



OHIO AUDITOR OF STATE
KEITH FABER



**OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION
PIKE COUNTY
DECEMBER 31, 2021**

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**OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION
PIKE COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ohio Valley Regional Development Commission
Pike County
73 Progress Drive
Waverly, Ohio 45690

To the Executive Committee:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ohio Valley Regional Development Commission, Pike County, Ohio (Commission), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Ohio Valley Regional Development Commission, Pike County, Ohio as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Commission. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Expenditures of Federal Awards 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 is presented for purpose of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2022, on our consideration of the Commission'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's 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 Commission's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
August 22, 2022

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Ohio Valley Regional Development Commission
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

The discussion and analysis of the Ohio Valley Regional Development Commission's (the Commission) financial performance provides an overall review of the Commission's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Commission'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 Commission's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased by \$506,666.
- General revenue accounted for \$127,273 or 6% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$1,920,682 or 94% of total revenues of \$2,047,955.
- The Commission had \$1,317,592 in expenses and \$223,697 in indirect costs related to governmental activities; \$1,920,682 of these expenses and indirect costs were offset by program specific charges for services, grants, contributions, and interest. General revenues and beginning net position were sufficient to cover the remainder of the expenses and indirect costs.
- The General Fund, one of the Commission's major funds, had \$127,358 in revenues and \$26,673 in expenditures.

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 Commission 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 Commission'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 Commission's most significant funds with all other non-major funds presented in total in one column.

Reporting the Commission 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 Commission to provide programs and activities for citizens, the view of the Commission as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources 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 Commission's net position and changes in net position. This change in net position is important because it tells the reader whether, for the Commission 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.

Ohio Valley Regional Development Commission

Management's Discussion and Analysis

For the Year Ended December 31, 2021

(Unaudited)

Reporting the Commission's Most Significant Funds

Fund Financial Statements

The analysis of the Commission's major funds begins on page 9. Fund financial statements provide detailed information about the Commission's major funds. The Commission uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Commission's most significant funds. The Commission's major governmental funds are the General Fund, Economic Development Administration-CARES Act, Economic Development Contracts, Appalachian Regional Commission-Local Development District and Regional Work Plan Fund, Local Development District-Workforce Development Fund, PPE for Rural Stakeholders, ODOT Rural Transportation Planning Organization Fund, Economic Development Administration-Revolving Loan Fund, and Appalachian Regional Commission-Revolving Loan Fund. The Commission has only governmental funds.

Governmental Funds – The Commission'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 Commission's general operations and the basic services it provides. Governmental fund statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission'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 Commission as a Whole

Recall that the statement of net position provides the perspective of the Commission as a whole. Table 1 provides a summary of the Commission's net position as of December 31, 2021, compared to December 31, 2020.

Table 1
Net Position

	2021	2020
Assets		
Current and Other Assets	\$613,646	\$487,115
Loans Receivable	1,574,965	1,464,682
Capital Assets, Net	747,163	760,587
Total Assets	2,935,774	2,712,384
Deferred Outflows of Resources	185,766	189,139
Liabilities		
Current and Other Liabilities	47,825	33,389
Long-Term Liabilities	711,298	1,216,958
Total Liabilities	759,123	1,250,347
Deferred Inflows of Resources	392,609	188,034

Ohio Valley Regional Development Commission

Management's Discussion and Analysis

For the Year Ended December 31, 2021

(Unaudited)

Table 1
Net Position (Continued)

	2021	2020
Net Position		
Net Investment in Capital Assets	\$561,743	\$560,693
Restricted	1,823,566	1,670,050
Unrestricted (Deficit)	(415,501)	(767,601)
Total Net Position	<u>\$1,969,808</u>	<u>\$1,463,142</u>

Total assets increased \$223,390. Loans receivable increased \$110,283 between years due primarily to \$320,000 in new loans being issued which was offset by \$209,717 for repayments received. There were no write-offs of existing loans during the year. Current and other assets increased \$126,531 due primarily to an increase in cash and cash equivalents. Capital assets, net decreased \$13,424 due to depreciation expense.

Deferred outflows of resources decreased \$3,373 due to decreases in actuarially-determined amounts related to the Commission's proportionate share of the state-wide net pension liability.

Total liabilities decreased \$491,224. Current and other liabilities increased by \$14,436 due primarily to increases in accounts payable. Long-term liabilities decreased \$505,660 due primarily to the decrease in the Commission's proportionate share of the state-wide net pension and OPEB liabilities, which was partially offset by principal payments on the Commission's lease agreement.

Deferred inflows of resources increased \$204,575 due to increases in actuarially-determined amounts related to the Commission's proportionate share of the state-wide net pension liability.

The net pension liability is the largest liability reported by the Commission at December 31, 2021 and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Commission also reports a net OPEB asset at December 31, 2021 pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the Commission's actual financial condition by adding deferred inflows related to pension and OPEB and the net pension liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund the plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset to equal the Commission's proportionate share of the plan's collective:

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

Ohio Valley Regional Development Commission

Management's Discussion and Analysis

For the Year Ended December 31, 2021

(Unaudited)

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Commission is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the Commission’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of the plan’s *change* in net pension liability and net OPEB liability asset, respectively, not accounted for as deferred inflows/outflows.

Table 2 shows the changes in net position for the year ended December 31, 2021, compared to the year ended December 31, 2020.

Table 2
Change in Net Position

	2021	2020
Revenues		
Program Revenues:		
Charges for Services	\$16,817	\$22,966
Operating Grants, Contributions and Interest	1,903,865	1,509,718
Total Program Revenues	1,920,682	1,532,684
General Revenues:		
Membership Fees	126,167	126,229
Investment Earnings	841	1,138
Miscellaneous	265	0
Total General Revenues	127,273	127,367
Total Revenues	2,047,955	1,660,051

Ohio Valley Regional Development Commission

Management's Discussion and Analysis

For the Year Ended December 31, 2021

(Unaudited)

Table 2
Change in Net Position
(Continued)

	2021	2020
Expenses		
Economic and Community Development	\$1,190,203	\$1,131,166
Transportation Planning	118,854	189,307
Indirect Costs	223,697	209,807
Debt Service:		
Interest and Fiscal Charges	8,535	9,033
Total Expenses	<u>1,541,289</u>	<u>1,539,313</u>
Change in Net Position	506,666	120,738
Net Position, Beginning of Year	<u>1,463,142</u>	<u>1,342,404</u>
Net Position, End of Year	<u>\$1,969,808</u>	<u>\$1,463,142</u>

Program revenues increased \$387,998. Economic Development Administration-Economic Development District received more funding in the current year which also resulted in increased expenses in that program. The Commission also received new funding in 2021 for the PPE for Rural Stakeholders program. These increases were partially offset by a decrease in funding for the ODOT Rural Transportation Planning Organization and Appalachian Regional Commission-Revolving Loan programs. Charges for services decreased between years due to decreased contractual revenues. General revenues also remained relatively consistent between years.

Economic and community development activities account for 77 percent of total program expenses. These expenses increased due primarily to the Economic Development Administration - EDD receiving more funding which resulted in more expenses. Transportation planning expenses account for 8 percent of total program expenses. These expenses decreased by \$70,453, due to decreased funding and spending in the ODOT Rural Transportation Planning Organization Fund in the current year. Indirect costs account for 15 percent of total program expenses. These costs remained relatively consistent between years. Interest expense accounts for less than 1 percent of program expenses and also remained relatively consistent between years.

The Commission's Funds

The Commission's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$2,136,346 and expenditures and other financing uses of \$1,970,765, resulting in an increase in total fund balance. The Commission's major funds were the General Fund, Economic Development Administration-CARES Act, Economic Development Contracts, Appalachian Regional Commission-Local Development District and Regional Work Plan Fund, Local Development District-Workforce Development Fund, PPE for Rural Stakeholders, ODOT Rural Transportation Planning Organization Fund, Economic Development Administration-Revolving Loan Fund, and Appalachian Regional Commission-Revolving Loan Fund.

Fund balances remained relatively consistent for all major funds except the Economic Development Administration-Revolving Loan Fund and Appalachian Regional Commission-Revolving Loan Fund. The Economic Development Administration-Revolving Loan Fund and Appalachian Regional Commission-Revolving Loan Fund had increases in fund balances due to grant funds that remained unspent at year-end.

Ohio Valley Regional Development Commission
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

Capital Assets and Long-Term Debt

Capital Assets

At December 31, 2021, the Commission had \$747,163 invested in land, building and improvements, furniture and equipment. Table 3 shows the December 31, 2021 balances as compared to the December 31, 2020 balances.

Table 3
Capital Assets
(Net of Accumulated Depreciation)
Governmental Activities

	2021	2020
Land	\$62,500	\$62,500
Building and Improvements	672,110	688,304
Furniture and Equipment	12,553	9,783
Net Capital Assets	<u>\$747,163</u>	<u>\$760,587</u>

Changes in capital assets from the prior year resulted from depreciation expense during 2021. See note 6 of the notes to the basic financial statements for more detailed information on the Commission's capital assets.

Long-Term Liabilities

The Commission has one outstanding capital lease, with a balance of \$185,420 at year-end, \$14,988 due within one year. See notes 11 and 12 of the notes to the basic financial statements for additional information. See note 11 of the notes to the basic financial statements for information on other long-term liabilities.

Economic Factors

The Commission is currently operating within its means. However, the Commission'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 of the Commission's funds come from federal and state grants. The Commission operates within a designated twelve-county area of Southern Ohio. Loans made through the revolving loan funds are to businesses within this area. The ability of borrowers to repay these loans is largely contingent upon the business economy in the twelve-county area.

Contacting the Commission's Financial Management

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Juanita Bragg, Finance Director, 73 Progress Drive, Waverly, Ohio 45690.

Ohio Valley Regional Development Commission
Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$170,565
Loans Receivable	1,574,965
Interest Receivable	4,858
Grants/Contracts Receivable	229,088
Prepaid Items	27,444
Restricted Assets:	
Temporarily Restricted:	
Cash and Cash Equivalents	124,894
Net OPEB Asset	56,797
Nondepreciable Capital Assets	62,500
Depreciable Capital Assets, Net	684,663
Total Assets	2,935,774
Deferred Outflows of Resources	
Pension	128,984
OPEB	56,782
Total Deferred Outflows of Resources	185,766
Liabilities	
Accounts Payable	37,907
Accrued Wages and Fringe Benefits	9,918
Long-Term Liabilities:	
Due Within One Year	33,994
Due in More Than One Year	170,432
Net Pension Liability	506,872
Total Liabilities	759,123
Deferred Inflows of Resources	
Pension	218,797
OPEB	173,812
Total Deferred Inflows of Resources	392,609
Net Position	
Net Investment in Capital Assets	561,743
Restricted For:	
Loans	1,574,965
Other Purposes	248,601
Unrestricted (Deficit)	(415,501)
Total Net Position	\$1,969,808

See the accompanying notes to the basic financial statements.

Ohio Valley Regional Development Commission
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			Operating Grants, Contributions and Interest	Net Revenues (Expenses) and Changes in Net Position
	Expenses	Indirect Costs	Charges for Services		
Governmental Activities					
Economic and Community Development	\$1,190,203	\$185,073	\$16,817	\$1,692,178	\$333,719
Transportation Planning	118,854	38,624	0	211,687	54,209
Debt Service:					
Interest and Fiscal Charges	8,535	0	0	0	(8,535)
Total Governmental Activities	\$1,317,592	\$223,697	\$16,817	\$1,903,865	379,393
General Revenue					
Membership Fees					126,167
Investment Earnings					841
Miscellaneous					265
Total General Revenues					127,273
Change in Net Position					506,666
Net Position, Beginning of Year					1,463,142
Net Position, End of Year					\$1,969,808

See the accompanying notes to the basic financial statements.

Ohio Valley Regional Development Commission
Balance Sheet
Governmental Funds
December 31, 2021

	General	Economic Development Administration- CARES Act	Economic Development Contracts	Appalachian Regional Commission-Local Development District and Regional Work Plan	Local Development District- Workforce Development	PPE For Rural Stakeholders	ODOT Rural Transportation Planning Organization	Economic Development Administration- Revolving Loan	Appalachian Regional Commission- Revolving Loan	Other Governmental Funds	Total Governmental Funds
Assets											
Equity in Pooled Cash and Cash Equivalents	\$70,949	\$0	\$0	\$40,330	\$3,209	\$1,401	\$0	\$0	\$36,388	\$18,288	\$170,565
Loans Receivable	0	0	0	0	0	0	0	472,075	824,703	278,187	1,574,965
Interest Receivable	0	0	0	0	0	0	0	626	1,403	2,829	4,858
Interfund Receivable	180,847	0	0	0	0	0	0	0	0	0	180,847
Grants/Contracts Receivable	24	28,810	27,424	25,392	0	0	93,140	0	0	54,298	229,088
Prepaid Items	17,851	0	0	4,471	0	0	944	79	92	4,007	27,444
Restricted Cash and Cash Equivalents	0	0	0	0	0	0	0	36,097	74,691	14,106	124,894
Total Assets	\$269,671	\$28,810	\$27,424	\$70,193	\$3,209	\$1,401	\$94,084	\$508,877	\$937,277	\$371,715	\$2,312,661
Liabilities											
Accounts Payable	\$2,759	\$16,670	\$0	\$10,453	\$0	\$0	\$0	\$0	\$0	\$8,025	\$37,907
Accrued Wages and Fringe Benefits	6,260	0	0	2,438	0	0	637	2	26	555	9,918
Interfund Payable	0	12,154	26,754	0	0	0	93,536	1,797	0	46,606	180,847
Total Liabilities	9,019	28,824	26,754	12,891	0	0	94,173	1,799	26	55,186	228,672
Fund Balances											
Nonspendable	17,851	0	0	4,471	0	0	944	79	92	4,007	27,444
Restricted	0	0	670	52,831	3,209	1,401	0	506,999	937,159	316,383	1,818,652
Unassigned (Deficit)	242,801	(14)	0	0	0	0	(1,033)	0	0	(3,861)	237,893
Total Fund Balances	260,652	(14)	670	57,302	3,209	1,401	(89)	507,078	937,251	316,529	2,083,989
Total Liabilities and Fund Balances	\$269,671	\$28,810	\$27,424	\$70,193	\$3,209	\$1,401	\$94,084	\$508,877	\$937,277	\$371,715	\$2,312,661

See the accompanying notes to the basic financial statements.

Ohio Valley Regional Development Commission
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2021*

Fund Balances - Total Governmental Funds	\$2,083,989
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	747,163
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The net pension/OPEB liability (asset) is not due and payable in the current period. Therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	128,984	
Deferred Outflows-OPEB	56,782	
Deferred Inflows-Pension	(218,797)	
Deferred Inflows-OPEB	(173,812)	
Net OPEB Asset	56,797	
Net Pension Liability	<u>(506,872)</u>	(656,918)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Capital Lease	(185,420)	
Compensated Absences	<u>(19,006)</u>	(204,426)

Net Position of Governmental Activities	<u><u>\$1,969,808</u></u>
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See the accompanying notes to the basic financial statements.

Ohio Valley Regional Development Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Economic Development Administration- CARES Act	Economic Development Contracts	Appalachian Regional Commission-Local Development District and Regional Work Plan	Local Development District- Workforce Development	PPE for Rural Stakeholders	ODOT Rural Transportation Planning Organization	Economic Development Administration- Revolving Loan	Appalachian Regional Commission- Revolving Loan	Other Governmental Funds	Total Governmental Funds
Revenues											
Intergovernmental	\$0	\$228,388	\$0	\$459,000	\$284,928	\$205,000	\$211,687	\$0	\$98,397	\$377,063	\$1,864,463
Membership Fees	126,167	0	0	0	0	0	0	0	0	0	126,167
Interest	841	0	0	0	0	0	0	10,306	23,455	5,641	40,243
Fees	85	0	13,146	0	0	0	0	250	250	3,086	16,817
Miscellaneous	265	0	0	0	0	0	0	0	0	0	265
Total Revenues	127,358	228,388	13,146	459,000	284,928	205,000	211,687	10,556	122,102	385,790	2,047,955
Expenditures:											
Current:											
Economic and Community Development:											
Personnel	101,087	10,010	6,632	220,875	0	784	0	4,925	7,852	105,449	457,614
Fringe Benefits	44,546	4,285	2,674	73,109	0	154	0	1,811	3,534	41,417	171,530
Travel	6,133	0	82	3,914	0	0	0	1,222	1,713	1,669	14,733
Supplies	12,763	0	0	1,840	0	0	0	0	0	1,975	16,578
Contractual	12,707	206,990	0	0	287,550	202,184	0	1,607	1,606	173,000	885,644
Other	71,336	1,294	7	26,851	0	136	0	1,678	2,011	11,122	114,435
Transportation Planning:											
Personnel	0	0	0	0	0	0	65,392	0	0	0	65,392
Fringe Benefits	0	0	0	0	0	0	35,466	0	0	0	35,466
Travel	0	0	0	0	0	0	2,705	0	0	0	2,705
Supplies	0	0	0	0	0	0	460	0	0	0	460
Contractual	0	0	0	0	0	0	79,950	0	0	0	79,950
Other	0	0	0	0	0	0	6,863	0	0	0	6,863
Indirect Costs	(223,697)	5,499	3,572	112,353	0	349	38,624	2,597	4,378	56,325	0
Capital Outlay	0	0	0	2,665	0	0	2,665	0	0	2,665	7,995
Debt Service:											
Principal Retirement	1,131	243	158	6,953	0	16	2,559	115	242	3,057	14,474
Interest and Fiscal Charges	667	144	93	4,098	0	9	1,509	68	142	1,805	8,535
Total Expenditures	26,673	228,465	13,218	452,658	287,550	203,632	236,193	14,023	21,478	398,484	1,882,374
Revenues Over (Under) Expenditures	100,685	(77)	(72)	6,342	(2,622)	1,368	(24,506)	(3,467)	100,624	(12,694)	165,581
Other Financing Sources (Uses)											
Transfers In	0	0	0	1,578	0	0	23,521	0	0	63,292	88,391
Transfers Out	(88,391)	0	0	0	0	0	0	0	0	0	(88,391)
Total Other Financing Sources (Uses)	(88,391)	0	0	1,578	0	0	23,521	0	0	63,292	0
Net Change in Fund Balances	12,294	(77)	(72)	7,920	(2,622)	1,368	(985)	(3,467)	100,624	50,598	165,581
Fund Balances, Beginning of Year-Restated	248,358	63	742	49,382	5,831	33	896	510,546	836,627	265,930	1,918,408
Fund (Deficit) Balances, End of Year	\$260,652	(\$14)	\$670	\$57,302	\$3,209	\$1,401	(\$89)	\$507,079	\$937,251	\$316,528	\$2,083,989

See the accompanying notes to the basic financial statements.

Ohio Valley Regional Development Commission
*Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021*

Net Change in Fund Balances - Total Governmental Funds \$165,581

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 is allocated over their estimated useful lives as depreciation expense.

Capital Asset Additions	7,995
Depreciation	(21,419)

Repayments of capital lease principal are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position and do not result in an expense in the statement of activities. 14,474

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.

Pension	72,890
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Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities.

Pension	(62,526)
OPEB	329,095

Some expenses reported in the statement of activities do not require the use of current financial resources when due.

Decrease in Compensated Absences	576
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Change in Net Position of Governmental Activities	\$506,666
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See the accompanying notes to the basic financial statements.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Ohio Valley Regional Development Commission (the Commission) is a regional planning and economic development agency which coordinates federal, state and local resources to encourage development in 12 southern Ohio counties: Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto and Vinton.

Established in 1967 as a not-for-profit corporation, the Commission was designated by the State of Ohio in 1977 as a Regional Planning and Development Organization under Ohio Revised Code Section 1702.01, et. seq., and Section 713.21. The Commission also serves as a Local Development District for the Appalachian Regional Commission; an Economic Development District for the U.S. Department of Commerce, Economic Development Administration; and a Regional Transportation Planning Organization for the Ohio Department of Transportation.

The Commission is governed by a Full Commission of more than 167 officials who meet semi-annually. Members include representatives of county and local governments, social agencies, minorities and the private sector. The aggregate membership from each county is referred to as a County Caucus.

Routine oversight of the Commission is provided by an Executive Committee with representation from all 12 member counties from both the public and private sectors, including the mayor or an elected representative from one city in each county in the region having at least 5,000 population within the region based on the latest decennial U.S. Census; and the business, education and minority community. The Executive Committee's monthly meetings are open to the public.

The Commission receives financial support from a combination of federal and state grants and local service contracts. Member counties also pay annual contributions to the Commission, with contributions based on each county's estimated population according to the Bureau of the Census.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus-An Amendment to GASB Statements No. 14 and 34." The financial statements include all organizations, activities, and functions that comprise the Commission. Component units are legally separate entities for which the Commission (the primary government) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Commission's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Commission. Using these criteria, the Commission has no component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide 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 primary government. 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*.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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.

Fund Financial Statements

During the fiscal year, the Commission segregates transactions related to certain Commission functions or activities into separate funds (projects) in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Commission at this more detailed level. The focus of governmental fund financial statements is reporting on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 Commission 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 Commission receives cash.

Fund Accounting

The Commission 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 Commission 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, liabilities, and deferred inflows and outflows of resources is reported as fund balance.

The Commission reports the following major governmental funds:

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

Economic Development Administration-CARES Act – This fund accounts for an Economic Development Administration-Coronavirus Aid, Relief, and Economic Security grant used to support activities to prevent, prepare for, and respond to the coronavirus (COVID-19) pandemic or respond to economic injury as a result of coronavirus.

Economic Development Contracts – This fund accounts for contracts made between the Commission and local entities where the Commission's staff provide assistance with application assistance, environmental reviews, and project administration for various projects.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Appalachian Regional Commission-Local Development District and Regional Work Plan Fund – This fund accounts for an Appalachian Regional Commission grant used to provide funding for the Commission serving as a Local Development District for the region.

Local Development District-Workforce Development Fund – This fund accounts for grant revenue from the Ohio Development Services Agency for the purpose of administering regional job training programs.

PPE for Rural Shareholders Fund – This fund accounts for grant funding from the Ohio Department of Development, that was used to assist local rural stakeholders such as first responders and hospitals during COVID-19. The Commission will purchase Personal Protection Equipment (PPE) to provide for their 12 counties. Funds will also be used to support the ARC INSPIRE project, SOERN.

ODOT Rural Transportation Planning Organization Fund – This fund accounts for resources from the Ohio Department of Transportation to fund an RTPO program to enhance project prioritization and improve the overall statewide transportation planning process by strengthening its preexisting partnerships with rural planning agencies.

Economic Development Administration-Revolving Loan Fund – This fund accounts for loans which offer gap financing for small businesses seeking to start up or expand in the district. Initial funding for the revolving loan fund came from grants from the Economic Development Administration.

Appalachian Regional Commission-Revolving Loan Fund – This fund offers gap financing for small businesses seeking to start up or expand in the district. Initial funding for the revolving loan fund came from grants from the Appalachian Regional Commission.

The other governmental funds of the Commission account for grants and other resources whose use is restricted to a particular purpose.

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 Commission, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the Commission 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 Commission must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Commission 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.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Cash, Cash Equivalents, and Investments

To improve cash management, all cash received by the Commission is pooled, with exceptions required by grant agreements. Monies for most funds are maintained in this pool. Individual fund integrity is maintained through the Commission's records. Interest in the pool is presented at "equity in pooled cash and cash equivalents" 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 Commission are presented on the financial statements as "investments." The Commission had no investments as of December 31, 2021.

The Scioto County Treasurer holds cash on behalf of the Commission within its cash and investment pool from which the Commission may withdraw in accordance with its by-laws. This balance is reported as "cash with fiscal agents" on the financial statements. Scioto County held \$0 in cash for the Commission as of December 31, 2021.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets on the financial statements represent cash balances that are required to be segregated from the Commission's cash and cash equivalent pool by grant agreements.

Interfund Transactions

During the course of normal operations, the Commission has transactions between funds. On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as an "interfund receivable" or an "interfund payable". These amounts are eliminated on the statement of net position.

The statements report transfers between funds as revenues in the seller funds and as expenditures in the purchasing funds. Subsidies from one fund to another without requirement for repayment are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs. Transfers among governmental activities are eliminated in the government-wide statement of activities.

Intergovernmental Revenues

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

Capital Assets

General capital assets consist primarily of land, building and improvements, 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.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Commission maintains a capitalization threshold of \$5,000. The Commission 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 materially extend the asset's life are not capitalized.

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

<u>Description</u>	<u>Useful Lives</u>
Building and Improvements	50 years
Furniture and Equipment	5 years

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Commission 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 category includes amounts that cannot be spent because they are not in spendable form, or are 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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 – This fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Commission's Board. Those committed amounts cannot be used for any other purpose unless the 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 Commission 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 would represent intended uses established by the Commission's 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 the other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Commission 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.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows and outflows of resources in the statement of net position. Net investment in capital assets consists 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 Commission legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Commission applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. None of the Commission's restricted net position is restricted by enabling legislation.

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.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has deferred outflows of resources related to pensions and other postemployment benefits, which are further discussed in notes 4 and 5.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has deferred inflows of resources related to pensions and other postemployment benefits, which are further discussed in notes 4 and 5.

Unearned Revenue

The Commission reports unearned revenue on the government-wide and fund financial statements when monies have been received prior to being earned. The Commission reported no unearned revenue at December 31, 2021.

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 agencies at the time the grants are awarded.

The Commission's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ended December 31st.

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

Because of the Commission's dependency of federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The Commission'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.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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.

Cost Allocation

Uniform Guidance (2 CFR 200) provides for the establishment of cost pools which are to be distributed over the benefiting activity in some rational and equitable manner. The concept of indirect costs is introduced and defined as follows in Uniform Guidance (2 CFR 200): "Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objective specifically benefited without effort disproportionate to the results achieved."

Uniform Guidance (2 CFR 200) also provides options for the allocation of indirect costs accumulated in an indirect cost pool.

The Commission chose the direct salary cost method because management has determined that this is the most equitable allocation method. 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 Commission's cost allocation plan. The Commission's indirect cost rate for 2021 was 41.3948%.

Compensated Absences

The Commission reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

Vacation time benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported in the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The Commission had no matured compensated absences payable at December 31, 2021.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension and OPEB liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Leases are recognized as a liability on the fund financial statements when due.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), 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.

Note 2 – Deposits and Investments

The deposits and investments of the Commission are governed by 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 Commission 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 Commission 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. Deposits are either insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Commission, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. 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 five 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 Commission’s name. The Commission 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 Commission is also prohibited from investing in reverse repurchase agreements.

Cash with Fiscal Agents

The Scioto County Treasurer holds cash on behalf of the Commission within its cash and investment pool from which the Commission may withdraw in accordance with its by-laws. The amount held by the Scioto County Treasurer at December 31, 2021 was \$0.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Commission will not be able to recover deposits or collateral securities that are in the possession of an outside party. The bank balance of \$318,602 at December 31, 2021 was covered by either federal depository insurance or OPCS.

The Commission has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Commission and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 3 – Operating Leases

In July 2016, the Commission entered into a lease agreement for a Xerox Work Center copier. The terms of this lease call for 60 monthly payments of \$495 beginning in August 2016 and ending July 2021. Additionally, the equipment can be purchased at fair market value at the end of the lease. However, in May 2021, this copier was replaced with equipment on a new lease. The total paid to Xerox for this lease for 2021 was \$1,980.

In February 2021, the Commission entered into a lease agreement for a Xerox Work Center copier. The terms of this lease call for 60 monthly payments of \$392 beginning in May 2021 and ending April 2026. Additionally, the equipment can be purchased at fair market value at the end of the lease. The total paid to Xerox for this lease for 2021 was \$3,136.

In November 2016, the Commission entered into a lease agreement with Pitney Bowes for a postage machine. The terms of the lease call for 60 monthly payments of \$163. However, in July 2021, this equipment was replaced with equipment on a new lease. The total lease expense for 2021 was \$1,141.

In May 2021, the Commission entered into a lease agreement with Pitney Bowes for a postage machine. The terms of the lease call for 60 monthly payments of \$172 beginning in July 2021 and ending June 2026. The total lease expense for 2021 was \$860.

Future minimum lease payments are:

2022	\$6,768
2023	6,768
2024	6,768
2025	6,768
2026	<u>2,772</u>
Total	<u>\$29,844</u>

Note 4 – Defined Benefit Pension Plan

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Net Pension/OPEB Liability (Asset)

The net pension and OPEB liabilities (assets) reported on the statement of net position represents liabilities (assets) to employees for pensions and other postemployment benefits. Pensions and OPEB 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 and OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the Commission’s proportionate share of the pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) 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.

The Ohio Revised Code limits the Commission’s obligation for this liability to annually required payments. The Commission cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the

Ohio Valley Regional Development Commission

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Commission does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement system may allocate a portion of the employer contributions to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement system to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, the retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement system to provide health care to eligible benefit recipients.

The proportionate share of the plan's unfunded benefits is presented as a long-term *net pension liability* or *net OPEB liability* on the financial statements. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on the financial statements.

The remainder of this note includes the pension disclosures. See note 5 for the OPEB disclosures.

Ohio Public Employees Retirement System

Plan Description - Commission 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS annual comprehensive financial report referenced above for additional information, including requirements for reduced and unreduced benefits):

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Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in 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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

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

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Statutory Maximum Contribution Rates

Employer	14.0 %
Employee*	10.0 %

Actual Contribution Rates

Employer:	
Pension**	14.0 %
Post-employment Health Care Benefits**	<u>0.0</u>
Total Employer	<u><u>14.0 %</u></u>
Employee	<u><u>10.0 %</u></u>

*Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Commission's contractually required contribution was \$72,890 for 2021.

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

The net pension liability for OPERS was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that measurement date. The Commission's proportion of the net pension liability was based on the Commission'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:

Proportionate Share of the Net Pension Liability:	
Current Measurement Date	0.00342300%
Prior Measurement Date	<u>0.00305700%</u>
Change in Proportionate Share	<u><u>0.00036600%</u></u>
Proportionate Share of the:	
Net Pension Liability	\$506,872
Pension Expense	62,525

At December 31, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

<i>Deferred Outflows of Resources</i>	
Changes in proportion and differences between Commission's contributions and proportionate share of contributions	\$56,094
Commission contributions subsequent to the measurement date	<u>72,890</u>
Total Deferred Outflows of Resources	<u><u>\$128,984</u></u>

<i>Deferred Inflows of Resources</i>	
Differences between expected and actual experience	\$21,202
Net difference between projected and actual earnings on pension plan investments	197,565
Changes in proportion and differences between Commission contributions and proportionate share of contributions	<u>30</u>
Total Deferred Inflows of Resources	<u><u>\$218,797</u></u>

\$72,890 reported as deferred outflows of resources related to pension resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2022	(\$44,276)
2023	(10,951)
2024	(80,532)
2025	<u>(26,944)</u>
Total	<u><u>(\$162,703)</u></u>

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2020 using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

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For the Year Ended December 31, 2021

Wage Inflation	3.25 percent
Future Salary Increases	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-1/7/2013 retirees	3 percent, simple
Post-1/7/2013 retirees	.5 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

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

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

The 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 long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and combined 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make

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all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional plan, combined plan, and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Commission'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 Commission'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:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Commission's proportionate share of the net pension liability	\$966,861	\$506,872	\$124,392

Changes between Measurement Date and Report Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Note 5 – Postemployment Benefits

See note 4 for a description of the net pension liability.

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' annual comprehensive financial report referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Commission's contractually required contribution was \$0 for 2021.

OPEB Liabilities (Assets), OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The

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Commission's proportion of the net OPEB liability (asset) was based on the Commission's share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Proportionate Share of the Net OPEB Liability (Asset):	
Current Measurement Date	0.003188%
Prior Measurement Date	<u>0.002847%</u>
Change in Proportionate Share	<u><u>0.0003410%</u></u>
Proportionate Share of the:	
Net OPEB Asset	(\$56,797)
OPEB Expense	(329,094)

At December 31, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	
Changes of assumptions	\$27,923
Changes in proportion and differences between Commission contributions and proportionate share of contributions	<u>28,859</u>
Total Deferred Outflows of Resources	<u><u>\$56,782</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$51,260
Net difference between projected and actual earnings on OPEB plan investments	30,250
Changes of assumptions	92,028
Changes in proportion and differences between Commission contributions and proportionate share of contributions	<u>274</u>
Total Deferred Inflows of Resources	<u><u>\$173,812</u></u>

\$0 reported as deferred outflows of resources related to OPEB resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:

2022	(\$58,417)
2023	(41,904)
2024	(13,146)
2025	<u>(3,563)</u>
Total	<u><u>(\$117,030)</u></u>

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. 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:

Wage Inflation	3.25 percent
Projected Salary Increases	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.5 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.5 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

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The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees 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. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. 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. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Commission's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the Commission's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Commission's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Commission's proportionate share of the net OPEB asset	(\$14,123)	(\$56,797)	(\$91,878)

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Sensitivity of the Commission's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent 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 2021 is 8.5 percent. 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 the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Commission's proportionate share of the net OPEB asset	(\$58,181)	(\$56,797)	(\$55,248)

Note 6 – Capital Assets

Capital asset activity for the Commission for the year ended December 31, 2021 was as follows:

	Balance 12/31/20	Additions	Disposals	Balance 12/31/21
Nondepreciable Capital Assets:				
Land	\$62,500	\$0	\$0	\$62,500
Total Nondepreciable Capital Assets	62,500	0	0	62,500
Capital Assets, Being Depreciated:				
Building and Improvements	809,708	0	0	809,708
Furniture and Equipment	99,799	7,995	0	107,794
Total Capital Assets Being Depreciated	909,507	7,995	0	917,502
Less Accumulated Depreciation For:				
Building and Improvements	(121,404)	(16,194)	0	(137,598)
Furniture and Equipment	(90,016)	(5,225)	0	(95,241)
Total Accumulated Depreciation	(211,420)	(21,419)	0	(232,839)
Total Capital Assets Being Depreciated	698,087	(13,424)	0	684,663
Total Capital Assets, Net	\$760,587	(\$13,424)	0	\$747,163

\$2,047 of depreciation expense was allocated to transportation planning expense on the statement of activities. The remainder was allocated to economic and community development expense.

Note 7- Risk Management

The Commission 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 Commission maintains commercial insurance covering each of the above risks of loss.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

During 2021, the Commission contracted with Western Reserve for building, business personal property insurance, business automobiles, liability and medical expense coverage. Business personal property is insured with varying coverage dependent upon the specific property.

The office building is insured up to \$849,500. The Commission also has a fire legal liability limit of \$50,000 in place. Business personal property coverage is insured up to \$161,000. Business automobiles are insured up to \$1,000,000 per accident. Liability and medical coverage has a \$1,000,000 per occurrence and \$2,000,000 aggregate limit.

Professional and general liability is protected by the Old Republic Insurance Company with a \$1,000,000 single occurrence and aggregate limit with a \$5,000 deductible per claim.

The Commission pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the Commission. Settled claims have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

Note 8- Deferred Compensation

Commission employees may participate in the Ohio Public Employees Deferred Compensation Plan. The Plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The Plan permits deferral of compensation until future years. According to the Plan, deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Note 9 – Contingencies

Grants

The Commission receives financial assistance from federal and state agencies in the form of grants. The expenditure 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 Commission at December 31, 2021.

Litigation

The Commission is not currently party to legal proceedings.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 10 – Interfund Activity

The Commission had the following interfund transfers during the year ended December 31, 2021.

	<u>Transfers Out</u>	<u>Transfers In</u>
<i>Major Funds:</i>		
General	\$88,391	\$0
ARC Local Development District and Regional Work Plan	0	1,578
ODOT-Rural Transportation Planning Organization	0	23,521
<i>Nonmajor Funds:</i>		
EDA-Economic Development District	0	62,212
ARC Contracts	0	884
NRAC Administration	0	196
Total Nonmajor Funds	<u>0</u>	<u>63,292</u>
Total All Funds	<u>\$88,391</u>	<u>\$88,391</u>

The General Fund provided funds to the EDA-Economic Development District Fund, ARC-Local Development District and Regional Work Plan Fund, and ODOT Rural Transportation Planning Organization Fund as matching funds in accordance with grant agreements.

The Commission had the following interfund receivables and payables at December 31, 2021.

	<u>Receivables</u>	<u>Payables</u>
<i>Major Funds:</i>		
General	\$180,847	\$0
EDA – CARES Act	0	12,154
Economic Development Contracts	0	26,754
ODOT Rural Transportation Planning Organization	0	93,536
EDA – Revolving Loan Fund	0	1,797
<i>Nonmajor Funds:</i>		
EDA – Economic Development District	0	8,772
EDA-OU-OVRDC Bobcat Network	0	7,513
ARC Contracts	0	17,464
NRAC Administration	0	3,480
EDA – CARES Act – Revolving Loan Fund	0	8,893
USDA Revolving Loan	0	484
Total Nonmajor Funds	<u>0</u>	<u>46,606</u>
Total All Funds	<u>\$180,847</u>	<u>\$180,847</u>

Interfund receivables and payables exist because obligations of other funds were paid by the General Fund in anticipation of receipt of grants or other funds after year-end.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 11 – Long-Term Liabilities

Changes in the Commission’s long-term obligations during 2021 were as follows:

	Amount Outstanding 12/31/20	Additions	Deductions	Amount Outstanding 12/31/21	Due Within One Year
<i>Governmental Activities:</i>					
Capital Lease	\$199,894	\$0	(\$14,474)	\$185,420	\$14,988
Compensated Absences	19,582	85,237	(85,813)	19,006	19,006
Net Pension Liability	604,237	0	(97,365)	506,872	0
Net OPEB Liability	393,245	0	(393,245)	0	0
Total	\$1,216,958	\$85,237	(\$590,897)	\$711,298	\$33,994

The capital lease obligation will be paid from various funds in accordance with the Commission’s cost allocation plan. Compensated absences will be paid from the funds from which employees’ salaries are paid. The Commission pays obligations related to employee compensation from the fund benefitting from their service.

Note 12 – Capital Leases – Lessee Disclosure

The Commission entered into a lease purchase agreement on November 27, 2012 to finance the construction of a building. The proceeds from this lease were received in 2013 in the amount of \$300,000. The lease meets the criteria of a capital lease.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. Principal payments in 2021 totaled \$14,474.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2021.

Fiscal Year Ending December 31,	
2022	\$21,239
2023	21,239
2024	21,239
2025	21,239
2026	21,239
2027-2031	106,195
2032	9,209
Total Minimum Lease Payments	221,599
Less: Amounts Representing Interest	(36,179)
Present Value of Minimum Lease Payments	\$185,420

If the Commission is in default of the lease purchase agreement of more than ten (10) days after written notice from the Southern Ohio Diversification Initiative (SODI) (provided, however, that SODI shall not be required to give such written notice more than twice during any year) or if the Commission shall default on any of the other covenants within the lease purchase agreement, and should such default continue for thirty (30) days after receipt by the Commission of written notice thereof (or if the default is of such nature as to require more than thirty (30) days, and the Commission fails to use reasonable diligence in curing such default) then SODI may, at any time after such default, reenter and take possession of the building being leased without such reentry working a forfeiture of the payments to be paid and the covenants, agreements, and conditions to be kept and performed by the Commission for the full term of the lease purchase agreement and, in such event, SODI shall have the right to relet the same for such periods of time and at such rentals and for such use and upon such covenants and conditions as SODI may reasonably elect.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Nothing contained within the lease purchase agreement shall limit the right of SODI to pursue any remedy available pursuant to applicable law.

Note 13 – Fund Balances

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

	General	EDA- CARES Act	Economic Development Contracts	ARC- LDDRWP	LDD- WD	PPE
<i>Nonspendable</i>						
Prepays	\$17,851	\$0	\$0	\$4,471	\$0	\$0
<i>Restricted</i>						
RFL Programs	0	0	0	0	0	0
Community Development Administration	0	0	670	52,831	3,209	1,401
Total Restricted	0	0	670	52,831	3,209	1,401
<i>Unassigned (Deficit)</i>	242,801	(14)	0	0	0	0
Total Fund Balances	\$260,652	(\$14)	\$670	\$57,302	\$3,209	\$1,401

	ODOT RTPO	EDA- RLF	ARC- RLF	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Prepays	\$944	\$79	\$92	\$4,007	\$27,444
<i>Restricted</i>					
RFL Programs	0	506,999	937,159	293,393	1,737,551
Community Development Administration	0	0	0	22,990	81,101
Total Restricted	0	506,999	937,159	316,383	1,818,652
<i>Unassigned (Deficit)</i>	(1,033)	0	0	(3,861)	237,893
Total Fund Balances	(\$89)	\$507,078	\$937,251	\$316,529	\$2,083,989

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Commission received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Commission. The impact on the Commission's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Commission's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

During 2021, the Commission received COVID-19 funding in the amount of \$302,123.

Ohio Valley Regional Development Commission

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 15 – Restatement of Beginning Fund Balances

The Commission opted to separate CARES Act funding from existing funding sources that had previously been reported together. These adjustments had the following effect on beginning fund balances for those respective funds.

	EDA- EDD	EDA- CARES Act	EDA- RLF	EDA- CARES Act-RLF
Fund Balance, As Reported, December 31, 2020	\$799	\$0	\$529,634	\$0
Restatements	(63)	63	(19,088)	19,088
Fund Balance, As Adjusted, January 1, 2021	<u>\$736</u>	<u>\$63</u>	<u>\$510,546</u>	<u>\$19,088</u>

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Ohio Valley Regional Development Commission
Required Supplementary Information
Schedule of the Commission's Proportionate Share of the Net Pension Liability
Last Eight Years (1)

	2014	2015	2016	2017	2018	2019	2020	2021
<i>Ohio Public Employees Retirement System</i>								
Commission's proportion of the net pension liability	0.002607%	0.002607%	0.002759%	0.002939%	0.002769%	0.002934%	0.003057%	0.003423%
Commission's proportionate share of the net pension liability	\$307,330	\$314,432	\$477,894	\$667,397	\$434,402	\$803,563	\$604,237	\$506,872
Commission's covered-employee payroll	\$320,254	\$354,150	\$418,900	\$427,600	\$411,985	\$410,171	\$430,107	\$482,100
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	95.96%	88.78%	114.08%	156.08%	105.44%	195.91%	140.49%	105.14%
Plan fiduciary net position as a percentage of the total pension	86.36%	86.45%	81.08%	77.25%	84.66%	74.70%	82.17%	86.88%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Commission's measurement date.

(1) Information not available prior to 2014.

See accompanying notes to the required supplementary information.

Ohio Valley Regional Development Commission
Required Supplementary Information
Schedule of the Commission's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Years (1)

	2017	2018	2019	2020	2021
<i>Ohio Public Employees Retirement System</i>					
Commission's proportion of the net OPEB liability (asset)	0.002939%	0.002910%	0.002828%	0.002847%	0.003188%
Commission's proportionate share of the net OPEB liability (asset)	\$296,849	\$316,005	\$368,704	\$393,245	(\$56,797)
Commission's covered-employee payroll	\$427,600	\$411,985	\$410,171	\$430,107	\$482,100
Commission's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	69.42%	76.70%	89.89%	91.43%	-11.78%
Plan fiduciary net position as a percentage of the total OPEB liability	54.05%	54.14%	46.33%	47.80%	115.57%

The amounts presented for each year were determined as of December 31 of the previous year, which is the Commission's measurement date.

(1) Information not available prior to 2017.

See accompanying notes to the required supplementary information.

Ohio Valley Regional Development Commission
Required Supplementary Information
Schedule of Commission Contributions
Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Ohio Public Employees Retirement System</i>										
Contractually required contribution - pension	\$33,094	\$41,633	\$42,498	\$50,268	\$51,312	\$53,558	\$57,424	\$60,215	\$67,494	\$72,890
Contractually required contribution - OPEB	13,238	3,203	7,083	8,378	8,552	4,123	0	0	0	0
Contractually required contribution - total	46,332	44,836	49,581	58,646	59,864	57,681	57,424	60,215	67,494	72,890
Contributions in relation to the contractually required contribution	33,094	41,633	42,498	50,268	51,312	53,558	57,424	60,215	67,494	72,890
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commission's covered-employee payroll	\$330,940	\$320,254	\$354,150	\$418,900	\$427,600	\$411,985	\$410,171	\$430,107	\$482,100	\$520,643
Contributions as a percentage of covered-employee payroll - pension	10.00%	13.00%	12.00%	12.00%	12.00%	13.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	4.00%	1.00%	2.00%	2.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

Ohio Valley Regional Development Commission
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Ohio Public Employees Retirement System

Pension

Changes in benefit terms

There were no significant changes in benefit terms for 2015 through 2017.

For 2018, COLAs provided up to December 31, 2018 will be based upon a simple, 3 percent COLA. COLAs provided after December 31, 2018 continue to be simple, but will be based upon the annual percentage change in the Consumer Price Index (CPI), and not greater than 3 percent.

There were no significant changes in benefit terms for 2019 or 2020.

For 2021, in October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 percent simple to .5 percent simple through 2021 then 2.15 percent simple.

Changes in assumptions

There were no significant changes in assumptions for 2015 through 2018.

For 2018, the employer contribution rate allocated to pensions increased from 13.00 percent to 14.00 percent.

For 2019, the investment rate of return decreased from 7.5 percent to 7.2 percent.

There were no significant changes in assumptions for 2020 or 2021.

OPEB

Changes in benefit terms

There were no significant changes in benefit terms for 2018 through 2021.

Changes in assumptions

Changes in assumptions for 2018 were as follows:

- The single discount rate decreased from 4.23 percent to 3.85 percent.
- The employer contribution rate allocated to health care decreased from 1.00 percent to 0.00 percent.

For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85 percent to 3.96 percent.
- The investment rate of return decreased from 6.5 percent to 6 percent.
- The municipal bond rate increased from 3.31 percent to 3.71 percent.
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96 percent to 3.16 percent.
- The municipal bond rate decreased from 3.71 percent to 2.75 percent.

Ohio Valley Regional Development Commission
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16 percent to 6.00 percent.
- The municipal bond rate decreased from 2.75 percent to 2.00 percent.
- The initial health care cost trend rate decreased from 10.50 percent to 8.50 percent.

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**OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Federal grantor Pass-through grantor Program title	Federal Assistance Listing Number	Direct Grant or Pass-through Number	Federal Expenditures
U.S. Department of Agriculture			
Rural Development			
Rural Business Enterprise Grant			
USDA RD RBEG (RLF)	10.351	257266271	<u>\$ 216,132</u>
Total U.S. Department of Agriculture			\$ 216,132
U.S. Department of Commerce			
Economic Development Administration			
Economic Development- Support for Planning Organizations	11.302	ED19CHI3020006	\$ 92,566
Economic Development Cluster:			
COVID-19 -EDA CARES Act Recovery Assistance	11.307	ED20CHI3070048	\$ 228,388
EDA OH Univ./OVRDC BOBCAT Network	11.307	06-79-06120	\$ 181,267
COVID-19 - EDA CARES Act Revolving Loan Fund (RLF)	11.307	06-79-06234	\$ 92,641
Economic Adjustment Assistance (RLF)	11.307	06-39-02181	\$ 391,632
Total Economic Development Cluster			<u>\$ 893,928</u>
Total U.S. Department of Commerce			\$ 986,494
U.S. Department of Transportation			
Federal Highway Administration			
Passed through by Ohio Department of Transportation			
Highway Planning and Construction Cluster:			
Rural Transportation Planning Organization (RTPO) 1'21 - 12'20	20.205	109396	\$ 136,590
Rural Transportation Planning Organization (RTPO) 7'21 - 12'21	20.205	114263	\$ 51,576
Total Highway Planning and Construction Cluster			<u>\$ 188,166</u>
Total U.S. Department of Transportation			\$ 188,166
Appalachian Regional Commission			
Local Development District Assistance	23.009	OH-0707D-C48-21	\$ 209,000
Appalachian Research, Technical Assistance, and Demonstration Project (RLF)	23.011	85-97 OH-9322-99	<u>\$ 973,451</u>
Total Appalachian Regional Commission			<u>\$ 1,182,451</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,573,243</u></u>

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

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**OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION
PIKE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ohio Valley Regional Development Commission (the Commission) under programs of the federal government for the year ended December 31, 2021. 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 Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or 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.

NOTE C – INDIRECT COST RATE

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

NOTE D – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The Commission has established a revolving loan program to provide low-interest loans to businesses to create jobs in the region. The Appalachian Regional Commission (ARC) and the Economic Development Administration (EDA) have granted money for these loans to the Commission. 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.

In 2016 the Commission took over the revolving loan program from Ohio Valley Resource Conservation & Development Council (OVRC&D) who had decided to end operations. This loan program was funded by the United States Department of Agriculture, Rural Development, Rural Business Enterprise Grant (USDA RD RBEG).

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

2021 revolving loan fund (RLF) expenditures are based upon the following calculations, per ARC, EDA and USDA RD guidance.

US Dept. of Agriculture, Rural Development (USDA RD) CFDA #10.351

Outstanding loan balance at the end of the prior year	\$ 215,000
New loans disbursed during year	0
Total expended on eligible administration	<u>1,132</u>
Amount reported on Schedule	\$ 216,132

The outstanding loan balance for year ended December 31, 2021 for USDA Revolving Loan was \$215,000.

Economic Development Administration (EDA) CFDA #11.307

	Total EDA	Federal Share
Outstanding loan balance at the end of the year	\$ 472,075	\$ 354,056
Cash and investment balance in the RLF at the end of the year	36,097	27,073
Administrative expenses paid out of the RLF income during the year	<u>14,003</u>	<u>10,503</u>
Amount reported on Schedule	\$ 522,175	\$ 391,632

Federal Share Calculation:

Sum of all EDA dollars from all grantee's RLF awards	\$ 300,000
Sum of all project dollars from all grantee's RLF awards	400,000
Federal share	75%

The outstanding loan balance for year ended December 31, 2021 for EDA Revolving Loans was \$472,075.

As of September 2021, EDA released its federal interest in OVRDC's EDA/RLF award #06-39-02181

Economic Development Administration (EDA) Coronavirus Aid, Relief, and Economic Security (CARES) Act CFDA #11.307

Outstanding loan balance at the end of the year	\$ 63,187
Cash and investment balance in the RLF at the end of the year	9,445
Administrative expenses paid out of the RLF income during the year	<u>20,009</u>
Amount reported on Schedule	\$ 92,641

The outstanding loan balance for year ended December 31, 2021 for EDA CARES Revolving Loans was \$63,187.

Appalachian Regional Commission (ARC) CFDA #23.011

Outstanding loan balance at the end of the prior year	\$ 770,039
New loans disbursed during year	182,000
Total expended on eligible administration costs	<u>21,412</u>
Amount reported on Schedule	\$ 973,451

The outstanding loan balance for year ended December 31, 2021 for ARC Revolving Loans was \$824,703.

NOTE E - MATCHING REQUIREMENTS

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

OHIO AUDITOR OF STATE KEITH FABER



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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

Ohio Valley Regional Development Commission
Pike County
73 Progress Drive
Waverly, Ohio 45690

To the Executive Committee:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ohio Valley Regional Development Commission, Pike County, (the Commission) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated August 22, 2022. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Commission.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
August 22, 2022



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

Ohio Valley Regional Development Commission
Pike County
73 Progress Drive
Waverly, Ohio 45690

To the Executive Committee:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ohio Valley Regional Development Commission's (the Commission) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Ohio Valley Regional Development Commission's major federal programs for the year ended December 31, 2021. Ohio Valley Regional Development Commission's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Ohio Valley Regional Development Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Commission's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Ohio Valley Regional Development Commission
Pike County
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
Page 3

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
August 22, 2022

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**OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION
PIKE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	23.011 Appalachian Research, Technical Assistance and Demonstration Projects 11.307 Economic Development Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-01	Material Weakness – Incorrect posting	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION

PIKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/6/2022

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

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