Ohio Valley Regional Development Commission
Pike County
Single Audit
For the Year Ended December 31, 2017

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Executive Board
Ohio Valley Regional Development Commission
73 Progress Drive
Waverly, Ohio 45690-1196

We have reviewed the *Independent Auditor's Report* of the Ohio Valley Regional Development Commission, Pike County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

July 10, 2018

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Ohio Valley Regional Development Commission
Table of Contents
For the Year Ended December 31, 2017

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Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Executive Board
Ohio Valley Regional Development Commission
73 Progress Drive
Waverly, Ohio 45690

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ohio Valley Regional Development Commission, Pike County, Ohio (the Commission), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ohio Valley Regional Development Commission, Pike County, Ohio, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Commission's proportionate share of the net pension liability, and the schedule of Commission contributions on pages 4 through 9, and 35 through 36, be presented to supplement the basic financial statements. Such information, 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.

Other 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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 June 15, 2018 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

June 15, 2018

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, 2017. 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 2017 are as follows:

- Net position of governmental activities increased by $32,436.
- General revenue accounted for $117,889 or 12% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for $880,216 or 88% of total revenues of $998,105.
- The Commission had $796,608 in expenses and $169,061 in indirect costs related to governmental activities; only $880,216 of these expenses and indirect costs were offset by program specific charges for services, grants, contributions, and interest. General revenues were sufficient to cover the remainder of the expenses and indirect costs.
- The general fund, one of the Commission's major funds, had $136,304 in revenues and $77,799 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 2017?" 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.

Reporting the Commission's Most Significant Funds

Fund Financial Statements
The analysis of the Commission's major funds begins on page 8. 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-Economic Development District Fund, Appalachian Regional Commission-Local Development District and Regional Work Plan Fund, Community Development Contracts, ODOT Rural Transportation Planning Organization Fund, Economic Development Administration-Revolving Loan Fund, Appalachian Regional Commission-Revolving Loan Fund, and USDA 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, 2017, compared to December 31, 2016.

Table 1
Net Position

	2017	2016
Assets		
Current and Other Assets	$774,913	$764,084
Loans Receivable	790,706	648,191
Capital Assets, Net	815,127	844,252
Total Assets	2,380,746	2,256,527
Deferred Outflows of Resources	291,282	225,469
Liabilities		
Current and Other Liabilities	29,929	40,123
Long-Term Liabilities	923,930	750,658
Total Liabilities	953,859	790,781
Deferred Inflows of Resources	3,972	9,454

Table 1
Net Position (Continued)

	2017	2016
Net Position		
Net Investment in Capital Assets	$572,999	$587,839
Restricted	1,356,580	1,181,100
Unrestricted (Deficit)	(215,382)	(87,178)
Total Net Position	$1,714,197	$1,681,761

Total assets increased $124,219. Loans receivable increased significantly due to the issuance of one new loan for $248,000 in 2017. The increase for this new loan was offset by principal repayments on existing loans in the amount of $105,485. There were no write-offs of existing loans during the year. Intergovernmental receivable increased due to larger receivables due from ODOT and OPWC in 2017 as compared to 2016. Prepaid expenses decreased between years due to some adjusted timing of payments. Capital assets, net decreased $29,125 due to depreciation expense. The Commission did not add or dispose of any capital assets during 2017.

Deferred outflows of resources increased $65,813 due to increases in actuarially-determined amounts related to the Commission's proportionate of the state-wide net pension liability.

Total liabilities increased $163,078. Long-term liabilities increased $173,272 due primarily to an increase in the Commission's proportionate share of the state-wide net pension liability. This increase was partially offset by a decrease in lease balances due to principal payments on the Commission's lease agreement. Current and other liabilities decreased by $10,194 due primarily to decreases in accounts payable and accrued wages.

Deferred inflows of resources decreased $5,482 due to decreases in actuarially-determined amounts related to the Commission's proportionate of the state-wide net pension liability.

Table 2 shows the changes in net position for the year ended December 31, 2017, compared to the year ended December 31, 2016.

Table 2
Change in Net Position

	2017	2016
Revenues		
Program Revenues:		
Charges for Services	$48,442	$9,408
Operating Grants, Contributions and Interest	831,774	673,338
Total Program Revenues	880,216	682,746
General Revenues:		
Membership Fees	117,288	121,683
Investment Earnings	326	340
Miscellaneous	275	0
Total General Revenues	117,889	122,023
Total Revenues	998,105	804,769
Expenses		
Economic and Community Development	588,445	506,259
Transportation Planning	174,680	152,058
Return of Grant Funds	24,759	135,743
Indirect Costs	169,061	163,414
Debt Service:		
Interest and Fiscal Charges	8,724	9,204
Total Expenses	965,669	966,678
Special Item	0	213,214
Change in Net Position	32,436	51,305
Net Position, Beginning of Year	1,681,761	1,630,456
Net Position, End of Year	$1,714,197	$1,681,761

Program revenues increased $197,470. Operating grants, contributions and interest increased due primarily to additional ARC Revolving Loan Program funding. Charges for services also increased due to additional contract service revenue. General revenues decreased $4,134 due to the timing of receipt of membership fees.

Economic and community development activities account for 61 percent of total program expenses. These expenses increased due primarily to an increase for pension expenses related to the Commission's proportionate share of the state-wide net pension liability. Transportation planning expenses account for 18 percent of total program expenses. These expenses increased $22,622, which was also due to an increase in pension expense in addition to the direct result of an increase in program funding. Return of grant funds account for 3 percent of total program expenses. This decreased $110,984 from the prior year. Indirect costs account for 17 percent of total program expenses. These costs remained relatively consistent between years. Interest expense accounts for the remaining 1 percent of program expenses and also remained relatively consistent between years.

In 2016, the Commission recognized a special item for the transfer of operations from the Ohio Valley Resource Conservation and Development Council to assume its Rural Business Enterprise Grant revolving loan fund program. The Commission had no special items to report for 2017.

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 $1,069,593 and expenditures and other financing uses of $906,055, resulting in an increase in total fund balance. The Commission's major funds were the General Fund, Economic Development Administration-Economic Development District Fund, Appalachian Regional Commission-Local Development District and Regional Work Plan Fund, Community Development Contracts Fund, ODOT Rural Transportation Planning Organization Fund, Economic Development Administration-Revolving Loan Fund, Appalachian Regional Commission-Revolving Loan Fund, and USDA Revolving Loan Fund.

Fund balances remained fairly consistent for all major funds except the General Fund, EDA-Economic Development District Fund, ARC-Local Development District and Regional Work Plan Fund, and ARC-Revolving Loan Fund. The General Fund balance decreased due to an increase from the prior year in expenditures which was only partially offset by an increase in revenues between years. The EDA-Economic Development District Fund balance increased due to revenues and transfers from the General Fund increasing at a higher rate than increased expenditures. The ARC-Local Development District and Regional Work Plan Fund balance increased due to increased revenues and decreased expenditures. The ARC-Revolving Loan Fund balance increased due to increases in revenues and a large decrease in expenditures due to the return of a significant amount of grant funds in the prior year compared to a much lower amount of returned funds this year.

Capital Assets and Long-Term Debt

Capital Assets

At December 31, 2017, the Commission had $815,127 invested in land, building and improvements, furniture and equipment. Table 3 shows the December 31, 2017 balances as compared to the December 31, 2016 balances.

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

	2017	2016
Land	$62,500	$62,500
Building and Improvements	736,886	753,080
Furniture and Equipment	15,741	28,672
Net Capital Assets	$815,127	$844,252

Changes in capital assets from the prior year resulted from depreciation expense; the Commission had no additions or disposals during 2017. 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 $242,128 at year-end, $12,971 due within one year. See notes 11 and 12 of the notes to the basic financial statements for additional information. See note 12 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, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$211,928
Cash with Fiscal Agents	9,718
Loans Receivable	790,706
Interest Receivable	1,475
Intergovernmental Receivable	101,509
Prepaid Items	19,294
Restricted Assets:	
Temporarily Restricted:	
Cash and Cash Equivalents	430,989
Nondepreciable Capital Assets	62,500
Depreciable Capital Assets, Net	752,627
Total Assets	2,380,746
Deferred Outflows of Resources	
Pension	291,282
Liabilities	
Accounts Payable	5,156
Accrued Wages and Fringe Benefits	24,773
Long-Term Liabilities:	
Due Within One Year	27,376
Due in More Than One Year	229,157
Net Pension Liability	667,397
Total Liabilities	953,859
Deferred Inflows of Resources	
Pension	3,972
Net Position	
Net Investment in Capital Assets	572,999
Restricted For:	
Loans	790,706
Other Purposes	565,874
Unrestricted (Deficit)	(215,382)
Total Net Position	$1,714,197

See the accompanying notes to the basic financial statements.

Ohio Valley Regional Development Commission
Statement of Activities
For the Year Ended December 31, 2017

			Program Revenues		Net Revenues (Expenses) and Changes in Net Position
	Expenses	Indirect Costs	Charges for Services	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities					
Economic and Community Development	$588,445	$124,238	$48,442	$654,090	($10,151)
Transportation Planning	174,680	44,823	0	177,684	(41,819)
Return of Grant Funds	24,759	0	0	0	(24,759)
Debt Service:					
Interest and Fiscal Charges	8,724	0	0	0	(8,724)
Total Governmental Activities	$796,608	$169,061	$48,442	$831,774	(85,453)
	General Revenue				
	Membership Fees				117,288
	Investment Earnings				326
	Miscellaneous				275
	Total General Revenues				117,889
	Change in Net Position				32,436
	Net Position, Beginning of Year				1,681,761
	Net Position, End of Year				$1,714,197

See the accompanying notes to the basic financial statements.

Ohio Valley Regional Development Commission
Balance Sheet
Governmental Funds
December 31, 2017

	General	Economic Development Administration-Economic Development District	Appalachian Regional Commission-Local Development District and Regional Work Plan	Community Development Contracts	ODOT Rural Transportation Planning Organization	Economic Development Administration-Revolving Loan	Appalachian Regional Commission-Revolving Loan	USDA Revolving Loan	Other Governmental Funds	Total Governmental Funds
Assets										
Equity in Pooled Cash and Cash Equivalents	$106,728	$15,660	$34,202	$47,403	$0	$431	$6,727	$0	$777	$211,928
Cash with Fiscal Agents	9,718	0	0	0	0	0	0	0	0	9,718
Loans Receivable	0	0	0	0	0	294,234	496,472	0	0	790,706
Interest Receivable	0	0	0	0	0	514	961	0	0	1,475
Interfund Receivable	56,496	0	0	0	0	0	0	0	0	56,496
Intergovernmental Receivable	5,477	0	44,210	15,000	36,822	0	0	0	0	101,509
Prepaid Items	12,084	2,191	2,374	0	2,541	65	39	0	0	19,294
Restricted Cash and Cash Equivalents	0	0	0	0	0	206,405	11,154	213,430	0	430,989
Total Assets	$190,503	$17,851	$80,786	$62,403	$39,363	$501,649	$515,353	$213,430	$777	$1,622,115
Liabilities										
Accounts Payable	$3,548	$163	$378	$0	$230	$452	$385	$0	$0	$5,156
Accrued Wages and Fringe Benefits	7,845	2,271	10,783	253	3,621	0	0	0	0	24,773
Interfund Payable	0	0	0	14,726	34,687	4,295	1,835	953	0	56,496
Total Liabilities	11,393	2,434	11,161	14,979	38,538	4,747	2,220	953	0	86,425
Deferred Inflows of Resources	0	0	0	0	0	0	0	0	0	0
Fund Balances										
Nonspendable	12,084	2,191	2,374	0	2,541	65	39	0	0	19,294
Restricted	0	13,226	67,251	47,424	0	496,837	513,094	212,477	777	1,351,086
Unassigned (Deficit)	167,026	0	0	0	(1,716)	0	0	0	0	165,310
Total Fund Balances	179,110	15,417	69,625	47,424	825	496,902	513,133	212,477	777	1,535,690
Total Liabilities and Fund Balances	$190,503	$17,851	$80,786	$62,403	$39,363	$501,649	$515,353	$213,430	$777	$1,622,115

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, 2017

Fund Balances - Total Governmental Funds		$1,535,690
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.		815,127
The net pension liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows-Pension	291,282	
Deferred Inflows-Pension	(3,972)	
Net Pension Liability	(667,397)	(380,087)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Lease	(242,128)	
Compensated Absences	(14,405)	(256,533)
Net Position of Governmental Activities		$1,714,197

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, 2017

	General	Economic Development Administration-Economic Development District	Appalachian Regional Commission-Local Development District and Regional Work Plan	Community Development Contracts	ODOT Rural Transportation Planning Organization	Economic Development Administration-Revolving Loan	Appalachian Regional Commission-Revolving Loan	USDA Revolving Loan	Other Governmental Funds	Total Governmental Funds
Revenues										
Intergovernmental	$0	$60,777	$444,000	$0	$177,684	$0	$128,000	$0	$0	$810,461
Membership Fees	117,288	0	0	0	0	0	0	0	0	117,288
Interest	326	0	0	0	0	10,792	10,406	115	0	21,639
Fees	18,415	0	0	29,527	0	0	500	0	0	48,442
Miscellaneous	275	0	0	0	0	0	0	0	0	275
Total Revenues	136,304	60,777	444,000	29,527	177,684	10,792	138,906	115	0	998,105
Expenditures:										
Current:										
Economic and Community Development:										
Personnel	86,610	42,942	192,733	7,882	0	0	0	0	0	330,167
Fringe Benefits	39,152	18,306	66,087	2,065	0	0	0	0	0	125,610
Travel	10,516	5,070	18,435	481	0	0	0	0	0	34,502
Supplies	6,088	1,638	3,392	1,106	0	0	0	0	0	12,224
Contractual	16,442	0	12	4,494	0	1,280	1,980	112	0	24,320
Other	85,702	6,515	17,840	0	0	1,254	2,127	105	0	113,543
Transportation Planning:										
Personnel	0	0	0	0	91,066	0	0	0	0	91,066
Fringe Benefits	0	0	0	0	28,013	0	0	0	0	28,013
Travel	0	0	0	0	11,796	0	0	0	0	11,796
Supplies	0	0	0	0	3,504	0	0	0	0	3,504
Contractual	0	0	0	0	1,106	0	0	0	0	1,106
Other	0	0	0	0	10,948	0	0	0	0	10,948
Indirect Costs	(169,061)	23,062	97,432	3,744	44,823	0	0	0	0	0
Return of Grant Funds	0	0	0	0	0	0	24,759	0	0	24,759
Debt Service:										
Principal Retirement	1,459	1,828	7,392	209	3,350	0	47	0	0	14,285
Interest and Fiscal Charges	891	1,117	4,514	127	2,046	0	29	0	0	8,724
Total Expenditures	77,799	100,478	407,837	20,108	196,652	2,534	28,942	217	0	834,567
Revenues Over (Under) Expenditures	58,505	(39,701)	36,163	9,419	(18,968)	8,258	109,964	(102)	0	163,538
Other Financing Sources (Uses)										
Transfers In	0	50,083	2,948	0	18,457	0	0	0	0	71,488
Transfers Out	(71,488)	0	0	0	0	0	0	0	0	(71,488)
Total Other Financing Sources (Uses)	(71,488)	50,083	2,948	0	18,457	0	0	0	0	0
Net Change in Fund Balances	(12,983)	10,382	39,111	9,419	(511)	8,258	109,964	(102)	0	163,538
Fund Balances, Beginning of Year - Restated	192,093	5,035	30,514	38,005	1,336	488,644	403,169	212,579	777	1,372,152
Fund Balances, End of Year	$179,110	$15,417	$69,625	$47,424	$825	$496,902	$513,133	$212,477	$777	$1,535,690

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, 2017

Net Change in Fund Balances - Total Governmental Funds	$163,538
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.	
Depreciation	(29,125)
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.	14,285
Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.	53,558
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(171,766)
Some expenses reported in the statement of activities do not require the use of current financial resources when due.	
Decrease in Compensated Absences	1,946
Change in Net Position of Governmental Activities	$32,436

See the accompanying notes to the basic financial statements.

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 175 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 two largest cities in the Commission, Portsmouth and Chillicothe; 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.*

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-Economic Development District Fund – This fund accounts for an Economic Development District grant to provide funding for the Commission for serving as the area's economic development district.

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.

Community Development Contracts Fund – This fund accounts for contracts made between the Commission and various subdivisions where the Commission's staff provides these subdivisions with application development assistance, environmental review, and project administration for CDBG funded projects.

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.

USDA RD Revolving Loan Fund – This fund offers gap financing for small businesses seeking to start up or expand in the district with a focus on natural resources-based businesses. Initial funding for the revolving loan fund came from grants from the US Department of Agriculture, Rural Development to the Ohio Valley Resource Conservation and Development Council (OVRC&D). Upon closure of OVRC&D the Commission assumed the grant monies and loans from OVRC&D.

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.

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, 2017.

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 $9,718 in cash for the Commission as of December 31, 2017.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 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.

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:

Description	Useful Lives
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.

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, which is further discussed in note 4.

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, which will be further discussed in note 4.

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, 2017.

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.

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 2017 was 41.2004%.

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, 2017.

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 liability 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports 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. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities with a market value equal to 105 percent of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 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, 2017 was $9,718.

Deposits

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

As of December 31, 2017, the carrying amount of the Commission's deposits was $642,917 as compared to a bank balance of $646,776. Total depository balances of $180,989 were not covered by federal depository insurance, but were covered by pooled collateral.

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. The total paid to Xerox for this lease for 2017 was $5,935.

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. The total lease expense for 2017 was $1,956.

Future minimum lease payments are:

2018	$7,891
2019	7,891
2020	7,891
2021	5,256
Total	$28,929

Note 4 – Defined Benefit Pension Plan

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Commission employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the follow disclosure focuses on the traditional pension plan.

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

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

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

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

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

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

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

2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

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

The Commission's contractually required contribution was $53,558 for 2017.

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that 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	$667,397
Proportion of the Net Pension Liability	0.002939%
Pension Expense	$171,766

At December 31, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Differences between expected and actual experience	$904
Changes of assumptions	105,857
Net difference between projected and actual earnings on pension plan investments	99,390
Changes in proportion and differences between Commission's contributions and proportionate share of contributions	31,573
Commission contributions subsequent to the measurement date	53,558
Total Deferred Outflows of Resources	$291,282
Deferred Inflows of Resources	
Differences between expected and actual experience	$3,972
Total Deferred Inflows of Resources	$3,972

$53,558 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, 2018. 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:	
2018	$103,645
2019	96,907
2020	44,466
2021	(11,266)
Total	$233,752

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 in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	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: 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality Tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality Tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an experience study that was completed December 31, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.75% to 3.25%, (b) payroll growth assumption was reduced from 4.25% to 3.25%, (c) assumed real wage growth was reduced from 0.50% to 0.00%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Healthy Annuitant Mortality Table adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015 for males and 2010 for females, (f) mortality among disabled members was updated to RP-2014 Disabled Mortality Table, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females, and (g) mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.5 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 (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Commission's proportionate share of the net pension liability	$1,019,598	$667,397	$373,900

<u>Note 5 – Post-Employment Benefits</u>

Plan Description

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 to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This 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 refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, 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 health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. 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 for Member-Directed Plan participants for 2017 was 4.0%.

The Commission's contributions to fund post-employment benefits for the years ended December 31, 2017, 2016, and 2015 were $4,119, $8,552, and $8,378, respectively, which were equal to the required contributions for those years.

Note 6 – Capital Assets

Capital asset activity for the Commission for the year ended December 31, 2017 was as follows:

	Balance 12/31/16	Additions	Disposals	Balance 12/31/17
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	103,329	0	0	103,329
Total Capital Assets Being Depreciated	913,037	0	0	913,037
Less Accumulated Depreciation For:				
Building and Improvements	(56,628)	(16,194)	0	(72,822)
Furniture and Equipment	(74,657)	(12,931)	0	(87,588)
Total Accumulated Depreciation	(131,285)	(29,125)	0	(160,410)
Total Capital Assets Being Depreciated	781,752	(29,125)	0	752,627
Total Capital Assets, Net	$844,252	($29,125)	$0	$815,127

$1,031 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.

During 2017, 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 $784,764. The Commission also has a fire legal liability limit of $50,000 in place. Business personal property coverage is insured up to $130,000.

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 $250 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. Certain coverages have been reviewed and adjusted where deemed appropriate.

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, 2017.

Litigation

The Commission is not currently party to legal proceedings.

Note 10 – Interfund Activity

The Commission had the following interfund receivables and payables at December 31, 2017.

	Receivables	Payables
Major Funds:		
General	$56,496	$0
Community Development Contracts	0	14,726
ODOT Rural Transportation Planning Organization	0	34,687
EDA-Revolving Loan	0	4,295
ARC-Revolving Loan	0	1,835
USDA Revolving Loan	0	953
Total Major Funds	56,496	56,496
Total All Funds	$56,496	$56,496

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.

The Commission had the following interfund transfers during the year ended December 31, 2017.

	Transfers Out	Transfers In
Major Funds:		
General	$71,488	$0
EDA-Economic Development District	0	50,083
ARC-Local Development District and Regional Work Plan	0	2,948
ODOT Rural Transportation Planning Organization	0	18,457
Total Major Funds	71,488	71,488
Total All Funds	$71,488	$71,488

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.

Note 11 – 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 2017 totaled $14,285.

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, 2017.

Fiscal Year Ending December 31,	
2018	$21,239
2019	21,239
2020	21,239
2021	21,239
2022	21,239
2023-2027	106,194
2028-2032	97,040
Total Minimum Lease Payments	309,429
Less: Amounts Representing Interest	(67,301)
Present Value of Minimum Lease Payments	$242,128

Note 12 – Long-Term Liabilities

Changes in the Commission's long-term obligations during 2017 were as follows:

	Amount Outstanding 12/31/16	Additions	Deductions	Amount Outstanding 12/31/17	Due Within One Year
Governmental Activities:					
Capital Lease	$256,413	$0	($14,285)	$242,128	$12,971
Compensated Absences	16,351	81,176	(83,122)	14,405	14,405
Net Pension Liability	477,894	189,503	0	667,397	0
Total	$750,658	$270,679	($97,407)	$923,930	$27,376

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 General Fund. The Commission pays obligations related to employee compensation from the fund benefitting from their service.

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-EDD	ARC-LDDRWP	Community Development Contracts	ODOT RTPO
Nonspendable					
Prepaids	$12,084	$2,191	$2,374	$0	$2,541
Restricted					
RLF Programs	0	0	0	0	0
Community Development Administration	0	13,226	67,251	47,424	0
Total Restricted	0	13,226	67,251	47,424	0
Unassigned (Deficit)	167,026	0	0	0	(1,716)
Total Fund Balances	$179,110	$15,417	$69,625	$47,424	$825

	EDA-RLF	ARC-RLF	USDA RLF	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaids	$65	$39	$0	$0	$19,294
Restricted					
RLF Programs	496,837	513,094	212,477	0	1,222,408
Community Development Administration	0	0	0	777	128,678
Total Restricted	496,837	513,094	212,477	777	1,351,086
Unassigned (Deficit)	0	0	0	0	165,310
Total Fund Balances	$496,902	$513,133	$212,477	$777	$1,535,690

Note 14 – Restatement of Fund Balances

The Commission discovered an error in reporting DERG funds related to its ODOT program in the prior year. As a result, a restatement of fund balance was required. This adjustment did not affect beginning net position.

	General	ODOT-RPTO
Fund Balance, As Reported, December 31, 2016	$191,052	$2,377
Correction of Error	1,041	(1,041)
Fund Balance, As Corrected, December 31, 2016	$192,093	$1,336

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

	2014	2015	2016	2017
Ohio Public Employees Retirement System				
Commission's proportion of the net pension liability	0.002607%	0.002607%	0.002759%	0.002939%
Commission's proportionate share of the net pension liability	$307,330	$314,432	$477,894	$667,397
Commission's covered-employee payroll	$320,254	$354,150	$418,900	$427,600
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%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

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.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ohio Public Employees Retirement System										
Contractually required contribution	$26,541	$29,895	$26,628	$22,191	$33,094	$41,633	$42,498	$50,268	$51,312	$53,558
Contributions in relation to the contractually required contribution	26,541	29,895	26,628	22,191	33,094	41,633	42,498	50,268	51,312	53,558
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Commission's covered-employee payroll	$312,247	$351,706	$295,867	$221,910	$330,940	$320,254	$354,150	$418,900	$427,600	$411,985
Contributions as a percentage of covered-employee payroll	8.50%	8.50%	9.00%	10.00%	10.00%	13.00%	12.00%	12.00%	12.00%	13.00%

Notes to the Required Supplementary Information

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014 through 2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 through 2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.75% to 3.25%, (b) payroll growth assumption was reduced from 4.25% to 3.25%, (c) assumed real wage growth was reduced from 0.50% to 0.00%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Healthy Annuitant Mortality Table adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015 for males and 2010 for females, (f) mortality among disabled members was updated to RP-2014 Disabled Mortality Table, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females, and (g) mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Ohio Valley Regional Development Commission
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Direct Grant or Pass Through Entity Identifying Number	Federal CFDA Number	Disbursements
U.S. Department of Agriculture			
Rural Development			
Rural Business Enterprise Grant			
USDA RD RBEG (RLF)	257266271	10.351	$ 7,269
Total Economic Development-Support for Planning Organizations			
Total U.S. Department of Agriculture			**7,269**
U.S. Department of Commerce			
Economic Development Administration			
Economic Development-Support for Planning Organizations	ED16CHI3020006	11.302	60,183
Economic Adjustment Assistance:			
Revolving Loan Program	06-39-02181	11.307	377,378
Total U.S. Department of Commerce			**437,561**
U.S. Department of Transportation			
Federal Highway Administration (FHWA)			
Passed through by the Ohio Department of Transportation			
Rural Transportation Planning Organization (RTPO) 1'17-6'17	99720	20.205	89,346
Rural Transportation Planning Organization (RTPO) 7'17-12'17	104876	20.205	69,086
Total U.S. Department of Transportation			**158,432**
Appalachian Regional Commission			
Local Development District Assistance	OH-0707D-C44-17	23.009	209,000
Appalachian Research, Technical Assistance, and Demonstration Projects:			
Revolving Loan Program	85-97-OH-9322-99	23.011	534,224
Total Appalachian Regional Commission			**743,224**
Total Federal Financial Assistance			**$ 1,346,486**

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Ohio Valley Regional Development Commisssion (the Commission) under programs of the federal government for the year ended December 31, 2017. The information in the Schedule is presented in accordance wth 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 or changes in net assets of the Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reporte 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, Costs Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be or may be limited as to reimbursement. The Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 3 - 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 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.

2017 revolving loan fund 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 beginning of year	$	7,052
New loans disbursed during year		-
Total expended on eligible admin. costs		217
	$	7,269

Economic Development Administration (EDA) CFDA #11.307	**Total EDA**	**Federal Share**
Outstanding loan balance at the end of year	$ 294,234	$ 220,676
Cash and investment balance in the RLF at the end of year	206,405	154,804
Administrative expenses paid out of the RLF income during the year	2,531	1,898
	$ 503,170	$ 377,378

Federal Share Calculation:	
sum of all EDA dollars from all grantee's RLF awards	$ 300,000
sum of all project dollars dollars from all grantee's RLF awards	400,000
Federal share	75%

Appalachaian Regional Commission (ARC) CFDA #23.011	
Outstanding loan balance at the beginning of year	$ 282,734
New loans disbursed during year	248,000
Total expended on eligible admin. costs	3,490
	$ 534,224

NOTE 4 - MATCHING REQUIREMENTS

Certain Federal programs require that the Commission 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.

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

Independent Auditor's Report

Executive Board
Ohio Valley Regional Development Commission
73 Progress Drive
Waverly, Ohio 45690

We have audited, in accordance with the 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 Ohio Valley Regional Development Commission, Pike County, Ohio (the Commission) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 15, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose 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 may exist that have not been identified.

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no 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.

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

June 15, 2018

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Executive Board
Ohio Valley Regional Development Commission
73 Progress Drive
Waverly, Ohio 45690

Report on Compliance for Each Major Federal Program

We have audited Ohio Valley Regional Development Commission's (the Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended December 31, 2017. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

June 15, 2018

Section I – Summary of Auditor's Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal program(s):	Appalachian Research, Technical Assistance, and Demonstration Projects, CFDA #23.011
Dollar threshold used to distinguish between type A and type B programs:	Type A: > $750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 24, 2018