares & Bus Passes	\$ 75,688.11	\$ 82,977.09
Miscellaneous Revenue	<u>0.00</u>	<u>0.00</u>
Operating Revenue	<u>75,688.11</u>	<u>82,977.09</u>
Operating Expenses:		
Ohio Clerk Fees	17,154.63	11,997.47
Operating Subsidy - OVRTA	1,241,679.30	1,214,701.29
Ohio Levy Expense	2,402.00	0.00
Depreciation	<u>53,287.72</u>	<u>97,408.93</u>
Operating Income (loss)	<u>(1,238,835.54)</u>	<u>(1,241,130.60)</u>
Non-Operating Revenues (expenses):		
Operating Assistance:		
Federal	492,955.00	485,056.00
Local levy revenue	568,408.33	550,358.71
State of Ohio	144,245.30	154,159.43
Interest and other income	3,097.49	1,559.05
Gain (loss) on disposal of assets	(5.53)	(0.00)
Capital grant revenue:		
Federal	0.00	0.00
State of Ohio	<u>0.00</u>	<u>0.00</u>
Net total nonoperating revenue	<u>1,208,700.59</u>	<u>1,191,133.19</u>
Increase (decrease) in net position	(30,134.95)	(49,997.41)
Total net position, beginning of year	<u>1,369,154.04</u>	<u>1,419,151.45</u>
Total net position, end of year	<u>\$1,339,019.09</u>	<u>\$1,369,154.04</u>

Increase (decrease) in net position improved by 19,862.46. This improvement was principally due to reduced depreciation expense, increased monies from FTA, and local levy revenue.

The overall increase of only \$34,537.17 in the operating expenses excluding depreciation, between FY2017 and FY2016 is associated with wages.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
Fiscal Year Ended September 30, 2017 and 2016  
(Continued)**

**ECONOMIC CONDITIONS AND OUTLOOK**

The Authority's FY2018 budget has an overall increase in expenses of 5%. The majority of these increases are in the areas of hospitalization and general liability insurance costs.

The Authority's excess 2 mil replacement levy and additional .50 mil new levy was passed by voters of Belmont and Jefferson Counties on May 6, 2014, covering calendar years 2015, 2016 and 2017. On November 6, 2016, the Authority's excess 2.5 mil replacement levy was passed by the voters of Belmont and Jefferson Counties for calendar years 2018, 2019 and 2020.

EORTA appears to have done well in FY2017. All of its obligations were met without using any reserve funds.

During FY2017 EORTA had no FTA funded capital improvements. We did purchase three fareboxes and three security cameras for the new vehicles we are purchasing in October, 2017.

Starting with FY2014 insurance became a major issue for EORTA. We have chosen Aetna as our health insurance provider; however, the premiums continue to increase.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Eastern Ohio Regional Transit Authority's finances for all those with an interest, as well as to demonstrate the Authority's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Eastern Ohio Regional Transit Authority, Finance Director, 21 South Huron Street, Wheeling, WV 26003.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS:</b>		
Cash - Note 1	\$ 1,173,455.42	\$ 1,158,850.79
Certificates of deposit - Note 1	<u>57,000.00</u>	<u>57,000.00</u>
Total cash and cash equivalents	<u>1,230,455.42</u>	<u>1,215,850.79</u>
Accrued interest receivable	0.44	0.37
Accounts receivable - Ohio Auditor of State	<u>32,089.48</u>	<u>31,715.08</u>
Total current assets	<u>1,262,545.34</u>	<u>1,247,566.24</u>
<b>CAPITAL ASSETS: - Notes 1 &amp; 6</b>		
Revenue vehicles	1,069,407.60	1,069,407.60
Service vehicles	41,028.61	41,028.61
Supervisor vehicle	44,354.00	44,354.00
Bus shelters	89,269.96	89,269.96
Shop equipment	115,552.28	101,811.08
Communications equipment	33,373.60	33,373.60
Fareboxes	<u>13,276.23</u>	<u>8,720.48</u>
Total capital assets	1,406,262.28	1,387,965.33
Less: accumulated depreciation	<u>(1,227,545.40)</u>	<u>(1,174,257.68)</u>
Net capital assets	<u>178,716.88</u>	<u>213,707.65</u>
Total assets	<u><u>\$ 1,441,262.22</u></u>	<u><u>\$ 1,461,273.89</u></u>

The notes to the financial statements are an integral part of this statement.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2017 AND 2016**

	2017	2016
<b>CURRENT LIABILITIES:</b>		
Accounts payable - O.V.R.T.A. - Note 2	\$ 102,243.13	\$ 92,119.85
Total current liabilities	102,243.13	92,119.85
 <b>NET POSITION:</b>		
Net investment in capital assets	178,716.88	213,707.65
Unrestricted	1,160,302.21	1,155,446.39
Total net position	1,339,019.09	1,369,154.04
Total liabilities and net position	\$ 1,441,262.22	\$ 1,461,273.89

The notes to the financial statements are an integral part of this statement.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
<b>OPERATING REVENUES:</b>		
Passenger fares	\$ 64,018.11	\$ 71,041.59
Van fares	1,443.00	1,781.00
Bus passes	10,227.00	10,154.50
Miscellaneous revenue	-	-
Total operating revenue	75,688.11	82,977.09
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION:</b>		
Ohio clerk fees	17,154.63	11,997.47
Ohio levy expense	2,402.00	-
Operating subsidy - O.V.R.T.A. - Note 2	1,241,679.30	1,214,701.29
Total operating expenses excluding depreciation	1,261,235.93	1,226,698.76
Operating loss before depreciation	(1,185,547.82)	(1,143,721.67)
Depreciation and amortization expense	53,287.72	97,408.93
Operating income (loss)	(1,238,835.54)	(1,241,130.60)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Grants and subsidies - F.T.A.	492,955.00	485,056.00
Grants and subsidies - O.D.O.T.	45,997.00	54,610.00
Grants and subsidies:		
Ohio Elderly Bus Fare Assistance Program	26,170.00	27,799.00
Grants and subsidies:		
State of Ohio, Rollbacks and Homestead Exemptions	72,078.30	71,750.43
Tax Levy - Belmont County	471,051.87	458,923.65
Tax Levy - Jefferson County	97,356.46	91,435.06
Interest and other income	3,097.49	1,559.05
Gain (loss) on disposal of assets	(5.53)	-
Net total nonoperating revenue	1,208,700.59	1,191,133.19
Income (loss) before capital contributions	(30,134.95)	(49,997.41)

The notes to the financial statements are an integral part of this statement.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
<b>CAPITAL FUNDING:</b>		
Federal grants and reimbursements	-	-
State and local grants and reimbursements	-	-
Total capital funding	-	-
Increase (decrease) in net position	(30,134.95)	(49,997.41)
Total net position, beginning of year	1,369,154.04	1,419,151.45
Total net position, end of year	\$ 1,339,019.09	\$ 1,369,154.04

The notes to the financial statements are an integral part of this statement.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY  
STATEMENTS OF CASH FLOWS  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from ridership revenues	\$ 75,688.11	\$ 82,977.09
Cash paid to O.V.R.T.A.	(1,231,556.02)	(1,119,040.29)
Cash paid to suppliers	(2,402.00)	-
Net cash provided (used) by operating activities	(1,158,269.91)	(1,036,063.20)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash received from federal, state and local operating assistance programs, net of clerk fees	619,665.74	629,044.75
Cash received from tax levies	568,408.33	550,358.71
Net cash provided (used) by noncapital financing activities	1,188,074.07	1,179,403.46
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(18,296.95)	-
Net cash provided by (used in) capital and related financing activities	(18,296.95)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	3,097.42	1,558.87
Net cash provided by (used in) investing activities	3,097.42	1,558.87
Net increase (decrease) in cash and cash equivalents	14,604.63	144,899.13
Cash and cash equivalents at beginning of year	1,215,850.79	1,070,951.66
Cash and cash equivalents at end of year	\$ 1,230,455.42	\$ 1,215,850.79

The notes to the financial statements are an integral part of this statement.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY  
STATEMENTS OF CASH FLOWS  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (1,238,835.54)	\$ (1,241,130.60)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	53,287.72	97,408.93
Ohio clerk fees	17,154.63	11,997.47
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	-	3,541.15
Increase (decrease) in accounts payable O.V.R.T.A.	10,123.28	92,119.85
 Total adjustments	 80,565.63	 205,067.40
 Net cash provided (used) by operating activities	 \$ (1,158,269.91)	 \$ (1,036,063.20)

The notes to the financial statements are an integral part of this statement.



**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

Note 1 – Organization and Significant Accounting Policies:

Organization – Eastern Ohio Regional Transit Authority (E.O.R.T.A.) was created pursuant to Section 306.32 through 306.35 of the Ohio Revised Code for the purpose of providing public transportation to counties, municipal corporations or townships that created E.O.R.T.A. or join in the creation of E.O.R.T.A. As a political subdivision it is distinct from, and is not, an agency of the State of Ohio or any other local governmental unit. E.O.R.T.A. is not subject to federal or state income taxes.

E.O.R.T.A. is managed by a Board of Trustees composed of one member appointed by each municipality, township or county that is admitted to membership in the Authority.

Reporting Entity - The accompanying financial statements include only the accounts and transactions of the Eastern Ohio Regional Transit Authority. Under the criteria specified in Statement No. 39, the Authority has no component units nor is it considered a component unit of any state or local governments.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization nor are any state or local governments accountable for the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the Ohio Revised Code.

Accounting Method – The Eastern Ohio Regional Transit Authority prepares its financial statements using the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. All transactions are accounted for in a single enterprise fund.

The Authority follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The Eastern Ohio Regional Transit Authority's financial statements are presented in accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. These statements change E.O.R.T.A.'s presentation of net position and require the inclusion of management's discussion and analysis.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Note 1 – Organization and Significant Accounting Policies (Continued):

The Eastern Ohio Regional Transit Authority's financial statements are presented in accordance with the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14)*. This statement amends Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as a component unit based on the nature and significance of their relationship with the primary governmental unit.

The Authority reviews its investment in property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property to the future net undiscounted cash flow expected to be generated by the property including any estimated proceeds from the eventual disposition of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in 2017 and 2016.

Measurement Focus – The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of E.O.R.T.A. are included on the statements of net position. The statements of revenues, expenses, and changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statements of cash flows provide information about how E.O.R.T.A. finances and meets the cash flow needs of its enterprise activity.

Equipment – Revenue and service vehicles and bus shelters have been capitalized at cost, as of the date purchased, in compliance with the F.T.A.'s Uniform System of Accounts and Records and Reporting System. Assets are capitalized when the cost exceeds \$500. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets ranging from four to twelve years.

Income Taxes – E.O.R.T.A. is exempt from federal income taxation under Section 501 of the Internal Revenue Code.

Cash Equivalents – E.O.R.T.A. includes in cash equivalents certificates of deposit with maturities of one year or less.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Note 1 – Organization and Significant Accounting Policies (Continued):

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

As of September 30, 2017 and 2016, all of E.O.R.T.A.'s investments in certificates of deposit were deposited with a single financial institution.

In 2017 and 2016, E.O.R.T.A. has a depository agreement with a local financial institution, which is designed to provide security for deposits up to \$1,200,000.00. In addition to this excess coverage, the Authority has FDIC insurance of \$250,000.00. As of September 30, 2017 and 2016, E.O.R.T.A. had uninsured, uncollateralized deposits of \$-0- and \$-0-, respectively.

Revenues and Expenses:

Operating revenues and expenses result from providing public transportation. Operating revenues consist primarily of fares recorded as revenue at the time services are performed and revenues pass through the farebox. Operating expenses include the cost of providing these services including administrative expenses and depreciation on capital assets.

Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Non-operating revenues and expenses include revenues and expenses from capital and related financing activities and investing activities.

Accounts Receivable:

All accounts receivable are due from federal, state and local entities and are deemed to be fully collectible; therefore, no allowance is considered necessary.

Reclassifications:

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Net Position Classification:

The Authority classifies net position into the following three components:

Net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Note 1 – Organization and Significant Accounting Policies (Continued):

Restricted – consisting of net position, the use of which is limited by external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, constitutional provisions or enabling legislation.

Unrestricted net position – consisting of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Note 2 – Memorandum of Understanding:

In December 1976, E.O.R.T.A. and the Ohio Valley Regional Transportation Authority (O.V.R.T.A.) entered into a contract, referred to as a “Memorandum of Understanding”, whereby the two statutory corporations agreed to coordinate their mutual efforts for the purpose of providing interstate mass transit bus service for the local areas in West Virginia and Ohio. One of the provisions of the contract stated that every effort would be made by each organization to assure sufficient funding to cover any operating deficit which may occur. Another provision of the contract stated that the corporations would share total operating expenses in proportion to the total bus mileage incurred by each authority.

O.V.R.T.A. accounts for substantially all operating expenses of both authorities. O.V.R.T.A. bills E.O.R.T.A. on a monthly basis for E.O.R.T.A.’s respective share of operating expenses, which relate to services provided in Ohio.

E.O.R.T.A. contributed \$1,241,679.30 and \$1,214,701.29 to Authority operations for the years ended September 30, 2017 and 2016, respectively. As of September 30, 2017 and 2016, outstanding expense reimbursements payable to OVRTA from EORTA was \$102,243.13 and \$92,119.85, respectively.

Note 3 – Contingencies:

E.O.R.T.A. receives a substantial amount of its support through grants from the Federal Transit Administration and the State of Ohio, along with tax levy collections from Belmont and Jefferson Counties. A significant reduction of this support would have a major effect on E.O.R.T.A.’s activities.

Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. Questioned costs could be identified during audits to be conducted in the future. In the opinion of E.O.R.T.A.’s management, no material grant expenditures would be disallowed.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Note 4 – Risk Management:

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. Commercial insurance has been obtained through The West Virginia Board of Risk and Insurance Management to cover damages or destruction of the Authority's property and for public liability, personal injury, and third-party damage claims.

Employee health care benefits are provided under a group insurance arrangement and the Authority is insured through a private insurance provider for workers' compensation benefits.

Settled claims did not exceed the Authority's commercial insurance coverage for fiscal years 2017, 2016 and 2015.

The Authority's umbrella liability is protected by The West Virginia Board of Risk and Insurance Management with a \$1,000,000 single occurrence and aggregate limit. Vehicles are covered by The West Virginia Board of Risk and Insurance Management and have a \$2,500 deductible for comprehensive collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Note 5 – Nonexchange Transactions:

In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. E.O.R.T.A.'s principal nonexchange transactions involve the receipt of monies from local tax levies along with federal, state and local grants for operating assistance as well as the acquisition of property, facilities and equipment. E.O.R.T.A.'s nonexchange transactions include reimbursement-type grants, which are recorded as revenue in the period the related expenditures are incurred. Any monies received in advance of the period in which the related expenditures are incurred are recorded as deferred revenue until the expenditures are incurred.

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Note 6 – Capital Assets

At September 30, 2017 and 2016, capital assets comprise the following:

2017	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Revenue vehicles	\$ 1,069,407.60	\$ -	\$ -	\$ 1,069,407.60
Service vehicles	41,028.61	-	-	41,028.61
Supervisor vehicle	44,354.00	-	-	44,354.00
Bus shelters	89,269.96	-	-	89,269.96
Shop equipment	101,811.08	13,741.20	-	115,552.28
Communication equipment	33,373.60	-	-	33,373.60
Fare boxes	8,720.48	4,555.75	-	13,276.23
Total capital assets, being depreciated	<u>1,387,965.33</u>	<u>18,296.95</u>	<u>-</u>	<u>1,406,262.28</u>
Less accumulated depreciation for:				
Revenue vehicles	(905,330.07)	(37,857.00)	-	(943,187.07)
Service vehicles	(41,028.61)	-	-	(41,028.61)
Supervisor vehicle	(44,354.00)	-	-	(44,354.00)
Bus shelters	(60,804.04)	(8,926.99)	-	(69,731.03)
Shop equipment	(81,779.98)	(6,325.60)	-	(88,105.58)
Communication equipment	(33,373.60)	-	-	(33,373.60)
Fare boxes	(7,587.38)	(178.13)	-	(7,765.51)
Total accumulated depreciation	<u>(1,174,257.68)</u>	<u>(53,287.72)</u>	<u>-</u>	<u>(1,227,545.40)</u>
Total capital assets, net	<u>\$ 213,707.65</u>	<u>\$ (34,990.77)</u>	<u>\$ -</u>	<u>\$ 178,716.88</u>
2016	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Revenue vehicles	\$ 1,069,407.60	\$ -	\$ -	\$ 1,069,407.60
Service vehicles	41,028.61	-	-	41,028.61
Supervisor vehicle	44,354.00	-	-	44,354.00
Bus shelters	89,269.96	-	-	89,269.96
Shop equipment	101,811.08	-	-	101,811.08
Communication equipment	33,373.60	-	-	33,373.60
Fare boxes	8,720.48	-	-	8,720.48
Total capital assets, being depreciated	<u>1,387,965.33</u>	<u>-</u>	<u>-</u>	<u>1,387,965.33</u>
Less accumulated depreciation for:				
Revenue vehicles	(823,313.90)	(82,016.17)	-	(905,330.07)
Service vehicles	(41,028.61)	-	-	(41,028.61)
Supervisor vehicle	(44,354.00)	-	-	(44,354.00)
Bus shelters	(51,877.05)	(8,926.99)	-	(60,804.04)
Shop equipment	(75,454.38)	(6,325.60)	-	(81,779.98)
Communication equipment	(33,373.60)	-	-	(33,373.60)
Fare boxes	(7,447.21)	(140.17)	-	(7,587.38)
Total accumulated depreciation	<u>(1,076,848.75)</u>	<u>(97,408.93)</u>	<u>-</u>	<u>(1,174,257.68)</u>
Total capital assets, net	<u>\$ 311,116.58</u>	<u>\$ (97,408.93)</u>	<u>\$ -</u>	<u>\$ 213,707.65</u>

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Note 7 – Legal Proceedings:

The Authority is involved in legal actions in the ordinary course of its business. Although the outcome of any litigation cannot be predicted with certainty, management believes that any unfavorable settlements or decisions will either be covered by insurance or not materially affect the Authority's financial position or results of operation.

Note 8 – Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the organization through December 4, 2017, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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# Dave Yost • Auditor of State

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

Eastern Ohio Regional Transit Authority  
Belmont County  
21 South Huron Street  
Wheeling, West Virginia 26003

To the Board of Trustees:

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 business-type activities of the Eastern Ohio Regional Transit Authority, Belmont County, Ohio (the Authority), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 4, 2017, wherein we noted the prior period financial statements were audited by a predecessor auditor and expressed an unmodified opinion on those statements.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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 determination of financial statement amounts.

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*.

***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 report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 4, 2017



# Dave Yost • Auditor of State

**EASTERN OHIO REGIONAL TRANSIT AUTHORITY**

**BELMONT 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  
DECEMBER 14, 2017**