



Certified Public Accountants, A.C.

BUCKEYE HILLS REGIONAL COUNCIL
Single Audit Report
For the Year Ended June 30, 2019

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Board Members
Buckeye Hills Regional Council
1400 Pike Street
Marietta, Ohio 45750

We have reviewed the *Independent Auditor's Report* of the Buckeye Hills Regional Council, Washington County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Buckeye Hills Regional Council is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 7, 2020

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BUCKEYE HILLS REGIONAL COUNCIL

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INDEPENDENT AUDITOR'S REPORT

December 30, 2019

Buckeye Hills Regional Council
1400 Pike Street
Marietta, Ohio 45750

To Members of the Board:

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, 2019, 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.

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Auditor's Responsibility (Continued)

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 Buckeyes Hills Regional Council, Washington County, Ohio, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, 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 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 December 30, 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.

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

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

**BUCKEYE HILLS REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019. 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 2019 are as follows:

- Net position of governmental activities decreased by \$995,039.
- Intergovernmental revenues in the form of federal and state grant funds for governmental activities accounted for \$19,461,368 in revenue, or 96.9 percent of all governmental revenues. Program specific revenues in the form of charges for services accounted for \$625,497, or 3.1 percent of total revenues of \$20,091,030.
- The Council had \$21,086,069 in expenses related to governmental activities; all except \$999,204 of these expenses were offset by program-specific charges for services, grants, and contributions. General revenues of \$4,165 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 2019?" 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.

**BUCKEYE HILLS REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, Revolving Loan, Appalachian Development Corporation, Buckeye Hills Foundation, and Medicaid funds.

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 15 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, 2019, compared to the year ended June 30, 2018. The Council has only governmental funds.

**BUCKEYE HILLS REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**TABLE 1
NET POSITION**

	<u>2019</u>	<u>2018</u>
Assets		
Current and Other Assets	\$ 3,505,048	\$ 3,875,434
Capital Assets, Net	1,674,186	1,736,705
Net Pension Asset	15,383	28,171
Loans Receivable, Net	175,322	186,776
Total Assets	<u>5,369,939</u>	<u>5,827,086</u>
Total Deferred Outflows of Resources	<u>1,790,237</u>	<u>831,402</u>
Liabilities		
Current and Other Liabilities	1,894,596	2,305,088
Net Pension Liability	5,719,980	3,166,478
Net OPEB Liability	2,592,666	2,134,931
Other Long-Term Liabilities	1,565,971	1,641,903
Total Liabilities	<u>11,773,213</u>	<u>9,248,400</u>
Total Deferred Inflows of Resources	<u>273,642</u>	<u>1,301,728</u>
Net Position		
Net Investment in Capital Assets	218,189	248,821
Restricted	616,412	619,826
Unrestricted (Deficit)	(5,721,280)	(4,760,287)
Total Net Position	<u>\$ (4,886,679)</u>	<u>\$ (3,891,640)</u>

Please see Notes 3 and 4 of the financial statements for a more complete discussion of the net pension asset, net pension and OPEB liabilities, deferred outflows and deferred inflows related to pensions and OPEB.

Total assets decreased \$457,147. Loans receivable decreased by \$11,454 representing principal repayments on loans and the charge-off of uncollectible loan principal. Cash and cash equivalents increased by \$177,934. Cash in the revolving loan fund increased due to funds received from the granting agencies and cash in other funds increased due to more advance funding of grants. Grants receivable decreased by \$514,799. Total liabilities increased by \$2,524,813, primarily the result of an increase in Net Pension Liability.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2019, compared to the fiscal year ended June 30, 2018.

**BUCKEYE HILLS REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**TABLE 2
CHANGE IN NET POSITION**

	<u>2019</u>	<u>2018</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 625,497	\$ 681,039
Operating Grants and Contributions	19,461,368	19,719,396
Total Program Revenues	<u>20,086,865</u>	<u>20,400,435</u>
General Revenues:		
Interest Income	3,107	20,183
Miscellaneous	1,058	6,467
Total General Revenues	<u>4,165</u>	<u>26,650</u>
Total Revenues	<u>20,091,030</u>	<u>20,427,085</u>
Expenses		
General Government	20,971,803	21,512,711
Interest	114,266	116,379
Total Expenses	<u>21,086,069</u>	<u>21,629,090</u>
Change in Net Position	(995,039)	(1,202,005)
Net Position, Beginning of Year (Restated 2018)	<u>(3,891,640)</u>	<u>(2,689,635)</u>
Net Position, End of Year	<u>\$ (4,886,679)</u>	<u>\$ (3,891,640)</u>

In fiscal years 2019 and 2018, 96.9% and 96.7% percent of the Council's revenues were from operating grants and contributions.

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 2019 primarily because a decrease in program and general revenues, along with an increase in net pension and net OPEB liabilities.

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 \$20,093,004 and expenditures of \$20,060,995, resulting in an increase in total fund balances of \$32,009. The Council's major funds consist of the General, Revolving Loan, Medicaid, and Appalachian Development Corporation funds.

The General Fund's expenditures exceeded revenues by \$8,032 in 2019, compared to the expenditures exceeding revenues by \$63,144 in fiscal year 2018.

The Revolving Loan Fund's expenditures exceeded its revenues by \$3,414 for 2019.

**BUCKEYE HILLS REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 contingent upon the business economy in the eight-county area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the Council had \$1,674,186 invested in land, building, office equipment, land improvements, and computer equipment. Table 3 shows the fiscal year 2019 balances as compared to 2018.

**TABLE 3
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)**

	Governmental Activities	
	2019	2018
Land	\$ 369,100	\$ 369,100
Building	1,249,259	1,286,889
Land Improvements	43,000	55,900
Office Equipment	4,660	9,960
Computer Equipment	8,167	14,856
Total	\$ 1,674,186	\$ 1,736,705

Changes in capital assets from the prior year resulted from additions, deletions, and depreciation expense. See Note 5 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.

Debt

The Appalachian Development Corporation, Inc., a component unit of the Council, had an outstanding loan from the U.S. Department of Agriculture with a balance of \$1,455,997 as of June 30, 2019. See Note 7 to the basic financial statements for more detailed information on the Council's debt.

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.

BUCKEYE HILLS REGIONAL COUNCIL
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents - Council	\$ 2,443,464
Equity in Pooled Cash and Cash Equivalents - ADC	113,437
Equity in Pooled Cash and Cash Equivalents - BHF	8,113
Deposits in Loan Escrow Account - ADC	97,725
Prepaid Items	59,613
Loans Receivable, Net - Council	152,322
Loans Receivable, Net - ADC	23,000
Accrued Interest Receivable	1,506
Grants Receivable	779,020
Other Receivable - BHF	2,170
Noncurrent Assets	
Net Pension Asset	15,383
Nondepreciable Capital Assets - Council	8,000
Nondepreciable Capital Assets - ADC	361,100
Depreciable Capital Assets, Net - Council	12,827
Depreciable Capital Assets, Net - ADC	1,292,259
<i>Total Assets</i>	5,369,939
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,570,451
OPEB	219,786
<i>Total Deferred Outflows of Resources</i>	1,790,237
LIABILITIES	
Current Liabilities	
Accounts Payable	1,197,991
Accrued Wages and Benefits	145,124
Contractual Advances	518,171
Long-Term Liabilities	
Due within One Year	33,310
Due in More than One Year	
Pension	5,719,980
OPEB	2,592,666
Mortgage Payable - ADC	1,422,687
Other Amounts Due in More than One Year	143,284
<i>Total Liabilities</i>	11,773,213
DEFERRED INFLOWS OF RESOURCES	
Pension	266,607
OPEB	7,035
<i>Total Deferred Inflows of Resources</i>	273,642
NET POSITION	
Net Investment in Capital Assets	218,189
Restricted for:	
Loans	616,412
Unrestricted (Deficit)	(5,721,280)
<i>Total Net Position</i>	\$ (4,886,679)

See accompanying notes.

BUCKEYE HILLS REGIONAL COUNCIL
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Program Revenues			Net Expense and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government - Council	20,801,002	\$ 360,834	\$ 19,459,618	\$ (980,550)
General Government - ADC	169,516	254,945	-	85,429
General Government - BHF	1,285	9,718	1,750	10,183
Interest - Council	49,817	-	-	(49,817)
Interest - ADC	64,449	-	-	(64,449)
Total Governmental Activities	\$ 21,086,069	\$ 625,497	\$ 19,461,368	(999,204)
		General Revenues		
				2,821
				286
				958
				100
			<i>Total General Revenues</i>	<u>4,165</u>
			Change in Net Position	(995,039)
			<i>Net Position, Beginning of Year</i>	<u>(3,891,640)</u>
			<i>Net Position, End of Year</i>	<u>\$ (4,886,679)</u>

See accompanying notes.

BUCKEYE HILLS REGIONAL COUNCIL
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Revolving Loan Fund	Medicaid Fund	Appalachian Development Corporation	Buckeye Hills Foundation	Other Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and							
Cash Equivalents	\$ 917,470	\$ 463,029	\$ 714,300	\$ 113,437	\$ 8,113	\$ 348,665	\$ 2,565,014
Deposits in Loan Escrow Account	-	-	-	97,725	-	-	97,725
Grants Receivable	93,351	-	451,418	-	-	234,251	779,020
Rent Receivable	-	-	-	21,278	-	-	21,278
Other Receivable	-	-	-	-	2,170	-	2,170
Due from Other Funds	177,159	-	-	-	-	-	177,159
Prepays	46,989	-	8,166	-	-	4,458	59,613
Accrued Interest Receivable	-	1,506	-	-	-	-	1,506
Loans Receivable, Net	-	152,322	-	23,000	-	-	175,322
Total Assets	\$ 1,234,969	\$ 616,857	\$ 1,173,884	\$ 255,440	\$ 10,283	\$ 587,374	\$ 3,878,807
LIABILITIES							
Accounts Payable	\$ 19,902	\$ 445	\$ 1,077,491	\$ -	\$ -	\$ 100,153	\$ 1,197,991
Due to Other Funds	-	-	-	-	-	177,159	177,159
Accrued Wages and Benefits	17,417	-	96,393	-	-	31,314	145,124
Contractual Advances	240,288	-	-	-	-	277,883	518,171
Total Liabilities	277,607	445	1,173,884	-	-	586,509	2,038,445
FUND BALANCES							
Nonspendable	46,989	152,322	-	-	-	-	199,311
Restricted	-	464,090	-	255,440	10,283	865	730,678
Unassigned	910,373	-	-	-	-	-	910,373
Total Fund Balances	957,362	616,412	-	255,440	10,283	865	1,840,362
Total Liabilities and Fund Balances	\$ 1,234,969	\$ 616,857	\$ 1,173,884	\$ 255,440	\$ 10,283	\$ 587,374	\$ 3,878,807

See accompanying notes.

BUCKEYE HILLS REGIONAL COUNCIL
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Fund Balances	\$	1,840,362
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,674,186
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		15,383
Net Pension Liability		(5,719,980)
OPEB Liability		(2,592,666)
Deferred Outflows - Pension		1,570,451
Deferred Outflows - OPEB		219,786
Deferred Inflows - Pension		(266,607)
Deferred Inflows - OPEB		(7,035)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Mortgage Payable		(1,455,997)
Compensated Absences		(143,284)
The rent receivable by the ADC from the Council is eliminated as an interfund balance and, therefore, is not reported in the statement of net position.		
Rent Receivable		<u>(21,278)</u>
Net position of governmental activities	\$	<u>(4,886,679)</u>

See accompanying notes.

BUCKEYE HILLS REGIONAL COUNCIL
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Revolving Loan Fund	Medicaid Fund	Appalachian Development Corporation	Buckeye Hills Foundation	Other Governmental Funds	Total Governmental Funds
Revenues							
Intergovernmental	\$ 63,887	\$ 32,090	\$15,536,254	\$ -	\$ -	\$ 3,435,634	\$19,067,865
Interest	431	2,306	84	286	-	-	3,107
Charges for Services	73,224	798	166,431	256,919	9,718	120,381	627,471
Contributions and Donations	16,922	-	-	-	1,750	374,831	393,503
Other	958	-	-	-	100	-	1,058
<i>Total Revenues</i>	<u>155,422</u>	<u>35,194</u>	<u>15,702,769</u>	<u>257,205</u>	<u>11,568</u>	<u>3,930,846</u>	<u>20,093,004</u>
Expenditures							
Current:							
General Government	144,858	3,103	15,698,795	116,312	1,285	3,889,648	19,854,001
Capital Outlay	-	-	-	6,974	-	-	6,974
Debt Service:							
Principal Retirement	5,008	-	1,070	31,887	-	12,284	50,249
Interest	13,588	-	2,904	64,449	-	33,325	114,266
Other:							
Returned Grant Funds	-	35,505	-	-	-	-	35,505
<i>Total Expenditures</i>	<u>163,454</u>	<u>38,608</u>	<u>15,702,769</u>	<u>219,622</u>	<u>1,285</u>	<u>3,935,257</u>	<u>20,060,995</u>
<i>Net Change in Fund Balances</i>	(8,032)	(3,414)	-	37,583	10,283	(4,411)	32,009
<i>Fund Balances, Beginning of Year</i>	<u>965,394</u>	<u>619,826</u>	<u>-</u>	<u>217,857</u>	<u>-</u>	<u>5,276</u>	<u>1,808,353</u>
<i>Fund Balances, End of Year</i>	<u>\$ 957,362</u>	<u>\$ 616,412</u>	<u>\$ -</u>	<u>\$ 255,440</u>	<u>\$ 10,283</u>	<u>\$ 865</u>	<u>\$ 1,840,362</u>

See accompanying notes.

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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 32,009

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	6,974
Depreciation	(69,493)

Repayment of the mortgage loan is an expenditure in the governmental funds and a reduction of liabilities in the statement of net position.	31,887
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Capital lease payable to the ADC from the Council is an expenditure in the governmental funds, but it is eliminated from the statement of net position as in interfund payable	18,362
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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	(769,749)
OPEB	(243,055)

The rent revenue received by the ADC from the Council is eliminated as an interfund transaction and, therefore, is not reported in the statement of net activities.	(1,974)
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<i>Change in Net Position of Governmental Activities</i>	\$ (995,039)
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**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

Component Unit

The accompanying financial statements present The Appalachian Development Corporation and The Buckeye Hills Foundation, component units of the Council, over which the Council exercises significant control, as a blended entity.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019.

The Buckeye Hills Foundation, Inc. (the Foundation) is a not-for-profit corporation. The Foundation was established to promote community and economic development through research, education, charity, and training conducted in support of the overall mission of Buckeye Hills Regional Council. The Foundation's Board Members are comprised of the three officers of the Council's Board. The component unit balances blended and presented herein are as of the Foundation's fiscal year-end of June 30, 2019.

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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Governmental Funds

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.

Buckeye Hills Foundation – The Buckeye Hills foundation is a blended component unit of the Council. The Foundation financially supports the overall mission of the Council.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, 2019 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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 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 \$616,412 none is restricted by enabling legislation.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The allowance for loan losses in the amount of \$0 at June 30, 2019, 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, no provision is necessary at current year end.

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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

As of June 30, 2019, 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.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Council's deposits may not be returned to it. Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Council.

As of June 30, 2019, the bank balance of the Council's deposits was \$2,749,217. The entire bank balance was either covered by FDIC or collateralized by eligible securities pledged by the financial institution as security for repayment.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

**BUCKEYE HILLS REGIONAL COUNCIL
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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 2019, 2018, and 2017 were \$382,739, 381,997, and 349,221, respectively. 100% has been contributed for 2019 2018 and 2017. Of the amount for 2019, \$0 is reported as intergovernmental payable.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

	Beginning 1/1/2018 State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2018 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	0.0%
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

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, 2018, 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:

	<u>Traditional Pension Plan</u>	<u>Combined Pension Plan</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,719,980	\$ (15,383)	\$ 5,704,597
Proportion of the Net Pension Liability/(Asset)	0.020885%	0.013757%	
Increase/(decrease) in % from prior proportion measured	0.000701%	-0.006937%	
Pension Expense	\$ 987,109	\$ (138)	\$ 986,971

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

At June 30, 2019, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional Pension Plan</u>	<u>Combined Pension Plan</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 776,361	\$ 3,315	\$ 779,676
Changes in assumptions	497,938	3,435	501,373
Differences between expected and actual experience	264	-	264
Changes in proportion and differences government contributions and proportionate share of contributions	85,607	10,605	96,212
Council contributions subsequent to the measurement date	<u>188,945</u>	<u>3,981</u>	<u>192,926</u>
Total Deferred Outflows of Resources	<u>\$ 1,549,115</u>	<u>\$ 21,336</u>	<u>\$ 1,570,451</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 75,109	\$ 6,289	\$ 81,398
Changes in proportion and differences government contributions and proportionate share of contributions	<u>182,220</u>	<u>2,989</u>	<u>185,209</u>
Total Deferred Inflows of Resources	<u>\$ 257,329</u>	<u>\$ 9,278</u>	<u>\$ 266,607</u>

\$192,926 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, 2020. 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:	<u>Traditional Pension Plan</u>	<u>Combined Pension Plan</u>	<u>Total</u>
2020	\$ 381,485	\$ 1,495	\$ 382,980
2021	288,266	835	289,101
2022	72,024	901	72,925
2023	361,066	1,940	363,006
2024	-	575	575
Thereafter	<u>-</u>	<u>2,331</u>	<u>2,331</u>
Total	<u>\$ 1,102,841</u>	<u>\$ 8,077</u>	<u>\$ 1,110,918</u>

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018, are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2018 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 a loss of 2.94% for 2018.

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 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2018	Weighted Average Long-Term Expected Real Rate of Return
		(Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other Investments	18.00%	5.50%
Total	100.00%	5.95%

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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

The following table presents the Council’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

Employer’s Net Pension Liability/(Asset)	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
Traditional Pension Plan	\$ 8,450,071	\$ 5,719,980	\$ 3,451,246
Combined Plan	\$ (5,090)	\$ (15,383)	\$ (22,837)

NOTE 4 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

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

The net OPEB liability represents 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. 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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

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 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans. The Plan is included in the report of OPERS which can be obtained by visiting www.opers.org or by calling (800) 222-7377.

Funding Policy – Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretionary authority over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2018, OPERS allocated 0.0% of employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability was measured as of December 31, 2018, 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:

	<u>OPERS</u>
Proportionate Share of the Net OPEB Liability	\$ 2,592,666
Proportion of the Net OPEB Liability	0.019886%
Increase/(decrease) in % from prior proportion measured	0.000226%
OPEB Expense	\$ 243,054

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Net OPEB Liability (Continued)

At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 118,858
Changes in assumptions	83,592
Differences between expected and actual experience	878
Changes in proportion and differences government contributions and proportionate share of contributions	16,458
Total Deferred Outflows of Resources	\$ 219,786
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 7,035
Total Deferred Inflows of Resources	\$ 7,035

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
2020	\$ 101,033
2021	32,017
2022	19,824
2023	59,877
Total	\$ 212,751

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

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, 2017
Rolled-forward measurement date	December 31, 2018
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions:	
Single Discount Rate	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.0% initial, 3.25% ultimate in 2029

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 3.96% as used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 3.96%, 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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Actuarial Assumptions – OPERS (Continued)

	1% Decrease	Current Discount Rate	1% Increase
	2.96%	3.96%	4.96%
BHRC's proportionate share of the net OPEB liability	\$ 3,316,985	\$ 2,592,666	\$ 2,016,639

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 2019 is 10.0%. 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.

	1% Decrease	Current Health Case Cost Trend Rate Assumption	1% Increase
BHRC's proportionate share of the net OPEB liability	\$ 2,492,114	\$ 2,592,666	\$ 2,708,473

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 2018	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	2.42%
Domestic Equities	21.00%	6.21%
REITs	6.00%	5.98%
International Equities	22.00%	7.83%
Other Investments	17.00%	5.57%
Total	100.00%	5.16%

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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 – DEFINED BENEFIT OPEB PLAN (CONTINUED)

Actuarial Assumptions – OPERS (Continued)

During 2018, 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 a loss of 5.6% for 2018.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the Council for the year ended June 30, 2019, was as follows:

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
Nondepreciable Capital Assets:				
Land	\$ 369,100	\$ -	\$ -	\$ 369,100
Depreciable Capital Assets:				
Building	1,813,234	6,974	-	1,820,208
Land Improvements	172,000	-	-	172,000
Office Equipment	294,922	-	(131,112)	163,810
Computer Equipment	160,702	-	(15,852)	144,850
Total Depreciable Capital Assets	<u>2,440,858</u>	<u>6,974</u>	<u>(146,964)</u>	<u>2,300,868</u>
Accumulated Depreciation:				
Building	(526,345)	(44,604)	-	(570,949)
Land Improvements	(116,100)	(12,900)	-	(129,000)
Office Equipment	(284,962)	(5,300)	131,112	(159,150)
Computer Equipment	(145,846)	(6,689)	15,852	(136,683)
Total Accumulated Depreciation	<u>(1,073,253)</u>	<u>(69,493)</u>	<u>146,964</u>	<u>(995,782)</u>
Total Capital Assets, Net	<u>\$ 1,736,705</u>	<u>\$ (62,519)</u>	<u>\$ -</u>	<u>\$ 1,674,186</u>

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 6 - 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, 2019.

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.

For the year ended June 30, 2019, 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 7 - LONG-TERM OBLIGATIONS

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

	Beginning Balance <u>6/30/2018</u>	Additions	Reductions	Ending Balance <u>6/30/2019</u>	Amounts Due in One Year
Mortgage Payable	\$ 1,487,884	\$ -	\$ 31,887	\$ 1,455,997	\$ 33,310
Compensated Absences	229,687	178,560	264,965	143,282	-
Net Pension Liability	3,166,478	2,553,502	-	5,719,980	-
Net OPEB Liability	<u>2,134,931</u>	<u>457,735</u>	-	<u>2,592,666</u>	-
Total Long-Term Obligations	<u>\$ 7,018,980</u>	<u>\$ 3,189,797</u>	<u>\$ 296,852</u>	<u>\$ 9,911,925</u>	<u>\$ 33,310</u>

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

**BUCKEYE HILLS REGIONAL COUNCIL
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

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:

2020	\$	33,310
2021		34,797
2022		36,350
2023		37,973
2024		39,668
Thereafter		<u>1,273,899</u>
Total	\$	<u><u>1,455,997</u></u>

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, 2019, was \$97,725. 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, 2019.

NOTE 8 – 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 9 – 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 Council.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 10 – GRANTS RECEIVABLE

A summary of grants receivable follows:

<u>Major Funds</u>	
General	\$ 93,351
Medicaid	451,418
<u>NonMajor Funds</u>	
Title IIIA	16,869
Title IIIB	25,943
Title IIIC-1	16,718
Title IIIC-2	25,844
Title IIID	6,475
Title IIIE-Admin.	1,159
Title IIIE-Services	861
Block Grant Admin.	4,933
Block Grant Services	13,816
Housing Grant ODD	4,333
SFMNP	7,500
MIPPA	1,963
RTPO	44,505
Community Development	44,195
Alzheimers Grant	14,229
National Senior Service Corps	4,908
Total NonMajor Funds	<u>234,251</u>
Total All Funds	<u>\$ 779,020</u>

NOTE 11 – 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.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 12 – 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 13 – BUCKEYE HILLS FOUNDATION

The Foundation was established to promote economic and community development through research, education, and training. These activities shall be conducted primarily in support of the Council's mission.

NOTE 14 – 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	Buckeye Hills Foundation	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>							
Prepays	\$ 46,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,989
Loans receivable, net	-	152,322	-	-	-	-	152,322
<i>Total Nonspendable</i>	46,989	152,322	-	-	-	-	199,311
<i>Restricted</i>							
Business Development Loans	-	464,090	-	255,440	10,283	865	730,678
<i>Total Restricted</i>	-	464,090	-	255,440	10,283	865	730,678
<i>Unassigned</i>	910,373	-	-	-	-	-	910,373
<i>Total Fund Balances</i>	\$ 957,362	\$ 616,412	\$ -	\$ 255,440	\$ 10,283	\$ 865	\$ 1,840,362

NOTE 15 – SUBSEQUENT EVENTS

After June 30, 2019, the Council began working with ARC to transfer RLF grant funding to Appalachian Growth Capital and was awarded funding by ODOT for a pilot Mobility Management program. The Council is also in the process of finalizing a grant agreement for a new HRSA grant with Hopewell Health Systems.

BUCKEY HILLS REGIONAL COUNCIL
Schedule of Proportionate Share of Net Pension Liability (Asset)
June 30, 2019

Ohio Public Employees Retirement System
Last 5 Calendar Years*

	2019	2018	2017	2016	2015	2014
Traditional Plan:						
Council's proportion of the net pension liability (asset) (percentage) - Traditional Plan	0.020885%	0.021840%	0.023747%	0.022188%	0.019262%	0.019262%
Council's proportionate share of the net pension liability (asset) - Traditional Plan	\$ 5,719,980	\$ 3,166,478	\$ 5,392,540	\$ 3,843,241	\$ 2,323,264	\$ 2,270,789
Council's covered payroll	\$ 2,717,790	\$ 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	210.46%	113.89%	192.73%	135.14%	84.13%	89.38%
Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan)	74.70%	84.66%	77.25%	81.08%	81.08%	86.45%
Combined Plan:						
Council's proportion of the net pension liability (asset) (percentage) - Combined Plan	0.013757%	0.020694%	0.028869%	0.019490%	0.012146%	0.012146%
Council's proportionate share of the net pension liability (asset) - Combined Plan	\$ (15,383)	\$ (28,171)	\$ (16,068)	\$ (9,484)	\$ (4,676)	\$ (1,274)
Council's covered payroll	\$ 56,875	\$ 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	-27.05%	-32.42%	-14.32%	-0.33%	-6.59%	-2.87%
Plan fiduciary net position as a percentage of the total pension liability (Combined Plan)	126.64%	137.28%	116.55%	116.90%	116.90%	114.83%

* Information prior to fiscal year 2014 is not available.

This schedule will be built prospectively.

Information on this schedule is based on OPERS plan year end, which is December 31.

BUCKEYE HILLS REGIONAL COUNCIL
Schedule of Contributions
 June 30, 2019

Ohio Public Employees Retirement System
 Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Traditional Plan:										
Contractually required contribution	\$ 374,776	\$ 372,460	\$ 335,753	\$ 312,072	\$ 336,764	\$ 258,716	\$ 202,196	\$ 172,186	\$ 165,247	\$ 151,840
Contributions in relation to contractually required contribution	<u>(374,776)</u>	<u>(372,460)</u>	<u>(335,753)</u>	<u>(312,072)</u>	<u>(336,764)</u>	<u>(258,716)</u>	<u>(202,196)</u>	<u>(172,186)</u>	<u>(165,247)</u>	<u>(151,840)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 2,676,968	\$ 2,758,118	\$ 2,688,950	\$ 2,600,600	\$ 2,806,367	\$ 2,399,072	\$ 1,995,392	\$ 1,946,913	\$ 2,014,834	\$ 2,008,665
Contributions as a percentage of covered payroll	14.00%	13.50%	12.49%	12.00%	12.00%	10.78%	10.13%	8.84%	8.20%	7.56%
Combined Plan:										
Contractually required contribution	\$ 7,963	\$ 9,537	\$ 13,468	\$ 11,047	\$ 5,232	\$ 258,716	\$ 202,196	\$ 172,186	\$ 165,247	\$ 151,840
Contributions in relation to contractually required contribution	<u>(7,963)</u>	<u>(9,537)</u>	<u>(13,468)</u>	<u>(11,047)</u>	<u>(5,232)</u>	<u>(258,716)</u>	<u>(202,196)</u>	<u>(172,186)</u>	<u>(165,247)</u>	<u>(151,840)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 56,875	\$ 71,178	\$ 108,481	\$ 92,058	\$ 43,600	\$ 2,399,072	\$ 1,995,392	\$ 1,946,913	\$ 2,014,834	\$ 2,008,665
Contributions as a percentage of covered payroll	14.00%	13.40%	12.42%	12.00%	12.00%	10.78%	10.13%	8.84%	8.20%	7.56%

Buckeye Hills Regional Council
Schedule of Proportionate Share of Net OPEB Liability
Ohio Public Employees Retirement System
Last Two Fiscal Years (1)
For the Calendar Year Ended December 31

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Council's Proportion of the Net OPEB Liability	0.019886%	0.019660%	0.019660%
Council's Proportionate Share of the Net OPEB Liability	\$ 2,592,666	\$ 2,134,931	\$ 1,985,727
Council's Covered Payroll	\$ 2,774,665	\$ 2,867,150	\$ 2,910,173
Council's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	93.4%	74.5%	68.2%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	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
Ohio Public Employees Retirement System - OPEB Plan
Last Two Fiscal Years
For the Fiscal Year Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually Required Contribution	\$ -	\$ 14,104	\$ 42,293	\$ 53,853	\$ 56,999	\$ 77,250	\$ 77,222	\$ 109,027	\$ 129,358	\$ 130,252
Contributions in Relation to the Contractually Required Contribution	-	14,104	42,293	53,853	56,999	77,250	77,222	109,027	129,358	130,252
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council Covered Payroll	\$ 2,733,843	\$ 2,829,296	\$ 2,797,431	\$ 2,692,658	\$ 2,849,967	\$ 2,399,072	\$ 1,995,392	\$ 1,946,913	\$ 2,008,665	\$ 1,819,163
Contributions as Percentage of Covered Payroll	0.00%	0.50%	1.51%	2.00%	2.00%	3.22%	3.87%	5.60%	6.44%	7.16%

See Accompanying Notes to the Basic Financial Statements.

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

BUCKEYE HILLS REGIONAL COUNCIL

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Assumptions – OPERS

Amounts reported for fiscal year 2019 (Measurement Period 2018) 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 2018 (Measurement Period 2017) and prior are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	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

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information	Combined Pension Plan	Combined Pension Plan
Valuation Date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	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

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. The significant change was a reduction in the investment rate of return from 7.50% to 7.20%.

**BUCKEYE HILLS REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/PASS THROUGH GRANTOR Program or Cluster Title	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES
DEPARTMENT OF AGRICULTURE				
Passed through the Ohio Department of Aging:				
Seniors Farmers Market Nutrition Program	10.576	2018	\$ -	\$ 65,433
Seniors Farmers Market Nutrition Program	10.576	2019	-	9,382
Total Department of Agriculture			-	74,815
DEPARTMENT OF COMMERCE				
Direct from Economic Development Administration:				
Economic Development - Support for Planning Organizations	11.302	n/a	-	64,876
Total U.S. Department of Commerce			-	64,876
DEPARTMENT OF TRANSPORTATION				
Passed through the Ohio Department of Transportation:				
Highway Planning and Construction	20.205	2019	-	124,753
APPALACHIAN REGIONAL COMMISSION				
Direct from Appalachian Regional Commission:				
Revolving Loan Fund	23.002	n/a	-	238,544
Appalachian Research, Technical Assistance and Demonstration Projects	23.009	n/a	-	196,903
Total Appalachian Regional Commission			-	435,447
HEALTH RESOURCES AND SERVICES ADMINISTRATION				
Direct from Health Resources and Services Administration:				
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	2019	-	4,645
Total Health Resources and Services Administration			-	4,645
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 for Supportive Services and Senior Centers	93.044	2018	225,902	230,655
Special Programs for the Aging - Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2019	212,465	222,745
Total Special Programs for the Aging - Title III, Part B_Grants for Supportive Services and Senior Centers			438,367	453,400
Special Programs for the Aging - Title III, Part C_Nutrition Services	93.045	2018	280,298	370,014
Special Programs for the Aging - Title III, Part C_Nutrition Services	93.045	2019	252,509	328,669
Total Special Programs for the Aging - Title III, Part C_Nutrition Services			532,807	698,683
Nutrition Services Incentive Program	93.053	2018	44,533	44,809
Nutrition Services Incentive Program	93.053	2019	54,947	54,947
Total Nutrition Services Incentive Program			99,480	99,756
Total Aging Cluster			1,070,654	1,251,839
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2018	-	2,938
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2019	-	2,512
Total Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation			-	5,450
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	2018	-	3,160
Total Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals			-	3,160
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2018	8,381	16,660
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2019	8,502	22,121
Total Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services			16,883	38,781
National Family Caregiver Support, Title III, Part E	93.052	2018	20,295	75,552
National Family Caregiver Support, Title III, Part E	93.052	2019	17,755	57,230
Total National Family Caregiver Support, Title III, Part E			38,050	132,782
Low-Income Home Energy Assistance	93.568	2018	-	8,039
Low-Income Home Energy Assistance	93.568	2019	-	6,994
Total Low-Income Home Energy Assistance			-	15,033
Medicare Enrollment Assistance	93.071	2018	-	4,596
Medicare Enrollment Assistance	93.071	2019	-	4,564
Total Medicare Enrollment Assistance			-	9,160
Medical Assistance Program	93.778	2019	-	10,027,900
Total Medical Assistance Program			-	10,027,900
Total Department of Health and Human Services			1,125,587	11,484,105
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,125,587	\$ 12,188,641

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**BUCKEYE HILLS REGIONAL COUNCIL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019. 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 or changes in net position 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – 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) has 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.

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 ARC revolving loan funds during 2019 is as follows:

	<u>ARC</u>
Loans Outstanding	\$144,201
Cash Balance	81,545
Capital Base	<u>225,746</u>
Allowable Administration:	
Expense	2,941
Unpaid Balances Written-off	<u>-</u>
Total Program	<u><u>\$228,687</u></u>

NOTE D – 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
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE E – SUBRECIPIENTS

The Council passes certain federal awards received from the U.S. Department of Health and Human Services to other approved 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 sub-awards as authorized by laws, regulations, and the provisions of contract or grant agreements, and that subrecipients achieve the award's performance goals.

Buckeye Hills Regional Council
Details of Statement of Financial Position - Modified Accrual
Program Year Ending June 30, 2019

Assets	Home Energy Assistance Program	PASSPORT/ Assisted Living	MIPPA	A RAPID Response for Southeast Ohio	Alzheimer's Respite Site	Alzheimer's Respite Core	National Senior Service Corps	Ombudsman Support	Total 2019
Current Assets									
Cash and Cash Equivalents	\$ (2,333)	\$ 28,977	\$ 6,120	\$ 2,288	\$ (30,774)	\$ (30,044)	\$ (3,636)	\$ -	\$ (29,402)
Account/grants Receivable	-	451,418	1,963	(2,188)	9,683	9,454	4,908	-	475,238
Prepaid expenses	-	1,500	-	-	-	-	-	-	1,500
Total Current Assets	(2,333)	481,895	8,083	100	(21,091)	(20,590)	1,272	-	447,336
Total Assets	\$ (2,333)	\$ 481,895	\$ 8,083	\$ 100	\$ (21,091)	\$ (20,590)	\$ 1,272	\$ -	\$ 447,336
Liabilities and Net Assets									
Current Liabilities									
Accounts/grants payable	\$ -	\$ 1,165,131	\$ -	\$ -	\$ 6,629	\$ 6,471	\$ 8,292	\$ -	\$ 1,186,523
Contractual Advances	324	-	-	-	-	-	-	-	324
Accrued expenses	-	96,393	8,620	100	73	72	-	-	105,258
Total Current Liabilities	324	1,261,524	8,620	100	6,702	6,543	8,292	-	1,292,105
Net Assets									
Unrestricted	(2,657)	(779,629)	(537)	-	(27,793)	(27,133)	(7,020)	-	(844,769)
Total Liabilities and Net Assets	\$ (2,333)	\$ 481,895	\$ 8,083	\$ 100	\$ (21,091)	\$ (20,590)	\$ 1,272	\$ -	\$ 447,336

Buckeye Hills Regional Council
Details of Statement of Financial Position - Modified Accrual
Program Year Ending December 31, 2018

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	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 2018
Current Assets																
Cash and Cash Equivalents	\$ 36,663	\$ 38,053	\$ 33,956	\$ 42,476	\$ 8,191	\$ 27,139	\$ 4,598	\$ 2,512	\$ -	\$ 4,291	\$ -	\$ 30,651	\$ 12,602	\$ -	\$ 3,634	\$ 244,766
Account/grants Receivable	-	-	-	-	-	1	552	-	-	-	-	-	-	-	-	553
Total Current Assets	36,663	38,053	33,956	42,476	8,191	27,140	5,150	2,512	-	4,291	-	30,651	12,602	-	3,634	245,319
Liabilities and Net Assets																
Current Liabilities																
Accounts/grants payable	\$ -	\$ 53,861	\$ 17,273	\$ 54,932	\$ 3,854	\$ 3,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,396	\$ -	\$ -	\$ -	\$ 155,676
Accrued expenses	24,520	1,904	-	-	3,019	12,271	2,831	-	-	-	-	7,275	11,579	-	3,634	67,033
Total Current Liabilities	24,520	55,765	17,273	54,932	6,873	15,631	2,831	-	-	-	-	29,671	11,579	-	3,634	222,709
Net Assets																
Unrestricted	12,143	(17,712)	16,683	(12,456)	1,318	11,509	2,319	2,512	-	4,291	-	980	1,023	-	-	22,610
Total Liabilities and Net Assets	\$ 36,663	\$ 38,053	\$ 33,956	\$ 42,476	\$ 8,191	\$ 27,140	\$ 5,150	\$ 2,512	\$ -	\$ 4,291	\$ -	\$ 30,651	\$ 12,602	\$ -	\$ 3,634	\$ 245,319

Buckeye Hills Regional Council
Details of Statements of Activities by Program - Modified Accrual
 Program Year Ending June 30, 2019

Revenue	Home Energy Assistance Program	PASSPORT/ Assisted Living	MIPPA	A RAPID Response for Southeast Ohio	Alzheimer's Respite Site	Alzheimer's Respite Core	National Senior Service Corps	Ombudsman Support	Total 2019
Federal	\$ 15,033	\$ 10,027,900	\$ 9,159	\$ 4,645	\$ 25,003	\$ 24,410	\$ 29,396	\$ 3,160	\$ 10,138,706
State	-	5,508,354	-	-	-	-	-	-	5,508,354
	15,033	15,536,254	9,159	4,645	25,003	24,410	29,396	3,160	15,647,060
Client co-pays	-	166,431	-	-	-	-	-	-	166,431
Interest	-	84	-	-	-	-	-	-	84
Total Revenue	15,033	15,702,769	9,159	4,645	25,003	24,410	29,396	3,160	15,813,575
Expenses									
Salaries	3,893	1,618,313	1,669	2,661	530	518	-	-	1,627,584
Benefits	1,696	650,565	571	1,093	227	222	-	-	654,374
Professional services	-	705	-	-	-	-	-	-	705
Equipment/supplies	700	111,376	956	-	-	-	-	-	113,032
Travel and training	406	97,621	(483)	112	254	248	-	-	98,158
Other	10,938	13,224,189	6,984	779	23,992	23,422	29,396	3,160	13,322,860
Total Expenses	17,633	15,702,769	9,697	4,645	25,003	24,410	29,396	3,160	15,816,713
Increase (Decrease) in fund balance	\$ (2,600)	\$ -	\$ (538)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,138)

Buckeye Hills Regional Council
Details of Statements of Activities by Program - Modified Accrual
 Program Year Ending December 31, 2018

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	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	Total 2018
Federal	\$ 98,092	\$ 218,279	\$ 120,944	\$ 163,581	\$ 17,979	\$ 76,047	\$ 11,480	\$ 5,450	\$ 3,160	\$ 49,100	\$ 65,433	\$ -	\$ -	\$ 829,545
State	-	-	-	-	-	-	-	-	-	-	-	110,418	47,267	157,685
	98,092	218,279	120,944	163,581	17,979	76,047	11,480	5,450	3,160	49,100	65,433	110,418	47,267	987,230
Miscellaneous grants & revenue	-	-	-	-	-	50	-	-	-	-	-	-	-	50
Total Revenue	98,092	218,279	120,944	163,581	17,979	76,097	11,480	5,450	3,160	49,100	65,433	110,418	47,267	987,280
Expenses														
Salaries	25,032	1,688	-	-	4,209	17,552	5,497	-	-	-	-	5,550	20,825	80,353
Benefits	10,111	805	-	-	1,555	6,866	1,243	-	-	-	-	1,274	10,150	32,004
Equipment/supplies	6,883	235	-	-	(929)	933	-	-	-	-	(5,442)	-	929	2,609
Travel and training	11,068	673	-	-	(383)	1,682	425	-	-	-	-	(2,142)	211	11,534
Other	32,856	232,591	104,261	176,037	12,207	37,554	2,547	2,938	3,160	44,533	70,875	104,756	14,130	838,445
Total Expenses	85,950	235,992	104,261	176,037	16,659	64,587	9,712	2,938	3,160	44,533	65,433	109,438	46,245	964,945
Increase (Decrease) in fund balance	\$ 12,142	\$ (17,713)	\$ 16,683	\$ (12,456)	\$ 1,320	\$ 11,510	\$ 1,768	\$ 2,512	\$ -	\$ 4,567	\$ -	\$ 980	\$ 1,022	\$ 22,335

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 18 Carryover Limit	Cash to be Returned to ODA After Audit
Alzheimers' Respite	N/A	7/1/18-6/30/19	\$ -	\$ 57,887	\$ 57,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bed Fee	N/A	1/1/18-12/31/18	-	-	-	-	-	-	-	-	-
HEAP-Home Energy Assistance Program	93.568	9/1/18-8/31/19	-	20,929	6,994	13,935	-	-	-	-	-
MIPPA-Medicare Improvements for Patients and Providers Act for Beneficiary Outreach and Assistance Program	93.071	9/30/18-9/29/19	-	22,237	4,564	17,673	4,596	-	-	-	-
National Senior Service Corp (Senior Volunteers)	N/A	7/1/18-6/30/19	-	29,396	29,396	-	-	-	-	-	-
NSIP-Nutrition Services Incentive Program	93.053	10/1/18-9/30/19	4,291	71,849	54,947	21,193	-	-	-	9,473	-
Ombudsman Support	N/A	10/1/18-9/30/19	-	-	-	-	-	-	-	-	-
SFMNP-Senior Farmers' Market Nutrition Program	10.576	3/1/18-11/30/18	-	73,266	73,266	-	-	-	-	-	-
Long-term Care Ombudsman	N/A	1/1/18-12/31/18	-	-	-	-	-	-	-	-	-
Senior Community Services Administration	N/A	1/1/18-12/31/18	-	64,233	64,233	-	-	-	-	-	-
Senior Community Services	N/A	1/1/18-12/31/18	-	223,421	223,421	-	-	-	-	-	-
Title III A - Administration	93.045	1/1/18-12/31/18	4,040	214,654	197,856	12,465	8,373	-	20,838	22,414	-
Title III B - Supportive Services	93.045	1/1/18-12/31/18	25,380	438,960	383,323	77,682	3,335	32,859	81,017	81,017	-
Title III C-1 - Congregate Meals	93.045	1/1/18-12/31/18	36,864	187,832	204,376	3,637	16,683	1,537	20,320	20,320	-
Title III C-2 - Home Delivered	93.045	1/1/18-12/31/18	15,483	327,895	315,509	27,869	-	-	27,869	36,104	-
Title III D - Preventive Health	93.043	1/1/18-12/31/18	1,987	34,823	31,736	3,756	1,318	-	5,074	5,074	-
Title III E - Administration	93.052	1/1/18-12/31/18	1	14,735	12,967	-	1,769	-	1,769	1,771	-
Title III E - Service	93.052	1/1/18-12/31/18	-	132,614	118,736	3,671	10,207	-	13,878	15,935	-
Title VII Elder Abuse	93.041	1/1/18-12/31/18	-	5,450	2,938	-	2,512	2,642	2,512	3,187	-
Title VII Ombudsman	93.042	1/1/18-12/31/18	-	3,160	3,160	-	-	-	-	316	-
Column Totals			\$ 88,046	\$ 1,923,341	\$ 1,785,309	\$ 181,881	\$ 48,793	\$ 37,038	\$ 173,277	\$ 195,611	\$ -

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: 12/31/18, Program year end: 6/30/19. The program ending in 6/30/19 should be included in its entirety as a part of this schedule. Grant awards as shown are for year ending 12/31/18.

Column D: Beginning carryover represents the carryover in its entirety beginning a program year. Example: Title III 2018 carryover should be reported in this column for the 2019 program year.

Column E: Total grant awarded for programs ending in the Agency's fiscal year. Example: Agency year end: 12/31/18, program year end 6/30/19. Total award for 7/1/18 to 6/30/19 should be reported here.

Column F: Total grant expenditures for programs ending in the Agency's fiscal year. Example: Agency year end: 12/31/18, program year end 6/30/19. Total expenditures for 7/1/18 to 6/30/19 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
Grant/Program	CFDA #	Program Period	Ending Receivable	Revenue			Expenses		Ending Cash Balance
				ODA Funds	Client Liability	Interest	Services	Administration	
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, 2019					
Program Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Total
<i>Federally Funded Programs</i>					
ODA Administered Waiver Programs	\$ 83.51				\$ 83.51
Home Energy Assistance Program (HEAP)	-				-
Nutrition Services Incentive Program (NSIP)	-				-
ODSMP-Ohio Diabetes Self-Management Project	-				-
Ohio Health Transformation-Ombudsman Veterans Initiative	-				-
Senior Farmers' Market Nutrition Program (SFMNP)	3.85				3.85
Title III A - Administration	8.04				8.04
Title III B - Supportive Services	13.71				13.71
Title III C-1 - Congregate Meals	3.72				3.72
Title III C-2 - Home Delivered	8.36				8.36
Title III D - Preventive Health	0.95				0.95
Title III E - Administration	0.40				0.40
Title III E - Service	4.13				4.13
Title VII Elder Abuse	0.77				0.77
Title VII Ombudsman	0.45				0.45
MIPPA	0.55				0.55
OBLTSS	-				-
<i>State Funded Programs</i>					
Alzheimers' Respite	1.19				1.19
Bed Fee	-				-
Long-term Care Ombudsman	-				-
National Senior Service Corp	3.24				3.24
Ombudsman Support	-				-
Resident Services Coordinator Program	-				-
Senior Community Services	7.25				7.25
Senior Community Services Administration	1.44				1.44
<i>Other</i>	61.87				61.87
Total Interest Earned	\$ 203.43	\$ -	\$ -	\$ -	\$ 203.43

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

December 30, 2019

Buckeye Hills Regional Council
1400 Pike Street
Marietta, Ohio 45750

To the Board Members:

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 aggregate remaining fund information of the **Buckeye Hills Regional Council**, (the Council), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report dated December 30, 2019.

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 opinions 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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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*.

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.



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



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

December 30, 2019

Buckeye Hills Regional Council
1400 Pike Street
Marietta, Ohio 45750

To the Board Members:

Report on Compliance for Each Major Federal Program

We have audited the **Buckeye Hills Regional Council's**, (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 programs for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Council's major federal programs.

Management's Responsibility

The Council's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Council's compliance for each of the Council's major federal programs 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.

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Auditor's Responsibility (Continued)

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

Opinion on the Major Federal Programs

In our opinion, the Council complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2019.

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 programs, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with Uniform Guidance, but not to the extent needed to opine on the effectiveness of 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 compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



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

**BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #93.778 Medical Assistance Program CFDA #93.044, #93.045, #93.053 Aging Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2CFR § 200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**BUCKEYE HILLS REGIONAL COUNCIL
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness – Financial Reporting59	Corrected	

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
FEBRUARY 20, 2020**