BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY
JUNE 30, 2018

TABLE OF CONTENTS

BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY
JUNE 30, 2018

TABLE OF CONTENTS (CONTINUED)

OHIO AUDITOR OF STATE
KEITH FABER

INDEPENDENT AUDITOR'S REPORT

Buckeye Hills Regional Council
Washington County
1400 Pike Street
Marietta, Ohio 45750

To the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Hills Regional Council, Washington County, Ohio (the Council), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Council'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 Council'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 Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Hills Regional Council, Washington County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during fiscal year 2018, the Council adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions listed in the Table of Contents to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

Schedules A through D present additional analysis intended for the Ohio Department of Aging and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the Council'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 Council's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Buckeye Hills Regional Council's (the Council) financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Council's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2018 are as follows:

- Net position of governmental activities decreased by $1,202,005.
- Intergovernmental revenues in the form of federal and state grant funds for governmental activities accounted for $19,719,396 in revenue, or 96.5 percent of all governmental revenues. Program specific revenues in the form of charges for services accounted for $681,039, or 3.3 percent of total revenues of $20,427,085.
- The Council had $21,629,090 in expenses related to governmental activities; all except $1,228,655 of these expenses were offset by program-specific charges for services, grants, and contributions. General revenues of $26,650 offset this amount.
- No new loans were made from the Revolving Loan Fund in the current year.

USING THIS ANNUAL 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 the Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The statement of net position and statement of activities provide information about the activities of the whole agency, presenting both an aggregate view of the Council'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, as well as what remains for future spending. The fund financial statements also look at the Council's most significant funds with all other non-major funds presented, in total, in one column.

REPORTING THE COUNCIL AS A WHOLE

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the Council to provide programs and activities for citizens, the view of the Council as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The statement of net position and the statement of activities answer 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 the Council's net position and changes in position. This change in net position is important because it tells the reader that, for the Council as a whole, the financial position 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 availability of federal and state grant funding, continued support from member governments, and other factors.

REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the Council's major funds is included in the fund financial statements. Fund financial statements provide detailed information about the Council's major funds. The Council uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds are the General fund, Revolving Loan fund, Appalachian Development Corporation, and Medicaid fund.

Governmental Funds - The Council's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, 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 the Council's general 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 future to finance the Council's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 19 of this report.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the Council as a whole. Table 1 provides a summary of the Council's net position as of June 30, 2018, compared to the year ended June 30, 2017. The Council has only governmental funds.

NEWLY ADOPTED GASB STATEMENT NO. 75

During 2018, the Corporation adopted GASB Statement 75, *Accounting and Financial Report for Postemployment Benefits Other than OPEBs* – which significantly revises accounting for other post-employment benefits (OBEP) other than OPEB costs and liabilities. For reason discussed below, many end users of this financial statement will gain a clearer understanding of the Corporation's actual financial condition by adding deferred inflows related to OPEB and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for OPEB costs, GASB 45 focused on a funding approach. This approach limited OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net OPEB *asset/liability*. GASB 75 takes an earnings approach to OPEB accounting; however, the nature of West Virginia's statewide OPEB systems and state law governing that system requires additional explanation in order to properly understand the information presented in these statements.

Under GASB 75, the net OPEB asset/liability equals the Corporation's proportionate share of each plan's collective:

1. Present value of estimated future OPEB benefits attributable to active and inactive employee's past service.
2. Minus plan assets available to pay these benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net OPEB liability. Changes in OPEB benefits, contribution rates, and return on investments affect the balance of the net OPEB liability, but are outside the control of the local government. Due to the unique nature of how the net OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 75, the Corporation's statements prepared on an accrual basis of accounting include an annual OPEB expense for their proportionate share of each plan's *change* in net OPEB asset/liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB 75, the Corporation is reporting net OPEB asset/liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. The implementation had the effect of restating net position at June 30, 2017 from ($979,917) to ($2,952,197). Accounting system errors identified further restated the fund balance to ($2,689,635).

TABLE 1
NET POSITION

	2018	Restated 2017
Assets		
Current and Other Assets	$3,875,434	$4,455,647
Capital Assets, Net	1,736,705	1,813,041
Net Pension Asset	28,171	16,068
Loans Receivable, Net	186,776	197,464
Total Assets	5,827,086	6,482,220
Total Deferred Outflows of Resources	831,402	2,120,191
Liabilities		
Current and Other Liabilities	2,305,088	2,386,064
Net Pension Liability	3,166,478	5,392,540
Net OPEB Liability	2,134,931	1,985,727
Other Long-Term Liabilities	1,641,903	1,669,055
Total Liabilities	9,248,400	11,433,386
Total Deferred Inflows of Resources	1,301,728	121,222
Net Position		
Net Investment in Capital Assets	248,821	294,598
Restricted	619,826	1,473,785
Unrestricted (Deficit)	(4,760,287)	(4,720,580)
Total Net Position	($3,891,640)	($2,952,197)

Please see the section titled "Accounting and Financial Reporting for Pension", as well as Note 3-5 of the financial statements, for a more complete discussion of the net pension asset, net pension/OPEB liability, deferred outflows and deferred inflows related to pensions/OPEB.

Total assets decreased $655,134. Loans receivable decreased by $10,688 representing principal repayments on loans and the charge-off of uncollectible loan principal. Cash and cash equivalents decreased by $393,082. Cash in the revolving loan fund decreased due to return of funds to the granting agencies and cash in other funds increased due to more advance funding of grants. Grants receivable decreased slightly. Total liabilities decreased $2,184,986 primarily as the result of a decrease in Net Pension Liability.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2018, compared to the fiscal year ended June 30, 2017.

TABLE 2
CHANGE IN NET POSITION

	2018	2017
Revenues		
Program Revenues:		
Charges for Services	$681,039	$1,708,991
Operating Grants and Contributions	19,719,396	20,427,691
Total Program Revenues	20,400,435	22,136,682
General Revenues:		
Interest Income	20,183	16,669
Miscellaneous	6,467	85,234
Total General Revenues	26,650	101,903
Total Revenues	20,427,085	22,238,585
Expenses		
General Government	21,512,711	23,200,625
Interest	116,379	67,410
Total Expenses	21,629,090	23,268,035
Change in Net Position	(1,202,005)	(1,029,450)
Net Position, Beginning of Year (Restated)	(2,689,635)	49,533
Net Position, End of Year	($3,891,640)	($979,917)

In fiscal years 2018 and 2017, 96.5% and 91.9% percent of the Council's revenues were from operating grants and contributions, respectively.

Program revenues accounted for nearly all the Council's revenues in both fiscal years. These revenues consist of various federal and state grants and charges for services, including interest on revolving loan fund loans.

Net position decreased in 2018 primarily because of the return of loan funds to oversight agencies.

General government activities account for almost 100 percent of total program expenses with interest expense accounting for the remaining portion of expenses.

THE COUNCIL'S FUNDS

The Council's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $20,427,084 and expenditures of $21,183,634, resulting in a decrease in total fund balances of $756,550. The Council's major funds consist of the General, Revolving Loan, Medicaid, and Appalachian Development Corporation funds.

The General Fund had an excess of expenditures over revenues of $63,144 in 2018, compared to $29,934 in fiscal year 2017. The Revolving Loan Fund's expenditures exceeded its revenues by $706,756 for 2018. The Medicaid Fund's expenditures equaled its revenues in 2018 and 2017. The Appalachian Development Corporation Fund's revenues exceeded its expenditures by $13,331 for 2018 compared to expenditures exceeding revenues by $174,710 for 2017.

ECONOMIC FACTORS

The Council is currently operating within its means. However, the Council's ability to attract administrative and program funds for its projects is heavily dependent upon the federal and state governments and the availability of grant funds. Nearly all the Council's funds come from federal and state grants. The Council operates within a designated eight-county area of Southeastern Ohio. Loans made through the Revolving Loan Fund are to businesses within this area. The ability of borrowers to repay these loans is largely continent upon the business economy in the eight-county area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the Council had $1,736,705 invested in land, building, office equipment, land improvements, and computer equipment. Table 3 shows the fiscal year 2018 balances as compared to 2017.

TABLE 3
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities	
	2018	2017
Land	$ 369,100	$ 369,100
Building	1,286,889	1,314,260
Land Improvements	55,900	64,500
Office Equipment	9,960	15,260
Computer Equipment	14,856	49,921
Total	$ 1,736,705	$ 1,813,041

Changes in capital assets from the prior year resulted from additions, deletions, and depreciation expense. See Note 6 to the basic financial statements for more detailed information on the Council's capital assets. The Council's significant capital asset additions included computer software.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS

During 2015, the Council adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Council's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the Council's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Council is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Council's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Council is reporting a net pension asset, net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Denise Keyes, Fiscal Director, 1400 Pike Street, Marietta, Ohio 45750.

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BUCKEYE HILLS REGIONAL COUNCIL
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents - Council	$2,286,076
Equity in Pooled Cash and Cash Equivalents - ADC	101,004
Deposits in Loan Escrow Account - ADC	97,509
Prepaid Items	95,972
Loans Receivable, Net	186,776
Accrued Interest Receivable	1,054
Grants Receivable	1,293,819
Noncurrent Assets	
Net Pension Asset	28,171
Nondepreciable Capital Assets - Council	8,000
Nondepreciable Capital Assets - ADC	361,100
Depreciable Capital Assets, Net - Council	24,816
Depreciable Capital Assets, Net - ADC	1,342,789
Total Assets	5,827,086
DEFERRED OUTFLOWS OF RESOURCES	
Pension	674,293
OPEB	157,109
Total Deferred Outflows of Resources	831,402
LIABILITIES	
Current Liabilities	
Accounts Payable	1,321,803
Accrued Wages and Benefits	130,278
Contractual Advances	821,120
Long-Term Liabilities	
Due within One Year	31,887
Due in More than One Year	
Pension	3,166,478
OPEB	2,134,931
Other Amounts Due in More than One Year	1,641,903
Total Liabilities	9,248,400
DEFERRED INFLOWS OF RESOURCES	
Pension	1,142,690
OPEB	159,038
Total Deferred Inflows of Resources	1,301,728
NET POSITION	
Net Investment in Capital Assets	248,821
Restricted for:	
Loans	619,826
Unrestricted (Deficit)	(4,760,287)
Total Net Position	($3,891,640)

See accompanying notes to the financial statements.

BUCKEYE HILLS REGIONAL COUNCIL
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net Expense and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government - Council	$21,342,089	$436,909	$19,719,396	($1,185,784)
General Government - ADC	170,622	244,130	0	73,508
Interest - Council	50,602	0	0	(50,602)
Interest - ADC	65,777	0	0	(65,777)
Total Governmental Activities	21,629,090	681,039	19,719,396	(1,228,655)
		General Revenues		
		Interest Income - Council		19,995
		Interest Income - ADC		188
		Miscellaneous		6,467
		Total General Revenues		26,650
		Change in Net Position		(1,202,005)
		Net Position, Beginning of Year - Restated		(2,689,635)
		Net Position, End of Year		($3,891,640)

See accompanying notes to the financial statements.

BUCKEYE HILLS REGIONAL COUNCIL
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Revolving Loan Fund	Medicaid Fund	Appalachian Development Corporation	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	$923,410	$440,857	$655,633	$101,004	$266,176	$2,387,080
Deposits in Loan Escrow Account	0	0	0	97,509	0	97,509
Grants Receivable	13,187	0	858,525	0	422,107	1,293,819
Rent Receivable	0	0	0	19,344	0	19,344
Due from Other Funds	187,454	0	0	0	0	187,454
Prepaids	55,714	0	28,678	0	11,580	95,972
Accrued Interest Receivable	0	1,054	0	0	0	1,054
Loans Receivable, Net	8,330	178,446	0	0	0	186,776
Total Assets	1,188,095	620,357	1,542,836	217,857	699,863	4,269,008
LIABILITIES						
Accounts Payable	7,128	531	1,206,909	0	107,235	1,321,803
Due to Other Funds	0	0	0	0	187,454	187,454
Accrued Wages and Benefits	2,297	0	93,265	0	34,716	130,278
Contractual Advances	213,276	0	242,662	0	365,182	821,120
Total Liabilities	222,701	531	1,542,836	0	694,587	2,460,655
FUND BALANCES						
Nonspendable	64,044	178,446	0	0	0	242,490
Restricted	0	441,380	0	217,857	5,276	664,513
Unassigned	901,350	0	0	0	0	901,350
Total Fund Balances	965,394	619,826	0	217,857	5,276	1,808,353
Total Liabilities and Fund Balances	$1,188,095	$620,357	$1,542,836	$217,857	$699,863	$4,269,008

See accompanying notes to the financial statements.

BUCKEYE HILLS REGIONAL COUNCIL
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances	$1,808,353
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,736,705
The net pension asset and liability are not due and payable in the current period; therefore, the asset and liability and related deferred inflows and outflows are not reported in governmental funds.	
Net Pension Asset	28,171
Net Pension Liability	(3,166,478)
OPEB Liability	(2,134,931)
Deferred Outflows - Pension	674,293
Deferred Outflows - OPEB	157,109
Deferred Inflows - Pension	(1,142,690)
Deferred Inflows - OPEB	(159,038)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Mortgage Payable	(1,487,884)
Compensated Absences	(185,906)
The rent receivable by the ADC from the Council is eliminated is an interfund balance and, therefore, is not reported in the statement of net position.	
Rent Receivable	(19,344)
Net position of governmental activities	($3,891,640)

See accompanying notes to the financial statements.

BUCKEYE HILLS REGIONAL COUNCIL
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Revolving Loan Fund	Medicaid Fund	Appalachian Development Corporation	Other Governmental Funds	Total Governmental Funds
Revenues						
Intergovernmental	$14,716	$0	$16,892,907	$0	$2,786,278	$19,693,901
Interest	2,398	17,129	468	188	0	20,183
Charges for Services	196,573	951	158,382	244,130	81,003	681,039
Contributions and Donations	5,509	0	0	0	19,985	25,494
Other	5,067	0	0	0	1,400	6,467
Total Revenues	224,263	18,080	17,051,757	244,318	2,888,666	20,427,084
Expenditures						
Current:						
General Government	257,446	3,567	17,029,500	123,529	2,872,686	20,286,728
Capital Outlay	0	0	0	11,122	0	11,122
Debt Service:						
Principal Retirement	7,724	0	5,738	30,559	4,115	48,136
Interest	22,237	0	16,519	65,777	11,846	116,379
Other:						
Returned Grant Funds	0	721,269	0	0	0	721,269
Total Expenditures	287,407	724,836	17,051,757	230,987	2,888,647	21,183,634
Net Change in Fund Balances	(63,144)	(706,756)	0	13,331	19	(756,550)
Fund Balances, Beginning of Year - Restated	1,028,538	1,326,582	0	204,526	5,257	2,564,903
Fund Balances, End of Year	$965,394	$619,826	$0	$217,857	$5,276	$1,808,353

See accompanying notes to the financial statements.

BUCKEYE HILLS REGIONAL COUNCIL

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Fund	($756,550)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets greater than $5,000 is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
Capital Asset Additions	11,122
Depreciation	(87,458)
Repayment of capital leases is an expenditure in the governmental funds and a reduction of liabilities in the statement of net position.	30,559
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB asset/liability are reported as pension/OPEB expenses in the statement of activities.	
Pension	(215,754)
OPEB	(164,580)
The rent revenue received by the ADC from the Council is eliminated is an interfund transaction and, therefore, is not reported in the statement of net activities.	(19,344)
Change in Net Position of Governmental Activities	($1,202,005)

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Buckeye Hills Regional Council (the Council) was created as an agency established by agreement among its members pursuant to Section 167.01-08 of the Ohio Revised Code. The Council is organized as a voluntary organization of local government political subdivisions in Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties to foster a cooperative effort in regional planning, programming, and implementing regional plans and programs. The Council is also organized as a forum for the discussion and study of common problems of a regional nature, and for the development of policy and action recommendations relating thereto.

The functions of the Council are:

1. To foster, develop, and review plans for regional growth, development, and conservation; and to aid in coordinating plans among local governments.

2. To perform planning directly by personnel of the Council, or under contracts between the Council and other public and private planning agencies; to undertake studies, collect data, develop regional plans and programs, and engage in such other activities as the Council finds necessary or desirable for the solution of regional problems. Said planning and studies shall include, but will not be limited to, those relating to land use, transportation, housing, environmental controls, health, economic development, and community and public facilities.

3. To serve, upon the request of the local government, as a representative of such government in such matters as may affect the region as a whole.

4. To provide a continuing practical structural mechanism to promote communication and cooperation among area governmental units and agencies.

5. To review, evaluate, comment upon, and make recommendations relating to the planning and programming, and the location, financing, and scheduling of programs in the region through a public input process.

6. To administer programs as set forth in the Older Americans Act and other State, Federal and private programs that provide for services to the region’s elderly.

The Council may perform common functions and services characteristic of its individual political subdivisions as described in ORC 167.03.

The Council may enter into special purpose contracts or agreements with one or more local government units or private non-profit organizations within the Council to act on their behalf in applying for, administering, and coordinating grants and contracts available for programs authorized by state and federal laws for physical, economic, and human resources planning and development.

The authority granted to the Council shall not displace any existing municipal, county, or regional planning commission in the exercise of its statutory powers.

<u>Component Unit</u>

The accompanying financial statements present The Appalachian Development Corporation, a component unit of the Council, over which the Council exercises significant control, as a blended entity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Appalachian Development Corporation (the Corporation) is a not-for-profit corporation. The Corporation was established to provide financial assistance to new and developing businesses and industries. The Council appoints Board Members of the Corporation. The component unit balances blended and presented herein are as of the Corporation's fiscal year-end of September 30, 2018.

Eligibility

All cities, counties, and county seats within the counties of Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington are eligible for membership in the Council. Membership may be extended to other local political subdivisions, government agencies, and quasi-governmental agencies located both within and outside the eight-county area if said membership is conducive to facilitating federal, state, or regional planning objectives. Also, temporary associate membership may be extended for a special project lying partially outside the boundaries of the eight-county area. The latter membership's authorization shall be made upon majority approval of the General Policy Council's total membership.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's Governing Board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; (2) the Council is legally entitled to or can otherwise access the organization's resources; (3) the Council is legally obligated or has otherwise assumed the responsibility to finance deficits or provide financial support to the organization; or (4) the Council is obligated for the debt of the organization. Component units may also include organizations for which the Council approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Council.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues.* Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are prepared using the *economic resources measurement, focus,* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement, focus,* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when payable from current resources.

Grants and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Council receives cash.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council only uses governmental funds.

<u>Governmental Funds</u>

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose 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 Council reports the following major governmental funds:

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

Revolving Loan Fund - The Revolving Loan Fund offers low interest loans to businesses within the Council's eight-county region. Such funds are to be used in the event that full financing cannot be obtained from a bank, or to fill the gap between bank financing and the financing necessary to complete a business project. Bank participation is required. The primary source of funding for the Revolving Loan Fund is from grants.

Medicaid Fund - The Medicaid Fund is used to account for the activities of the Pre-Admission Screening System Providing Options and Resources Today (PASSPORT) and Assisted Living programs. These are Ohio Medicaid waiver programs that provide in-home alternatives to nursing care for low-income seniors. The programs are jointly funded by the State of Ohio and the federal government.

Appalachian Development Corporation – The Appalachian Development Corporation is a blended component unit of the Council. The Corporation leases a building to the Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-Exchange Transactions

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. "Measurable" means the amount of the transaction can be determined and "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 the Council, available means expected to be received within 60 days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

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

Expenses/Expenditures

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.

Cash and Cash Equivalents

To improve cash management, all cash received by the Council is pooled in central bank accounts. Monies for all funds are maintained in the account or temporarily used to purchase short term investments. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Council are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Council, deferred outflows of resources have been reported for the following two items related the Council’s net pension asset and liability and net OPEB liability: (1) the difference between expected and actual experience of the pension systems and OPEB system, and (2) the Council’s contributions to the pension systems and OPEB system subsequent to the measurement date.

In addition to liabilities, the government-wide statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

For the Council, deferred inflows of resources have been reported for the following two items related to the Council’s net pension asset and liability and net OPEB liability: (1) the net difference between projected and actual earning on pension plan investments related to the Council’s net pension asset and liability and net OPEB liability, and (2) the net difference between the proportionate share of employer contributions and actual employer contributions.

Interfund Transactions

During the course of normal operations, the Council has transactions between funds. On the balance sheet, receivables and payables resulting from short-term interfund loans are classified as "due to/due from other funds." These amounts are eliminated on the statement of net position.

Capital Assets

General capital assets consist primarily of a building, office furnishings, and equipment and generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. The assets are owned by the Council while used in the program for which they were purchased. The Ohio Department of Aging (ODA) has a reversionary interest in the assets purchased with funds which it provides. Disposition of these assets is subject to ODA regulations.

All capital assets are capitalized at cost and updated for additions and retirements during the year. The Council maintains a capitalization threshold of $5,000. The Council does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or extend the asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the following lives: office equipment - 3 to 5 years; computer equipment - 5 years; and building - 45 years.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council Board. Those committed amounts cannot be used for any other purpose unless the Council Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council Board.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between all other elements of the statement of net position. Net investment in capital assets consist of capital assets, net of accumulated depreciation reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by Council legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the Council's restricted net position of $619,826, none is restricted by enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Budgetary Process

Although a legal budget is not required, nor is a budgetary statement, budgets for expenditure of federal grants are submitted to, and approved by, the federal government agency at the time the grants are awarded.

The Council's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ended June 30.

The Council's primary funding sources are federal and state grants which have grant periods that may or may not coincide with the Council's fiscal year. These grants normally are for a 12-month period; however, they can be awarded for periods shorter or longer than 12 months.

Because of the Council's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The Council's annual budget differs from that of most local governments in two respects: (1) the uncertain nature of grant awards from other entities and (2) conversion of grant budgets to a fiscal year basis.

The resultant annual budget is subject to constant change within the fiscal year due to:

- Increases/decreases in actual grant awards from those estimates;
- Changes in grant periods;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards that fail to materialize.

Management utilizes budgets for monitoring financial activity, but budgets are not formally approved by the Board. Therefore, budgetary comparison schedules are not presented.

Uniform Guidance OMB 2 CFR 200 establishes principles for determining the allowable costs incurred by non-Federal entities under Federal awards. The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of Federal government participation in the financing of a particular program or project. The principles are designed to provide that Federal awards bear their fair share of cost recognized under these principles except where restricted or prohibited by statute.

The Council chose the direct salary cost method because management determined that the more salary costs a grant has, the more indirect costs the grant would have. Management and administrative salaries and indirect costs are allocated to the various programs using the actual rate as determined by the method shown in the Council's Cost Allocation Plan.

Loans Receivable/Allowance for Loan Losses

Loans receivable consist of long-term revolving loans to provide low-interest loans to businesses to create jobs in the region. The Appalachian Regional Commission and Economic Development Administration have granted money for these loans. An expenditure is recorded when the loan is made.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable/Allowance for Loan Losses (Continued)

The allowance for loan losses in the amount of $0 at June 30, 2018, is based upon management's assessment of current and historical loss experience, loan portfolio trends, prevailing economic and business conditions, specific loan review, and other relevant factors. Specific allowances are established for any impaired loan for which the recorded investment in the loan exceeds the measured value of the loan. In management's opinion, the provision is sufficient to maintain the allowance for loan losses at a level that adequately provides for potential losses.

Compensated Absences

The following policies of the Council regarding leave accruals were followed:

Vacation Leave

Full-time employees earn vacation annually, on their hire date, on the following basis: 1 through 5 years of employment, 15 working days; 6 through 10 years of employment, 20 working days; 11 through 20 years, 25 working days; and 21 or more years, 30 working days.

If an employee has a balance of vacation leave at the end of their annual period, they may carry over up to 5 days with any hours above 5 days being lost.

After 6 months of employment, all employees may take an advance of up to 5 days of vacation leave that is charged to their first-year accrual of vacation leave.

All employees are entitled to full payment of any unused vacation pay upon separation from the Council.

All employees who exercise the option of taking an advance of vacation against their first-year accrual are liable for repayment to the Council if they separate from service with the Council prior to one full year of employment.

Employees with 21 years and over of service have the option of receiving 5 days of pay and a reduction of vacation leave available by 5 days.

Sick Leave

Full-time employees, from the date of employment, shall earn leave at the rate of one and one-fourth days for each month worked, up to a maximum of 132 days.

All employees who accumulate sick leave hours in excess of 132 days will receive pay for accumulated leave on a ration of one-half of accumulated leave in excess of 132 days and will be calculated at the employee's current rate of pay at the end of each fiscal year.

Upon retirement within the PERS system and with at least 10 years of service to the Council, an employee may elect to be paid in cash for one-fourth of the value of their accrued sick leave credit to a maximum of 33 days. Such payment shall be based on the employee's rate of pay at the time of retirement, and such payment may be made only once to any employee. The maximum payment which may be made under this shall be one-fourth of 132 days.

In the event of the death of an employee who has at least 10 years of service, payment of unused sick leave will be made to the employee's spouse or estate in the same manner as a retiring individual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

As of June 30, 2018, the Council had no employees eligible for retirement, thus no liability was recorded for sick leave severance.

Holidays

The Council has ten official holidays per year. Full-time employees are paid for these holidays; part-time employees are not paid.

Accrued Liabilities

All payables are reported in the government-wide financial statements. In general, governmental fund payables that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

NOTE 2 - DEPOSITS AND INVESTMENTS

The investments and deposits of the Council 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 Council to invest monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR Ohio) and obligations of the United States government or certain agencies thereof. The Council may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities with a market value equal to 105 percent of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require that securities maintained for public deposits and investments be held in the Council's name. The Council is prohibited from investing in any financial instrument contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The Council is also prohibited from investing in reverse repurchase agreements.

<u>Deposits</u>

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

As of June 30, 2018, the bank balance of the Council's deposits was $2,563,438. The entire bank balance was either covered by FDIC or collateralized by a pool of securities maintained by the Council's financial institutions, but not in the Council's name.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Net Pension Asset and Liability

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

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

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

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

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

Plan Description

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

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in the other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council's contractually required contributions for the traditional and combined plans for 2018, 2017, and 2016 were $381,997, 347,200, and 323,119, respectively. 88% has been contributed for 2018 and 100% for 2017 and 2016. Of the amount for 2018, $44,813 is reported as intergovernmental payable.

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

	Ending 12/31/2017 State and Local	Beginning 1/1/2018 State and Local
2017 Statutory Maximum Contribution Rates		
Employer	14.0%	14.0%
Employee	10.0%	10.0%
2017 Actual Contribution Rates		
Employer:		
Pension	13.0%	14.0%
Post-employment Health Care Benefits	1.0%	0.0%
Total Employer	14.0%	14.0%
Employee	10.0%	10.0%

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

The net pension asset and liability were measured as of December 31, 2017, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of that date. The Council's proportions of the net pension asset and liability were based on the Council's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Pension Plan	Combined Pension Plan	Total
Proportionate Share of the Net Pension Liability/(Asset)	$ 3,166,478	$ (28,171)	$ 3,138,307
Proportion of the Net Pension Liability/(Asset)	0.020184%	0.020694%	
Increase/(decrease) in % from prior proportion measured	-0.003563%	-0.008175%	
Pension Expense	$ 413,752	$ 644	$ 414,396

At June 30, 2018, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions **(Continued)**

	Traditional Pension Plan	Combined Pension Plan	Total
Deferred Outflows of Resources			
Changes in assumptions	$ 378,415	$ 2,462	$ 380,877
Differences between expected and actual experience	3,234	-	3,234
Changes in proportion and differences government contributions and proportionate share of contributions	86,466	5,075	91,541
Council contributions subsequent to the measurement date	194,660	3,981	198,641
Total Deferred Outflows of Resources	$ 662,775	$ 11,518	$ 674,293
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 679,801	$ 4,445	$ 684,246
Differences between expected and actual experience	62,401	8,392	70,793
Changes in proportion and differences government contributions and proportionate share of contributions	384,125	3,526	387,651
Total Deferred Inflows of Resources	$ 1,126,327	$ 16,363	$ 1,142,690

$198,641 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year Ending June 30:	Traditional Pension Plan	Combined Pension Plan	Total
2019	$ 162,762	$ (74)	$ 162,688
2020	(242,286)	(2,780)	(245,066)
2021	(299,349)	(2,296)	(301,645)
2022	(279,339)	(2,188)	(281,527)
2023	-	(629)	(629)
Thereafter	-	(859)	(859)
Total	$ (658,212)	$ (8,826)	$ (667,038)

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions - OPERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2017, are presented below:

Key Methods and Assumptions Used in Valution of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Combined Pension Plan
Valuation Date	December 31, 2017	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Indiviual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 8.25% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3/00% Simple through 2018, then 2.15% Simple

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions – OPERS (Continued)

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

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

During 2017 OPERS manage investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first on the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2017	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investments	18.00%	5.26%
Total	100.00%	5.66%

Discount Rate The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Council's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)

Emoloyer's Net Pension Liability/(Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Traditional Pension Plan	$ 5,622,859	$ 3,166,478	$ 1,118,597
Combined Plan	$ (15,314)	$ (28,171)	$ (37,042)

NOTE 4 – NEWLY ADOPTED STATEMENTS ISSUED BY GASB (related to 75 only)

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of GASB Statement No. 75 has required a restatement of beginning net position for its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 85, Omnibus 2017, effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.

NOTE 5 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective.

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

NOTE 5 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Net OPEB Liability (Continued)

Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description

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

Funding Policy – Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretionary authority over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2017. OPERS allocated 1.0% of employer contributions to post-employment health care.

The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Council's proportion of the net OPEB liability was based on the Council's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportionate Share of the Net OPEB Liability	$ 2,134,931
Proportion of the Net OPEB Liability	0.019660%
Increase/(decrease) in % from prior proportion measured	0.000000%
OPEB Expense	$ 164,580

At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 5 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Plan Description (Continued)

	OPERS
Deferred Outflows of Resources	
Changes in assumptions	$ 155,446
Differences between expected and actual experience	1,663
Total Deferred Outflows of Resources	$ 157,109
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 159,038
Total Deferred Inflows of Resources	$ 159,038

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

Fiscal Year Ending June 30:	OPERS
2019	$ 35,354
2020	35,354
2021	(32,878)
2022	(39,759)
Total	$ (1,929)

Actuarial Assumptions - OPERS

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

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

NOTE 5 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Actuarial Assumptions – OPERS (Continued)

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

A single discount rate of 3.85% as used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

The following table presents the OPEB liability calculated using the single discount rate of 3.85%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease 2.85%	Current Discount Rate 3.85%	1% Increase 4.85%
BHRC's proportionate share of the net OPEB liability	$ 2,836,348	$ 2,134,931	$ 1,567,492

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

NOTE 5 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Actuarial Assumptions – OPERS (Continued)

	1% Decrease 6.50% decreasing to 2.25%	Current Discount 7.50% decreasing to 3.25%	1% Increase 8.5% decreasing to 4.25%
BHRC's proportionate share of the net OPEB liability	$ 2,042,674	$ 2,134,931	$ 2,230,230

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	Target Allocation for 2017	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equities	21.00%	6.37%
International Equities	22.00%	7.88%
Fixed Income	34.00%	1.88%
REITs	6.00%	5.91%
Other Investments	17.00%	5.39%
Total	100.00%	4.98%

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2% for 2017.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the Council for the year ended June 30, 2018, was as follows:

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Nondepreciable Capital Assets:				
Land	$ 369,100	$ -	$ -	$ 369,100
Depreciable Capital Asets:				
Building	1,802,112	11,122	-	1,813,234
Land Improvements	172,000	-	-	172,000
Office Equipment	294,922	-	-	294,922
Computer Equipment	160,702	-	-	160,702
Total Depreciable Capital Assets	2,429,736	11,122	-	2,440,858
Accumulated Depreciation:				
Building	(487,852)	(38,493)	-	(526,345)
Land Improvements	(107,500)	(8,600)	-	(116,100)
Office Equipment	(279,662)	(5,300)	-	(284,962)
Computer Equipment	(110,781)	(35,065)	-	(145,846)
Total Accumulated Depreciation	(985,795)	(87,458)	-	(1,073,253)
Total Capital Assets, Net	$ 1,813,041	$ (76,336)	$ -	$ 1,736,705

NOTE 7 - CONTINGENCIES

Grants

The Council received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at June 30, 2018.

Subcontractors

For a majority of the expenditures in the Aging programs, the Council contracts with local non-profit agencies and for-profit companies to perform the specific services set forth in the grant agreements. The Council disburses grant funds to the entities based on monthly performance reports received from each entity. Some of the non-profit Aging subcontractors are required to have an annual independent audit. Under OMB CFR 200, the Council requires each agency to submit a copy of the audit report. If such audits disclose expenditures not in accordance with the terms of the grants, the grantor agency could disallow the costs and require reimbursement of the disallowed costs either from the Council or the delegate agency. The Council generally has the right of recovery from the subcontractors.

NOTE 7 – CONTINGENCIES (Continued)

For the year ended June 30, 2018, agency costs of various amounts were disbursed for which the audits have not been received. Based upon prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

NOTE 8 - LONG-TERM OBLIGATIONS

The changes in the Council's long-term obligations during the fiscal year consisted of the following:

	Balance 6/30/17	Additions	Reductions	Balance 6/30/18	Due in One Year
Mortgage Payable	$1,518,443	$0	($30,559)	$1,487,884	$31,887
Compensated Absences	185,906	250,474	(250,474)	185,906	0
Net Pension Liability	5,392,540	0	(2,226,062)	3,166,478	0
Net OPEB Liability	1,985,727	149,204	0	2,134,931	0
Total Long Term Obligations	$9,082,616	$399,678	($2,507,095)	$6,975,199	$31,887

Compensated absences are paid from the fund from which the employee is paid.

On July 26, 2004, the Corporation borrowed $1,800,000 from the United States Government through the U.S. Department of Agriculture's Community Facilities Loan Program. The loan is secured by a mortgage on the property acquired on State Route 7 in Marietta, Ohio. The note bears interest at an annual rate of 4.375 percent fixed for the term of 40 years. Monthly principal and interest payments of $8,028 began on August 26, 2005, and will continue until the entire indebtedness is paid. Final maturity date of the note is July 26, 2044. Scheduled principal payments are as follows:

2019	$ 31,887
2020	33,310
2021	34,797
2022	36,350
2023	37,973
Thereafter	1,313,567
Total	$ 1,487,884

The loan requires monthly deposits of $802.80 to a reserve account beginning August 26, 2005, until there is an accumulated amount of $96,336 after which deposits may be suspended. The reserve account balance as of September 30, 2018, was $97,509. It is considered funded to the extent required by the loan. Disbursements from the reserve account require prior written approval. There were no disbursements made during the year ended September 30, 2018.

NOTE 9 – RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council maintains commercial insurance covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the Council. Settled claims have not exceeded coverage in any of the last 3 years. There has been no significant reduction in coverage from the prior fiscal year.

NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES

Receivables reported as "Due from Other Funds" and the related payables reported as "Due to Other Funds" represent amounts owed by other governmental funds to the General Fund for the repayment of other governmental fund obligations that were originally paid out of the General Fund. The balances due to the Appalachian Development Corporation are lease payable from the Council to the Corporation. The Corporation leases building space to the Corporation.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

Effective July 1, 2017, the Corporation adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The Statement addresses accounting and financial reporting for other post-employment benefits (OPEB) provided to employees who participate in the State OPEB plan. The Statement also requires various note disclosures and required supplementary information.

Further, an accounting system issue causing accounts payable variances was identified and corrected through the prior period.

As a result of these two items, beginning net position and fund balance have been restated as follows:

	Governmental Activities	General Fund	Other Governmental Funds
Net position/Fund balance as previously reported at June 30, 2017	$ (979,917)	$ 771,233	$ -
Prior period adjustment			
Beginning new OPEB liability	(1,985,727)	-	-
Deferred outflows of resources - 2017 OPEB contributions	13,447	-	-
Correction of accounting system errors	262,562	257,305	5,257
Total prior period adjustment	(1,709,718)	257,305	5,257
Net position/Fund balance as restated, June 30, 2017	$ (2,689,635)	$ 1,028,538	$ 5,257

NOTE 12 – GRANTS RECEIVABLE

A summary of grants receivable follows:

Major Funds	
General	$13,187
Medicaid	858,525
NonMajor Funds	
Title IIIA	26,946
Title IIIB	34,376
Title IIIC-1	11,011
Title IIIC-2	33,081
Title IIID	8,551
Title IIIE- Admin.	1,546
Title IIIE- Services	12,435
Block Grant Admin.	3,473
Block Grant Services	23,796
Housing Grant ODD	150,000
OBLTSS	1,400
EDA Grant	9,639
ARC	409
Perry County Health Access	1,068
Innovation Gateway	21,526
RTPO	20,719
Community Development	44,729
Alzheimer's Grant	10,053
National Senior Service Corps	7,349
Total NonMajor Funds	422,107
Total All Funds	$1,293,819

NOTE 13 – RELATED ORGANIZATION

Ohio Rural Development Alliance

The Council is a participant in an alliance of government organizations to serve as an engine for driving economic diversification and sustainability for rural Ohio. The Alliance is designed to represent rural interests across Ohio and serve as a forum for collaboration and sharing of ideas related to strengthening rural Ohio. A Board of Directors consisting of representatives of each of the participating districts governs the Alliance. Financial information for the Alliance can be obtained from Ohio Rural Development Alliance, 1400 Pike Street, Marietta, Ohio 45750.

NOTE 14 – APPALACHIAN DEVELOPMENT CORPORATION

The Corporation was established on September 1, 1987, to provide financial assistance to new and developing businesses and industries. The Corporation has not applied for, or received, any grants to provide this assistance. Thus, the Corporation has no revenue or expenses related to its primary operation. The Corporation will apply for grants when a need exists, and the grants are available and appropriate for the area. The Corporation's secondary operation of holding real estate is its only source of income and expense at this time. During the year, the Corporation leased its office buildings to Buckeye Hills Regional Council. This represents 100 percent of the Corporation's rental income

NOTE 15 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balances for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Revolving Loan Fund	Medicaid Fund	Appalachian Development Corporation	Other Governmental Funds	Total Governmental Funds
NonSpendible:						
Prepaids	$55,714	$0	$0	$0	$0	$55,714
Loans Receivable	8,330	178,446	0	0	0	186,776
Total NonSpendible	64,044	178,446	0	0	0	242,490
Restricted						
Business Development Loans	0	441,380	0	217,857	5,276	664,513
Total Restricted	0	441,380	0	217,857	5,276	664,513
						0
Unassigned	901,350	0	0	0	0	901,350
Total Fund Balances	$965,394	$619,826	$0	$217,857	$5,276	$1,808,353
						0

NOTE 16 – SUBSEQUENT EVENTS

After June 30, 2018, the Council became involved with two new not-for-profit entities that will have an impact on the Council's annual financial report in future periods. Buckeye Hills Support Services and Buckeye Hills Foundation have been evaluated for inclusion as component units. Buckeye Hills Foundation will be reported as a blended component unit. Buckeye Hills Support Services will not be required to be presented as a component unit.

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BUCKEY HILLS REGIONAL COUNCIL
Schedule of Proportionate Share of Net Pension Liability (Asset)
June 30, 2018

Ohio Public Employees Retirement System
Last Five Calendar Years*

	2018	2017	2016	2015	2014
Traditional Plan:					
Council's proportion of the net pension liability (asset) (percentage) - Traditional Plan	0.021840%	0.023747%	0.022188%	0.019262%	0.019262%
Council's proportionate share of the net pension liability (asset) - Traditional Plan	$ 3,166,478	$ 5,392,540	$ 3,843,241	$ 2,323,264	$ 2,270,789
Council's covered payroll	$ 2,780,267	$ 2,797,940	$ 2,843,985	$ 2,761,520	$ 2,540,691
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	113.89%	192.73%	135.14%	84.13%	89.38%
Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan)	84.66%	77.25%	81.08%	81.08%	86.45%
Combined Plan:					
Council's proportion of the net pension liability (asset) (percentage) - Combined Plan	0.020694%	0.028869%	0.019490%	0.012146%	0.012146%
Council's proportionate share of the net pension liability (asset) - Combined Plan	$ (28,171)	$ (16,068)	$ (9,484)	$ (4,676)	$ (1,274)
Council's covered payroll	$ 86,883	$ 112,233	$ 2,843,985	$ 70,931	$ 44,398
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-32.42%	-14.32%	-0.33%	-6.59%	-2.87%
Plan fiduciary net position as a percentage of the total pension liability (Combined Plan)	137.28%	116.55%	116.90%	116.90%	114.83%

* Information prior to fiscal year 2014 is not available.

This schedule will be built prosepectively.

Information on this schedule is based on OPERS plan year end, which is December 31.
See accompanying notes to the required supplementary information.

BUCKEYE HILLS REGIONAL COUNCIL
Schedule of Contributions
June 30, 2018

Ohio Public Employees Retirement System
Last 10 Fiscal Years*

	2018	2017	2016
Traditional Plan:			
Contractually required contribution	$ 372,460	$ 335,753	$ 312,072
Contributions in relation to contractually required contribution	(372,460)	(335,753)	(312,072)
Contribution deficit (surplus)	$ -	$ -	$ -
Council's covered payroll	$ 2,758,118	$ 2,688,950	$ 2,600,600
Contributions as a percentage of covered payroll	13.50%	12.49%	12.00%
Combined Plan:			
Contractually required contribution	$ 9,537	$ 13,468	$ 11,047
Contributions in relation to contractually required contribution	(9,537)	(13,468)	(11,047)
Contribution deficit (surplus)	$ -	$ -	$ -
Council's covered payroll	$ 71,178	$ 108,481	$ 92,058
Contributions as a percentage of covered payroll	13.40%	12.42%	12.00%

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010	2009
$ 336,764	$ 258,716	$ 202,196	$ 172,186	$ 165,247	$ 151,840	$ 124,412
(336,764)	(258,716)	(202,196)	(172,186)	(165,247)	(151,840)	(124,412)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 2,806,367	$ 2,399,072	$ 1,995,392	$ 1,946,913	$ 2,014,834	$ 2,008,665	$ 1,819,163
12.00%	10.78%	10.13%	8.84%	8.20%	7.56%	6.84%
$ 5,232	$ 258,716	$ 202,196	$ 172,186	$ 165,247	$ 151,840	$ 124,412
(5,232)	(258,716)	(202,196)	(172,186)	(165,247)	(151,840)	(124,412)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 43,600	$ 2,399,072	$ 1,995,392	$ 1,946,913	$ 2,014,834	$ 2,008,665	$ 1,819,163
12.00%	10.78%	10.13%	8.84%	8.20%	7.56%	6.84%

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BUCKEYE HILLS REGIONAL COUNCIL
Schedule of Proportionate Share of the Net OPEB Liability
June 30, 2018

Ohio Public Employees Retirement System - OPEB Plan
Last Two Calendar Years (1)

	2018	2017
Council's Proportion of the Net OPEB Liability	0.019660%	0.019660%
Council's Proportionate Share of the Net OPEB Liability	$ 2,134,931	$ 1,985,727
Council's Covered Payroll	$ 2,867,150	$ 2,910,173
Council's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.5%	68.2%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	N/A

(1) Information prior to 2016 is not available.
(2) Information is presented on a calendar year basis, consistent with measurement year used by OPERS.

BUCKEYE HILLS REGIONAL COUNCIL
Schedule of Contributions
June 30, 2018

Ohio Public Employees Retirement System - OPEB Plan
Last 10 Fiscal Years

	2018	2017	2016
Contractually Required Contribution	$ 14,104	$ 42,293	$ 53,853
Contributions in Relation to the Contractually Required Contribution	(14,104)	(42,293)	(53,853)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Council Covered Payroll	$ 2,829,296	$ 2,797,431	$ 2,692,658
Contributions as Percentage of Covered Payroll	0.50%	1.51%	2.00%

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010	2009
$ 56,999	$ 77,250	$ 77,222	$ 109,027	$ 116,860	$ 129,358	$ 130,252
(56,999)	(77,250)	(77,222)	(109,027)	(116,860)	(129,358)	(130,252)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 2,849,967	$ 2,399,072	$ 1,995,392	$ 1,946,913	$ 2,014,834	$ 2,008,665	$ 1,819,163
2.00%	3.22%	3.87%	5.60%	5.80%	6.44%	7.16%

Changes in Assumptions – OPERS

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

Key Methods and Assumptions Used in Valution of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Combined Pension Plan
Valuation Date	December 31, 2016	December 31, 2016
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Indiviual entry age	Indiviual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 8.25% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3/00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3/00% Simple through 2018, then 2.80% Simple

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

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

BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass-Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Ohio Department of Aging:				
Seniors Farmers Market Nutrition Program	10.576	2017	$0	$65,229
		2018	0	7,833
Total			0	73,062
Total U.S. Department of Agriculture			0	73,062
U. S. DEPARTMENT OF COMMERCE				
Direct from Economic Development Administration:				
Economic Development - Support for Planning Organizations	11.302	N/A	0	53,883
Economic Adjustment Assistance (Revolving Loan Fund)	11.307	N/A	0	74,920
Total U.S. Department of Commerce			0	128,803
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through the Ohio Department of Transportation:				
Highway Planning and Construction	20.205	PID 104876	0	128,197
Total U.S. Department of Transportation			0	128,197
APPALACHIAN REGIONAL COUNCIL				
Direct from Appalachian Regional Commission:				
Appalachian Area Development (Revolving Loan Fund)	23.002	N/A	47,869	237,526
Appalachian Local Development District Assistance	23.009	N/A	0	213,719
Total Appalachian Regional Council			47,869	451,245
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Ohio Department of Aging:				
Aging Cluster:				
Special Programs for the Aging-Title III, Part B-Grants	93.044	2017	165,804	183,560
for Supportive Services and Senior Centers		2018	138,384	152,669
Total			304,188	336,229
Special Programs for the Aging-Title III, Part C-	93.045	2017	235,888	322,872
Nutrition Services		2018	239,588	347,726
Total			475,476	670,598
Nutrition Services Incentive Program	93.053	2017	17,756	18,756
		2018	49,054	49,054
Total			66,810	67,810
Total Aging Cluster			846,474	1,074,637

BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018
(Continued)

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass-Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed through the Ohio Department of Aging (Continued):				
Special Programs for the Aging_Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2017	$0	$3,857
Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	2017	0	1,718
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	2017	2,445	23,869
		2018	8,908	15,076
Total			11,353	38,945
National Family Caregiver Support, Title III, Part E	93.052	2017	19,526	63,839
		2018	21,292	56,152
Total			40,818	119,991
Low-Income Home Energy Assistance	93.568	2017	0	912
		2018	0	11,986
Total			0	12,898
Medicare Enrollment Assistance Program	93.071	2015	0	4,003
		2018	0	16,239
Total			0	20,242
Medical Assistance Program	93.778	2018	0	10,069,364
Total U.S. Department of Health and Human Services			898,645	11,341,652
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$946,514**	**$12,122,959**

The accompanying notes are an integral part of this Schedule.

BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Buckeye Hills Regional Council (the Council) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The Council passes certain federal awards received from the Appalachian Regional Council and U.S. Department of Health and Human Services to other governments or not-for-profit agencies subrecipients). As Note B describes, the Council reports expenditures of Federal awards to subrecipients on an accrual basis.

As a subrecipient, the Council has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – REVOLVING LOAN FUNDS

The Council has established a revolving loan program to provide low-interest loans to businesses to create jobs in the region. The Appalachian Regional Commission (ARC) and Economic Development Administration (EDA) have granted money for these loans to the Council. The initial loan of this money is recorded as a disbursement on the accompanying schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by the grantors. Such loans are included as expenditures on the schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Collateral for these loans is determined on a case-by-case basis, but includes mortgages on real estate and liens on business equipment and inventory.

Activity in EDA and ARC revolving loan funds during 2018 is as follows:

	EDA	ARC
Loan Outstanding	$8,408	$165,890
Cash Balance	66,512	68,068
Capital Base	74,920	233,958
Allowable Administration:		
Expense	0	3,568
Unpaid Balance Written-Off	0	0
Total Program	$74,920	$237,526

NOTE F - MATCHING REQUIREMENTS

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

Buckeye Hills Regional Council
Details of Statement of Financial Position - Modified Accrual
Program Year Ending June 30, 2018

Assets	Home Energy Assistance Program	PASSPORT/ Assisted Living	MIPPA	Person Centered Staff Engagement	Alzheimer's Respite Site	Alzheimer's Respite Core	National Senior Service Corps	Ombudsman Support	Total 2018
Current Assets									
Cash and Cash Equivalents	$ -	$ (34,301)	$ (457)	$ -	$ (24,322)	$ (23,788)	$ (11,686)	$ -	$ (94,554)
Account/grants Receivable	-	858,525	-	-	5,082	4,971	7,349	-	875,927
Total Current Assets	-	824,224	(457)	-	(19,240)	(18,817)	(4,337)	-	781,373
Total Assets	$ -	$ 824,224	$ (457)	$ -	$ (19,240)	$ (18,817)	$ (4,337)	$ -	$ 781,373
Liabilities and Net Assets									
Current Liabilities									
Accounts/grants payable	$ 57	$ 1,294,550	$ 400	$ -	$ 4,832	$ 4,725	$ 2,684	$ -	$ 1,307,248
Contractual Advances	-	242,663	4,596	-	-	-	-	-	247,259
Accrued expenses	-	93,265	-	-	147	144	-	-	93,556
Total Current Liabilities	57	1,630,478	4,996	-	4,979	4,869	2,684	-	1,648,063
Net Assets									
Unrestricted	(57)	(806,254)	(5,453)	-	(24,219)	(23,686)	(7,021)	-	(866,690)
Total Liabilities and Net Assets	$ -	$ 824,224	$ (457)	$ -	$ (19,240)	$ (18,817)	$ (4,337)	$ -	$ 781,373

Buckeye Hills Regional Council
Details of Statement of Financial Position - Modified Accrual
Program Year Ending December 31, 2017

Assets	**Title III-A**	**Title III-B**	**Title III-C1**	**Title III-C2**	**Title III-D**	**Title III-E - Caregiver Services**	**Title III-E - Caregiver Administration**
Current Assets							
Cash and Cash Equivalents	$ 69,681	$ 19,550	$ 20,221	$ 23,252	$ (1,368)	$ 9,297	$ 3,777
Account/grants Receivable	462	689	-	-	1,922	11,098	552
Prepaid expenses	423	220	-	-	-	-	-
Total Current Assets	70,566	20,459	20,221	23,252	554	20,395	4,329
Liabilities and Net Assets							
Current Liabilities							
Accounts/grants payable	$ 4,800	$ 16,082	$ 2,456	$ 22,898	$ 1,078	$ 4,619	$ -
Accrued expenses	61,507	7,677	-	-	4,537	15,748	4,329
Total Current Liabilities	66,307	23,759	2,456	22,898	5,615	20,367	4,329
Net Assets							
Unrestricted	4,259	(3,300)	17,765	354	(5,061)	28	-
Total Liabilities and Net Assets	$ 70,566	$ 20,459	$ 20,221	$ 23,252	$ 554	$ 20,395	$ 4,329

Title VII - Elder Abuse Prevention	Title VII - Ombudsman	Nutrition Services Incentive Program	Senior Farmer's Market Nutrition Program	Senior Community Service - Social Services	Senior Community Service - Administration	State Long Term Ombudsman	Bed Fee	Total 2017
$ 693	$ 695	$ 5,204	$ -	$ 15,114	$ 17,524	$ 4,087	$ 3,634	$ 191,361
-	-	-	-	-	-	-	-	14,723
-	-	-	-	-	-	-	-	643
693	695	5,204	-	15,114	17,524	4,087	3,634	206,727
$ -	$ -	$ -	$ -	$ 1,925	$ -	$ -	$ -	$ 53,858
693	695	-	-	11,723	17,524	4,182	3,634	132,249
693	695	-	-	13,648	17,524	4,182	3,634	186,107
-	-	5,204	-	1,466	-	(95)	-	20,620
$ 693	$ 695	$ 5,204	$ -	$ 15,114	$ 17,524	$ 4,087	$ 3,634	$ 206,727

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Buckeye Hills Regional Council
Details of Statements of Activities by Program - Modified Accrual
Program Year Ending June 30, 2018

Revenue	Home Energy Assistance Program	PASSPORT/ Assisted Living	MIPPA	Person Centered Staff Engagement	Alzheimer's Respite Site	Alzheimer's Respite Core	National Senior Service Corps	Ombudsman Support	Total 2018
Federal	$ 12,898	$ 10,062,543	$ 20,241	$ 7,913	$ -	$ -	$ -	$ 1,718	$ 10,105,313
State	-	6,830,364	-	35,922	29,265	28,622	29,396	-	6,953,569
	12,898	16,892,907	20,241	43,835	29,265	28,622	29,396	1,718	17,058,882
Client co-pays	-	158,381	-	-	-	-	-	-	158,381
Interest	-	468	-	-	-	-	-	-	468
Total Revenue	12,898	17,051,756	20,241	43,835	29,265	28,622	29,396	1,718	17,217,731
Expenses									
Salaries	7,567	1,616,194	7,512	27,164	745	716	-	980	1,660,878
Benefits	2,857	667,581	2,804	6,727	285	274	-	238	680,766
Equipment/supplies	-	55,068	1,000	-	-	-	-	-	56,068
Travel and training	441	100,948	1,069	(101)	16	15	-	156	102,544
Other	2,089	14,611,965	7,856	10,045	28,219	27,617	29,396	344	14,717,531
Total Expenses	12,954	17,051,756	20,241	43,835	29,265	28,622	29,396	1,718	17,217,787
Increase (Decrease) in fund balance	$ (56)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (56)

Buckeye Hills Regional Council
Details of Statements of Activities by Program - Modified Accrual
Program Year Ending December 31, 2017

Revenue	Title III-A	Title III-B	Title III-C1	Title III-C2	Title III-D	Title III-E - Caregiver Services	Title III-E - Caregiver Administration
Federal	$ 90,575	$ 180,261	$ 71,758	$ 182,250	$ 19,601	$ 8,413	$ 55,141
State	-	-	-	-	-	-	-
	90,575	180,261	71,758	182,250	19,601	8,413	55,141
Miscellaneous grants & revenue	-	-	-	-	-	284	150
Total Revenue	90,575	180,261	71,758	182,250	19,601	8,697	55,291
Expenses							
Salaries	29,736	8,344	-	-	8,724	2,816	15,614
Benefits	14,107	2,089	-	-	3,687	1,907	5,734
Professional services	108	-	-	-	-	-	-
Equipment/supplies	3,796	120	-	-	736	-	610
Travel and training	499	145	-	-	722	2,215	1,081
Other	38,070	172,862	53,993	181,896	10,794	1,759	32,224
Total Expenses	86,316	183,560	53,993	181,896	24,663	8,697	55,263
Increase (Decrease) in fund balance	$ 4,259	$ (3,299)	$ 17,765	$ 354	$ (5,062)	$ -	$ 28

Title VII - Elder Abuse Prevention	Title VII - Ombudsman	Nutrition Services Incentive Program	Senior Farmer's Market Nutrition Program	Senior Community Service - Social Services	Senior Community Service - Administration	State Long Term Ombudsman	Bed Fee	Total 2017
$ 3,857	$ 1,718	$ 22,960	$ 65,229	$ -	$ -	$ -	$ -	$ 701,763
-	-	-	-	39,436	36,127	6,814	6,412	88,789
3,857	1,718	22,960	65,229	39,436	36,127	6,814	6,412	790,552
-	-	-	-	-	-	-	-	434
3,857	1,718	22,960	65,229	39,436	36,127	6,814	6,412	790,986
2,365	979	-	522	4,324	16,625	2,711	3,975	96,735
568	238	-	196	2,141	6,998	1,410	960	40,035
-	-	-	-	-	-	-	-	108
-	-	-	247	-	-	-	-	5,509
106	156	-	104	(867)	1,984	1,817	85	8,047
818	345	17,756	64,160	32,372	10,520	971	1,392	619,932
3,857	1,718	17,756	65,229	37,970	36,127	6,909	6,412	770,366
$ -	$ -	$ 5,204	$ -	$ 1,466	$ -	$ (95)	$ -	$ 20,620

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Buckeye Hills Regional Council
Schedule of the Ohio Department of Aging Funded Awards
Summary of Unearned Cash and Undrawn Cash Balance
For the Program Periods Indicated Below

A	B	C	D	E	F	G	H	I	J	K	L
Grant/Program	**CFDA #**	**Program Period**	**Beginning Carryover**	**New Grant Awarded**	**Grant Expenses**	**Undrawn Grant Balance**	**Unearned Cash Balance**	**Approved Waiver Amount**	**Total Carryover**	**FFY 17 Carryover Limit**	**Cash to be Returned to ODA After Audit**
Alzheimers' Respite	N/A	7/1/17-6/30/18	$ -	$ 57,887	$ 57,887	$ -	$ -	$ -	$ -	$ -	$ -
Bed Fee	N/A	1/1/17-12/31/17	-	15,913	15,913	-	-	-	-	-	-
HEAP-Home Energy Assistance Program	93.568	9/1/17-8/31/18	-	20,929	12,043	8,886	-	-	-	-	-
MIPPA-Medicare Improvements for Patients and Providers Act for Beneficialry Outreach and Assistance Program	93.071	9/30/17-9/29/18	-	20,835	16,239	-	4,596	-	-	-	-
National Senior Service Corp (Senior Volunteers)	N/A	7/1/17-6/30/18	-	29,396	29,396	-	-	-	-	-	-
NSIP-Nutrition Services Incentive Program	93.053	10/1/17-9/30/18	4,204	93,950	49,330	48,824		-	-	7,120	-
Ombudsman Support	N/A	10/1/17-9/30/18	-	59,584	59,584	-	-	-	-	-	-
SFMNP-Senior Farmers' Market Nutrition Program	10.576	3/1/17-11/30/17	-	71,360	71,360	-		-	-	-	-
Long-term Care Ombudsman	N/A	1/1/17-12/31/17	-	29,175	29,175	-	-	-	-	-	-
Senior Community Services Administration	N/A	1/1/17-12/31/17	-	66,247	66,247	-	-	-	-	-	-
Senior Community Services	N/A	1/1/17-12/31/17	-	230,424	230,424	-	-	-	-	-	-
Title III A - Administration	93.045	1/1/17-12/31/17	1,743	208,731	201,437	448	8,589	-	9,037	21,941	-
Title III B - Supportive Services	93.045	1/1/17-12/31/17	21,929	413,185	409,734	-	25,380	-	25,380	43,584	-
Title III C-1 - Congregate Meals	93.045	1/1/17-12/31/17	41,718	177,110	181,964	19,099	17,765	12,182	36,864	24,682	-
Title III C-2 - Home Delivered	93.045	1/1/17-12/31/17	13,878	315,063	313,458	15,128	355	-	15,483	31,880	-
Title III D - Preventive Health	93.043	1/1/17-12/31/17	2,850	28,243	29,106	1,987	-	-	1,987	2,824	-
Title III E - Administration	93.052	1/1/17-12/31/17	284	12,178	12,366	-	95	-	95	1,233	-
Title III E - Service	93.052	1/1/17-12/31/17	1,084	109,598	110,654	-	28	-	28	11,095	-
Title VII Elder Abuse	93.041	1/1/17-12/31/17	-	5,450	5,450	-	-	-	-	545	-
Title VII Ombudsman	93.042	1/1/17-12/31/17	-	3,148	3,148	-	-	-	-	315	-
Column Totals			$ 87,690	$ 1,968,406	$ 1,904,915	$ 94,372	$ 56,808	$ 12,182	$ 88,874	$ 145,219	$ -

Column Descriptions and Requirements:
Column A: All ODA funded programs are to be listed, including any program not listed.
Column B: CFDA numbers associated with Federal awards are to be listed.
Column C: Program period reflects the grant awards which ended within the Agency's fiscal year. Example: Agency year end: 12/31/15, Program year end: 6/30/15. The program ending in 6/30/15 should be included in it's entirety as a part of this schedule. Grant awards as shown are for year ending 12/31/15.
Column D: Beginning carryover represents the carryover in it's entirety beginning a program year. Example: Title III 2014 carryover should be reported in this column for the 2015 program year.
Column E: Total grant awarded for programs ending in the Agency's fiscal year. Example: Agency year end: 12/31/15, program year end 6/30/15. Total award for 7/1/14 to 6/30/15 should be reported here.
Column F: Total grant expenditures for programs ending in the Agency's fiscal year. Example: Agency year end: 12/31/15, program year end 6/30/15. Total expenditures for 7/1/14 to 6/30/15 should be reported here.
Column G: Undrawn grant balance represents the end of the program year grant dollars which have not been requested from ODA.
Column H: Unearned cash balance represents the end of the program year grant dollars requested by the Agency but not yet expended for the program.
Column I: Any approved waiver amounts related to programs ending in the Agency's fiscal year.
Column J: Total Carryover is usually related to the Title III and Title VII awards, in which the Agency is permitted a 10% "carryover" of funding to spent in the next program year. These funds are dollars not yet expended as undrawn grant balance or unearned cash that can be spent in the next program year.
Column K: Carryover is usually related to the Title III and Title VII awards, and a cap to the amount of funds that can be spent in the following program year is established by ODA at the beginning of the award period.
Column L: Cash to be returned to ODA at the end of the audit represents dollars in program which were not expended during the program year, and are in possession of the Agency, and are expired due to the end of the award period, and are to be returned to ODA.

A	B	C	D	E	F	G	H	I	J
				Revenue			**Expenses**		**Ending**
Grant/Program	**CFDA #**	**Program Period**	**Ending Receivable**	**ODA Funds**	**Client Liability**	**Interest**	**Services**	**Administration**	**Cash Balance**
ODA Administered Waiver Programs	93.778	7/1/17 - 6/30/18	$ 30,558	$ 17,103,312	$ 159,774	$ 468	$ 13,452,196	$ 3,599,380	$ 211,978

Column Descriptions and Requirements:
Column A: All ODA funded programs relating to Medicaid awards.
Column B: CFDA numbers associated with Federal Awards are to be listed.
Column C: Program period reflects the grant awards which ended within the Agency's fiscal year.
Column D: Client liability receivable due at end of the program period.
Columns E-G: Revenues received during the program period, by category, as listed above.
Columns H-I: Expenses made during the program period, by category, as listed above.
Column J: Ending cash balance at program period end.

Buckeye Hills Regional Council
Allocation of Interest Earned
For Fiscal Year Ending June 30, 2018

Program Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Total
Federally Funded Programs					
ODA Administered Waiver Programs	$ 157.28	$ 86.12	$ 74.21	$ 150.81	$ 468.42
Home Energy Assistance Program (HEAP)	-	-	-	-	-
Nutrition Services Incentive Program (NSIP)	1.20	0.02	-	-	1.22
ODSMP-Ohio Diabetes Self-Management Project	-	-	-	-	-
Ohio Health Transformation-Ombudsman Veterans Initiative	-	-	-	-	-
Senior Farmers' Market Nutrition Program (SFMNP)	2.97	0.95	0.69	1.36	5.97
Title III A - Administration	2.34	1.06	0.32	6.17	9.89
Title III B - Supportive Services	12.75	4.74	5.36	11.20	34.05
Title III C-1 - Congregate Meals	3.54	5.34	7.50	3.70	20.08
Title III C-2 - Home Delivered	7.27	6.15	4.70	6.05	24.17
Title III D - Preventive Health	1.24	-	0.76	0.61	2.61
Title III E - Administration	0.74	0.42	0.34	0.15	1.65
Title III E - Service	2.35	1.38	1.54	1.62	6.89
Title VII Elder Abuse	0.12	-	-	-	0.12
Title VII Ombudsman	0.16	0.04	-	-	0.20
MIPPA	-	0.40	0.29	1.07	1.76
OBLTSS	0.36	-	-	0.63	0.99
State Funded Programs					
Alzheimers' Respite	1.30	0.67	0.54	0.21	2.72
Bed Fee	0.76	0.06	-	-	0.82
Long-term Care Ombudsman	0.31	0.30	0.31	-	0.92
National Senior Service Corp	2.68	1.71	1.36	-	5.75
Ombudsman Support	1.21	-	-	-	1.21
Resident Services Coordinator Program	-	-	-	-	-
Senior Community Services	4.60	4.02	5.21	5.08	18.91
Senior Community Services Administration	4.37	2.37	2.16	1.23	10.13
Other	56.52	96.50	72.65	53.83	279.50
Total Interest Earned	$ 264.07	$ 212.25	$ 177.94	$ 243.72	$ 897.98

OHIO AUDITOR OF STATE
KEITH FABER

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

Buckeye Hills Regional Council
Washington County
1400 Pike Street
Marietta, Ohio 45750

To the Council:

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 governmental activities, each major fund, and the remaining fund information of the Buckeye Hills Regional Council, Washington County, Ohio (the Council), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated March 26, 2019, wherein we noted the Council adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council'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 Council'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 Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Council'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*.

Council's Response to Finding

The Council's response to the Finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the Council's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2019

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

Buckeye Hills Regional Council
Washington County
1400 Pike Street
Marietta, Ohio 45750

To the Council:

Report on Compliance for the Major Federal Program

We have audited the Buckeye Hills Regional Council's, Washington County, Ohio (the Council), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Council's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Council's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

In our opinion, the Buckeye Hills Regional Council complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2019

BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Program (list):** • Medical Assistance Program - CFDA # 93.778	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

FINDING 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C § 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C § 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

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

FINDING 2018-001 (Continued)

Material Weakness – Financial Reporting (Continued)

For the fiscal year ended June 30, 2018:

- The portion of the General Fund balance relating to prepaid assets and loans receivable was incorrectly classified as Unassigned, rather than Nonspendable.
- Intergovernmental Receivable in the General Fund was overstated $22,000.
- Accrued Wages was overstated in the General Fund by $23,887.
- Accounts Payable was overstated by $153,086 in the General Fund.

Several material corrections to the Notes to the Financial Statements were also required. Further, accounting system errors were identified from prior years resulted in restatement of the General Fund beginning balance by $257,305.

These misstatements were caused by confusion over proper recording and a deficient accounting system. The misstatements went undetected due to a lack of adequate monitoring. As a result, significant adjustments with which the Council's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

To ensure the Council's financial statements and notes to the financial statements are complete and accurate, the Fiscal Director should review annual financial report compilation files.

Officials' Response: See Corrective Action Plan on page 73.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	A significant deficiency was issued for ineffective controls relating to financial reporting.	Not Corrected.	The Council and management have been working with Perry and Associates to review processes and help ensure only correct amounts are included in the filed annual reports. While we have made great strides in this process, there were still some mispostings which have been included in Finding 2018-001. The Council will work with the accounting software manufacturer to resolve the issues.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The District has discussed this finding with its GAAP compiler, Perry and Associates. The adjustments have been reflected in the current financial statements and both the Council and auditing firm have arranged for additional resources for the upcoming audit to prevent this from repeating itself in future audits with a more in-depth review of financial reports.	Immediately	Denise Keyes, Fiscal Director

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OHIO AUDITOR OF STATE
KEITH FABER

BUCKEYE HILLS REGIONAL COUNCIL

WASHINGTON 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
APRIL 11, 2019

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