

**OHIO MID-EASTERN  
GOVERNMENTS ASSOCIATION  
GUERNSEY COUNTY, OHIO**

*SINGLE AUDIT*

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021



Rea & associates

[www.reacpa.com](http://www.reacpa.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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Board Members  
Ohio Mid-Eastern Governments Association  
326 Highland Avenue  
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Ohio Mid-Eastern Governments Association, Guernsey County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. 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 Mid-Eastern Governments Association is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

April 11, 2022

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**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
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## INDEPENDENT AUDITOR'S REPORT

To the Executive Board and Management  
Ohio Mid-Eastern Governments Association  
Guernsey County, Ohio  
326 Highland Avenue, Suite B  
Cambridge, OH 43725

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ohio Mid-Eastern Governments Association, Guernsey County, Ohio, (“OMEGA”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise OMEGA’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 entity’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.

***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 the Ohio Mid-Eastern Governments Association, Guernsey County, Ohio, as of June 30, 2021, and the respective changes in financial position thereof 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, and pension and other post-employment schedules*, as listed in the table of contents, 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 OMEGA's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations 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 February 28, 2022 on our consideration of OMEGA'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 OMEGA'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 OMEGA's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Cambridge, Ohio  
February 28, 2022

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*Management's Discussion and Analysis*  
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*(Unaudited)*

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The discussion and analysis of the Ohio Mid-Eastern Governments Association (OMEGA) financial performance provides an overall review of OMEGA's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at OMEGA's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of OMEGA's financial performance.

***Financial Highlights***

Key financial highlights for 2021 are as follows:

- Net position increased \$941,003, which represents a 56 percent increase from 2020.
- Capital assets decreased \$16,954 during fiscal year 2021.
- During the fiscal year, outstanding debt decreased from \$9,570 to \$5,742.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand OMEGA as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole OMEGA, presenting both an aggregate view of OMEGA'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 OMEGA's most significant funds.

***Reporting OMEGA as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the large number of funds used by OMEGA to provide programs and activities, the view of OMEGA as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows 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.

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These two statements report OMEGA's net position and changes in net position. This change in net position is important because it tells the reader that, for OMEGA as a whole, the financial position of the OMEGA 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 OMEGA's Most Significant Funds***

*Fund Financial Statements*

Fund financial reports provide detailed information about OMEGA's major funds. OMEGA uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on OMEGA's most significant funds. OMEGA's major governmental funds are the general fund, revolving loan fund, Appalachian Regional Commission fund, State Appalachian Development Program fund, Economic Development Administration fund, rural transportation fund, rural transit pilot program and regional job training program fund. OMEGA has only governmental funds.

***Governmental Funds*** Most of OMEGA'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 OMEGA's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational 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.

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**OMEGA as a Whole**

Recall that the Statement of Net Position provides the perspective of OMEGA as a whole. Table 1 provides a summary of OMEGA's net position for 2021 compared to 2020:

**Table 1**  
**Net Position**

|                                       | Governmental Activities |                     |                   |
|---------------------------------------|-------------------------|---------------------|-------------------|
|                                       | 2021                    | 2020                | Change            |
| <b>Assets</b>                         |                         |                     |                   |
| Current and Other Assets              | \$ 3,426,280            | \$ 2,813,441        | \$ 612,839        |
| Net OPEB Asset                        | 58,739                  | -                   | 58,739            |
| Capital Assets                        | 28,766                  | 45,720              | (16,954)          |
| <i>Total Assets</i>                   | <u>3,513,785</u>        | <u>2,859,161</u>    | <u>654,624</u>    |
| <b>Deferred Outflows of Resources</b> |                         |                     |                   |
| Pension & OPEB                        | 120,364                 | 187,625             | (67,261)          |
| <b>Liabilities</b>                    |                         |                     |                   |
| Current Liabilities                   | 17,479                  | 20,376              | (2,897)           |
| Long-Term Liabilities:                |                         |                     |                   |
| Due Within One Year                   | 45,492                  | 42,356              | 3,136             |
| Due in More Than One Year             |                         |                     |                   |
| Pension & OPEB                        | 524,345                 | 1,070,823           | (546,478)         |
| Other Amounts                         | 1,914                   | 5,742               | (3,828)           |
| <i>Total Liabilities</i>              | <u>589,230</u>          | <u>1,139,297</u>    | <u>(550,067)</u>  |
| <b>Deferred Inflows of Resources</b>  |                         |                     |                   |
| Pension & OPEB                        | 412,763                 | 216,336             | 196,427           |
| <b>Net Position</b>                   |                         |                     |                   |
| Net Investment in Capital Assets      | 23,024                  | 36,150              | (13,126)          |
| Restricted                            | 2,928,580               | 2,312,477           | 616,103           |
| Unrestricted                          | (319,448)               | (657,474)           | 338,026           |
| <i>Total Net Position</i>             | <u>\$ 2,632,156</u>     | <u>\$ 1,691,153</u> | <u>\$ 941,003</u> |

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The net pension liability (NPL) is the largest single liability reported by OMEGA at June 30, 2021, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27*. In a prior period, OMEGA also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of OMEGA's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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

Capital assets include leasehold improvements and office furniture and equipment. Net investment in capital assets were \$23,024 at June 30, 2021. These capital assets are used to provide services to members and are not available for future spending. Although the OMEGA's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of OMEGA's net position, \$2,928,580, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of \$319,448.

The fluctuations in deferred outflow/inflow of resources related to pension/OPEB and net pension/OPEB liability is due to change in various components of OPERS accruals and amortization of balances.

Loans receivable increased due to OMEGA lending low interest loans to additional businesses with new revolving loan funding made available by the CARES Act.

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Table 2 shows the changes in net position for fiscal year 2021 and 2020.

|  | 2021                | 2020                | Change            |
|--|---------------------|---------------------|-------------------|
| <b>Revenues</b>                            |                     |                     |                   |
| <i>Program Revenues:</i>                   |                     |                     |                   |
| Charges for Services                       | \$ 51,278           | \$ 15,583           | \$ 35,695         |
| Operating Grants                           | 2,003,517           | 1,554,912           | 448,605           |
| <b>Total Program Revenues</b>              | <b>2,054,795</b>    | <b>1,570,495</b>    | <b>484,300</b>    |
| <i>General Revenues:</i>                   |                     |                     |                   |
| Membership Fees                            | 88,600              | 88,599              | 1                 |
| Other                                      | 735                 | 3,801               | (3,066)           |
| <b>Total General Revenues</b>              | <b>89,335</b>       | <b>92,400</b>       | <b>(3,065)</b>    |
| <b>Total Revenues</b>                      | <b>2,144,130</b>    | <b>1,662,895</b>    | <b>481,235</b>    |
| <b>Program Expenses</b>                    |                     |                     |                   |
| Economic Development                       | 919,083             | 1,224,200           | (305,117)         |
| Transportation                             | 162,590             | 257,261             | (94,671)          |
| Indirect Costs                             | 121,454             | 146,876             | (25,422)          |
| <b>Total Expenses</b>                      | <b>1,203,127</b>    | <b>1,628,337</b>    | <b>(425,210)</b>  |
| <b>Increase (Decrease) in Net Position</b> | <b>941,003</b>      | <b>34,558</b>       | <b>906,445</b>    |
| <b>Net Position at Beginning of Year</b>   | <b>1,691,153</b>    | <b>1,656,595</b>    | <b>34,558</b>     |
| <b>Net Position at End of Year</b>         | <b>\$ 2,632,156</b> | <b>\$ 1,691,153</b> | <b>\$ 941,003</b> |

In fiscal year 2021, OMEGA's operating grants increased due to new COVID-19 related grants.

Program revenues accounted for 96 percent of OMEGA's revenues in fiscal year 2021. These revenues consist of various federal and state grants, interest received on revolving loans, and charges for services.

During fiscal year 2021 economic development and transportation planning expenses account for 76 and 14 percent, respectively, of total program expenses. Indirect costs account for 10 percent of total program expenses.



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***OMEGA's Funds***

OMEGA's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$2,100,763 and expenditures of \$1,528,393. OMEGA's total revenues exceeded total spending during fiscal year ended June 30, 2021.

The general fund balance increased by \$7,928 during fiscal year 2021, as revenues were sufficient to cover expenditures for non-programmatic activities and necessary grant fund transfers. The most significant component of the general fund revenues is the fees charged to members.

The increase/decrease in fund balances of OMEGA's other major funds is directly related to the timing of grant funding and related expenditures.

***General Fund Budgeting Highlights***

Although a legal budget is not required, budgets for expenditures of federal grants are prepared and approved by the awarding federal government agency at the time the grants are awarded. During the course of fiscal year 2021, OMEGA supplemented several of its grant funds with transfers from the general fund.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2021, OMEGA had \$28,766 invested in capital assets. Table 3 shows fiscal year 2021 balances compared with 2020.

**Table 3**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

|                                | Governmental Activities |           |
|--------------------------------|-------------------------|-----------|
|                                | 2021                    | 2020      |
| Office Furniture and Equipment | \$ 25,908               | \$ 42,324 |
| Leasehold Improvements         | 2,858                   | 3,396     |
| <i>Totals</i>                  | \$ 28,766               | \$ 45,720 |

The \$16,954 decrease in capital assets was attributable to depreciation exceeding purchases in the current year. See Note 13 for more information about the capital assets of OMEGA.

**Debt**

At June 30, 2021, OMEGA had \$5,742 in an outstanding capital lease with \$3,828 due within one year. See Notes 10 and 11 for additional details.

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***Current Issues***

OMEGA is currently operating within its means. However, OMEGA's ability to attract administrative funds for its projects is heavily dependent upon the federal and state governments and the availability of grant funds. OMEGA operates within a designated ten-county area of East Central Ohio. Loans made through the revolving loan fund are to businesses within this area. The ability to repay these loans is largely contingent upon the business economy in the ten-county area.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of OMEGA. OMEGA's investments of the pension and other employee benefit plan in which the OMEGA participates have incurred a significant fluctuation in fair value, consistent with the general fluctuation in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, due to the dynamic environment and changes in fiscal policies, the exact impact on the OMEGA's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

***Contacting the OMEGA's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of OMEGA's finances and to show OMEGA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Cindi Metz, Finance Director 326 Highland Avenue, Suite B, Cambridge, OH 43725 or [cindim@omegadistrict.org](mailto:cindim@omegadistrict.org).

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Statement of Net Position*  
*June 30, 2021*

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>                                    |                            |
| Equity in Pooled Cash and Cash Equivalents       | \$ 298,472                 |
| Cash and Cash Equivalents in Segregated Accounts | 443,011                    |
| Cash and Cash Equivalents with Fiscal Agent      | 310,074                    |
| Receivables:                                     |                            |
| Intergovernmental                                | 263,116                    |
| Loans  | 2,098,122                  |
| Prepaid Items                                    | 13,485                     |
| Net OPEB Asset                                   | 58,739                     |
| Depreciable Capital Assets (Net)                 | 28,766                     |
| <i>Total Assets</i>                              | 3,513,785                  |
| <b>Deferred Outflows of Resources</b>            |                            |
| Pension  | 70,571                     |
| OPEB   | 49,793                     |
| <i>Total Deferred Outflows of Resources</i>      | 120,364                    |
| <b>Liabilities</b>                               |                            |
| Accrued Expenses                                 | 17,155                     |
| Claims Payable                                   | 324                        |
| Long Term Liabilities:                           |                            |
| Due Within One Year                              | 45,492                     |
| Due In More Than One Year:                       |                            |
| Net Pension Liability                            | 524,345                    |
| Other Amounts Due in More Than One Year          | 1,914                      |
| <i>Total Liabilities</i>                         | 589,230                    |
| <b>Deferred Inflows of Resources</b>             |                            |
| Pension  | 230,639                    |
| OPEB   | 182,124                    |
| <i>Total Deferred Inflows of Resources</i>       | 412,763                    |
| <b>Net Position</b>                              |                            |
| Net Investment in Capital Assets                 | 23,024                     |
| Restricted For:                                  |                            |
| Loans  | 2,098,122                  |
| Health Benefits                                  | 309,750                    |
| Other Purposes                                   | 520,708                    |
| Unrestricted                                     | (319,448)                  |
| <i>Total Net Position</i>                        | \$ 2,632,156               |

See accompanying notes to the basic financial statements.

**Ohio Mid-Eastern Governments Association**  
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*Statement of Activities*  
For the Fiscal Year Ended June 30, 2021

|                                       | Expenses            | Indirect<br>Costs | Program Revenues                     |   | Net (Expense)                          |
|---------------------------------------|---------------------|-------------------|--------------------------------------|---|--|
|                                       |                     |                   | Charges for<br>Services<br>and Sales | Operating<br>Grants,<br>Contributions<br>and Interest | Revenue and<br>Changes in Net Position |
|                                       |                     |                   |                                      |   | Governmental<br>Activities             |
| <b>Primary Government</b>             |                     |                   |                                      |   |  |
| Governmental Activities:              |                     |                   |                                      |   |  |
| Economic Development                  | \$ 919,083          | \$ 80,304         | \$ 51,278                            | \$ 1,711,868  | \$ 763,759                             |
| Transportation                        | 162,590             | 41,150            | -                                    | 291,649   | 87,909                                 |
| <i>Total Governmental Activities</i>  | <u>\$ 1,081,673</u> | <u>\$ 121,454</u> | <u>\$ 51,278</u>                     | <u>\$ 2,003,517</u>                                   | <u>851,668</u>                         |
| <br>                                  |                     |                   |                                      |   |  |
| <b>General Revenues</b>               |                     |                   |                                      |   |  |
| Membership Fees                       |                     |                   |                                      |   | 88,600                                 |
| Investment Earnings                   |                     |                   |                                      |   | 501                                    |
| Miscellaneous                         |                     |                   |                                      |   | 234                                    |
| <i>Total General Revenues</i>         |                     |                   |                                      |   | <u>89,335</u>                          |
| <br>                                  |                     |                   |                                      |   |  |
| <i>Change in Net Position</i>         |                     |                   |                                      |   | 941,003                                |
| <br>                                  |                     |                   |                                      |   |  |
| <i>Net Position Beginning of Year</i> |                     |                   |                                      |   | <u>1,691,153</u>                       |
| <i>Net Position End of Year</i>       |                     |                   |                                      |   | <u>\$ 2,632,156</u>                    |

See accompanying notes to the basic financial statements.

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2021*

|   | General           | Revolving<br>Loan   | Appalachian<br>Regional<br>Commission | State<br>Appalachian<br>Development<br>Program | Economic<br>Development<br>Administration | Rural<br>Transportation | Rural Transit<br>Pilot Program | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|---------------------|---------------------------------------|--|---|-------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>   |                   |                     |                                       |  |   |                         |                                |                                |                                |
| Equity in Pooled Cash and Cash Equivalents                                | \$ 232,574        | \$ -                | \$ 65,898                             | \$ -   | \$ -                                      | \$ -                    | \$ -                           | \$ -                           | \$ 298,472                     |
| Cash and Cash Equivalents in Segregated Accounts                          | 100               | 442,911             | -                                     | -  | -   | -                       | -                              | -                              | 443,011                        |
| Cash and Cash Equivalents with Fiscal Agent                               | 15,517            | 3,010               | 63,794                                | 58,752   | 60,872                                    | 69,654                  | 35,043                         | 3,432                          | 310,074                        |
| Receivables:  |                   |                     |                                       |  |   |                         |                                |                                |                                |
| Intergovernmental   | 7,961             | 10,076              | -                                     | 84,791   | 77,357                                    | 55,827                  | 15,115                         | 11,989                         | 263,116                        |
| Loans   | -                 | 2,098,122           | -                                     | -  | -   | -                       | -                              | -                              | 2,098,122                      |
| Prepaid Items   | 675               | 131                 | 2,773                                 | 2,557  | 2,647                                     | 3,029                   | 1,524                          | 149                            | 13,485                         |
| Interfund Receivable  | 239,769           | -                   | -                                     | -  | -   | -                       | -                              | -                              | 239,769                        |
| <b>Total Assets</b>   | <b>\$ 496,596</b> | <b>\$ 2,554,250</b> | <b>\$ 132,465</b>                     | <b>\$ 146,100</b>                              | <b>\$ 140,876</b>                         | <b>\$ 128,510</b>       | <b>\$ 51,682</b>               | <b>\$ 15,570</b>               | <b>\$ 3,666,049</b>            |
| <b>Liabilities</b>  |                   |                     |                                       |  |   |                         |                                |                                |                                |
| Accrued Expenses  | \$ 858            | \$ 167              | \$ 3,530                              | \$ 3,249                                       | \$ 3,367                                  | \$ 3,854                | \$ 1,939                       | \$ 191                         | \$ 17,155                      |
| Interfund Payable   | -                 | 12,000              | -                                     | 83,450   | 69,520                                    | 50,647                  | 12,211                         | 11,941                         | 239,769                        |
| Claims Payable  | 16                | 3                   | 67                                    | 62   | 63  | 73                      | 37                             | 3                              | 324                            |
| <b>Total Liabilities</b>  | <b>874</b>        | <b>12,170</b>       | <b>3,597</b>                          | <b>86,761</b>                                  | <b>72,950</b>                             | <b>54,574</b>           | <b>14,187</b>                  | <b>12,135</b>                  | <b>257,248</b>                 |
| <b>Deferred Inflows of Resources</b>                                      |                   |                     |                                       |  |   |                         |                                |                                |                                |
| Unavailable Revenue   | 5,991             | 10,076              | -                                     | -  | 12,964                                    | 40,926                  | 7,046                          | 11,989                         | 88,992                         |
| <b>Fund Balances</b>  |                   |                     |                                       |  |   |                         |                                |                                |                                |
| Nonspendable  | 675               | 131                 | 2,773                                 | 2,557  | 2,647                                     | 3,029                   | 1,524                          | 149                            | 13,485                         |
| Restricted  | 15,501            | 2,531,873           | 126,095                               | 56,782   | 52,315                                    | 29,981                  | 28,925                         | -                              | 2,841,472                      |
| Unassigned  | 473,555           | -                   | -                                     | -  | -   | -                       | -                              | (8,703)                        | 464,852                        |
| <b>Total Fund Balances</b>  | <b>489,731</b>    | <b>2,532,004</b>    | <b>128,868</b>                        | <b>59,339</b>                                  | <b>54,962</b>                             | <b>33,010</b>           | <b>30,449</b>                  | <b>(8,554)</b>                 | <b>3,319,809</b>               |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <b>\$ 496,596</b> | <b>\$ 2,554,250</b> | <b>\$ 132,465</b>                     | <b>\$ 146,100</b>                              | <b>\$ 140,876</b>                         | <b>\$ 128,510</b>       | <b>\$ 51,682</b>               | <b>\$ 15,570</b>               | <b>\$ 3,666,049</b>            |

See accompanying notes to the basic financial statements.

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2021*

|   |                  |                            |
|---|------------------|----------------------------|
| <b>Total Governmental Fund Balances</b>   |                  | \$ 3,319,809               |
| <i>Amounts reported for governmental activities in the statement of net position are different because:</i>   |                  |                            |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |                  | 28,766                     |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.  |                  |                            |
| Intergovernmental   | \$ 83,001        |                            |
| Charges for Services  | <u>5,991</u>     | 88,992                     |
| The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds. |                  |                            |
| Net OPEB Asset  | 58,739           |                            |
| Deferred Outflows - Pension   | 70,571           |                            |
| Deferred Outflows - OPEB  | 49,793           |                            |
| Net Pension Liability   | (524,345)        |                            |
| Deferred Inflows - Pension  | (230,639)        |                            |
| Deferred Inflows - OPEB   | <u>(182,124)</u> | (758,005)                  |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.   |                  |                            |
| Capital Lease Obligation  | (5,742)          |                            |
| Compensated Absences  | <u>(41,664)</u>  | <u>(47,406)</u>            |
| <i>Net Position of Governmental Activities</i>  |                  | <u><u>\$ 2,632,156</u></u> |

See accompanying notes to the basic financial statements.

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

|   | General           | Revolving<br>Loan   | Appalachian<br>Regional<br>Commission | State<br>Appalachian<br>Development<br>Program | Economic<br>Development<br>Administration | Rural<br>Transportation | Rural Transit<br>Pilot Program | Regional<br>Job Training<br>Program | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|---------------------|---------------------------------------|--|---|-------------------------|--------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                                     |                   |                     |                                       |  |   |                         |                                |                                     |                                |                                |
| Intergovernmental                                   | \$ -              | \$ 544,319          | \$ 209,000                            | \$ 159,094                                     | \$ 179,931                                | \$ 168,469              | \$ 116,165                     | \$ 473,393                          | \$ 5,000                       | \$ 1,855,371                   |
| Investment Income                                   | 501               | 21,291              | -                                     | -  | -   | -                       | -                              | -                                   | -                              | 21,792                         |
| Membership Fees                                     | 88,600            | -                   | -                                     | -  | -   | -                       | -                              | -                                   | -                              | 88,600                         |
| Charges for Services                                | 36,912            | 10,151              | -                                     | -  | -   | -                       | -                              | -                                   | -                              | 47,063                         |
| In-Kind Contributions                               | -                 | 38,790              | 39,488                                | -  | 9,425                                     | -                       | -                              | -                                   | -                              | 87,703                         |
| Miscellaneous                                       | -                 | 234                 | -                                     | -  | -   | -                       | -                              | -                                   | -                              | 234                            |
| <b>Total Revenues</b>                               | <b>126,013</b>    | <b>614,785</b>      | <b>248,488</b>                        | <b>159,094</b>                                 | <b>189,356</b>                            | <b>168,469</b>          | <b>116,165</b>                 | <b>473,393</b>                      | <b>5,000</b>                   | <b>2,100,763</b>               |
| <b>Expenditures</b>                                 |                   |                     |                                       |  |   |                         |                                |                                     |                                |                                |
| Current:  |                   |                     |                                       |  |   |                         |                                |                                     |                                |                                |
| Economic Development                                | 33,979            | 27,330              | 212,110                               | 143,248  | 224,529                                   | -                       | -                              | 473,363                             | 10,779                         | 1,125,338                      |
| Transportation Planning                             | -                 | -                   | -                                     | -  | -   | 202,956                 | 74,400                         | -                                   | -                              | 277,356                        |
| Indirect Costs                                      | 6,099             | 4,752               | 25,073                                | 23,092   | 20,356                                    | 27,377                  | 13,773                         | -                                   | 1,349                          | 121,871                        |
| Debt Service:                                       |                   |                     |                                       |  |   |                         |                                |                                     |                                |                                |
| Principal Retirement                                | 192               | 37                  | 788                                   | 725  | 751                                       | 860                     | 433                            | -                                   | 42                             | 3,828                          |
| <b>Total Expenditures</b>                           | <b>40,270</b>     | <b>32,119</b>       | <b>237,971</b>                        | <b>167,065</b>                                 | <b>245,636</b>                            | <b>231,193</b>          | <b>88,606</b>                  | <b>473,363</b>                      | <b>12,170</b>                  | <b>1,528,393</b>               |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <b>85,743</b>     | <b>582,666</b>      | <b>10,517</b>                         | <b>(7,971)</b>                                 | <b>(56,280)</b>                           | <b>(62,724)</b>         | <b>27,559</b>                  | <b>30</b>                           | <b>(7,170)</b>                 | <b>572,370</b>                 |
| <b>Other Financing Sources (Uses)</b>               |                   |                     |                                       |  |   |                         |                                |                                     |                                |                                |
| Transfers In  | -                 | -                   | -                                     | -  | 55,787                                    | 22,028                  | -                              | -                                   | -                              | 77,815                         |
| Transfers Out                                       | (77,815)          | -                   | -                                     | -  | -   | -                       | -                              | -                                   | -                              | (77,815)                       |
| <b>Total Other Financing Sources (Uses)</b>         | <b>(77,815)</b>   | <b>-</b>            | <b>-</b>                              | <b>-</b>                                       | <b>55,787</b>                             | <b>22,028</b>           | <b>-</b>                       | <b>-</b>                            | <b>-</b>                       | <b>-</b>                       |
| <i>Net Change in Fund Balance</i>                   | <b>7,928</b>      | <b>582,666</b>      | <b>10,517</b>                         | <b>(7,971)</b>                                 | <b>(493)</b>                              | <b>(40,696)</b>         | <b>27,559</b>                  | <b>30</b>                           | <b>(7,170)</b>                 | <b>572,370</b>                 |
| <i>Fund Balances Beginning of Year</i>              | <b>481,803</b>    | <b>1,949,338</b>    | <b>118,351</b>                        | <b>67,310</b>                                  | <b>55,455</b>                             | <b>73,706</b>           | <b>2,890</b>                   | <b>(30)</b>                         | <b>(1,384)</b>                 | <b>2,747,439</b>               |
| <b>Fund Balances End of Year</b>                    | <b>\$ 489,731</b> | <b>\$ 2,532,004</b> | <b>\$ 128,868</b>                     | <b>\$ 59,339</b>                               | <b>\$ 54,962</b>                          | <b>\$ 33,010</b>        | <b>\$ 30,449</b>               | <b>\$ -</b>                         | <b>\$ (8,554)</b>              | <b>\$ 3,319,809</b>            |

See accompanying notes to the basic financial statements.

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2021*

|  |           |                |
|--|-----------|----------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>  | \$        | 572,370        |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i>  |           |                |
| 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. |           |                |
| Current Year Depreciation  |           | (16,954)       |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |           |                |
| Intergovernmental  | 39,151    |                |
| Charges for Services   | 4,215     | 43,366         |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.  |           |                |
| Capital Leases   |           | 3,828          |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.                          |           |                |
| Pension  |           | 34,908         |
| Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities.                        |           |                |
| Pension  | (21,653)  |                |
| OPEB   | 328,274   | 306,621        |
| Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.                |           |                |
| Compensated Absences   |           | (3,136)        |
| <i>Change in Net Position of Governmental Activities</i>   | <b>\$</b> | <b>941,003</b> |

See accompanying notes to the basic financial statements.



**Ohio Mid-Eastern Governments Association**

**Guernsey County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

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**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

The Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application of Appalachian Regional Commission and Economic Development Administration grant monies.

OMEGA is a jointly governed entity administered by a twenty-one member Executive Board (Board) which acts as the authoritative body of the entity. The Board is comprised of members appointed from each participating county and the cities within each county. City membership is voluntary. The Board has total control over budgeting, personnel, and financial matters.

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*, and the financial statements include all organizations, activities, and functions that comprise OMEGA. Component units are legally separate entities for which OMEGA (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) OMEGA'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, OMEGA. Using these criteria, OMEGA has no component units.

***B. Government-Wide and Fund Financial Statements***

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 applications who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported 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.

**Ohio Mid-Eastern Governments Association**

**Guernsey County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

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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 OMEGA receives cash.

***Fund Accounting*** OMEGA 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. OMEGA 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 purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows is reported as fund balance.

OMEGA reports the following major governmental funds:

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

***Revolving Loan Fund*** This fund offers low-interest loans to businesses within OMEGA's ten-county region. Such funds are to be used in the event that full financing cannot be obtained from a bank, or to fill the gap between bank financing and the financing necessary to complete a business project. Bank or private participation is required. Initial funding for the Revolving Loan Fund came from grants from the Appalachian Regional Commission, Economic Development Administration, and the United States Department of Agriculture. There has also been additional revolving loan funding provided by the CARES Act.

***Appalachian Regional Commission Fund*** This fund is used to account for operating grant funds received from the Appalachian Regional Commission.

***State Appalachian Development Program Fund*** This fund is used to account for operating grant funds received from the Ohio Development Services Agency.

***Economic Development Administration Fund*** This fund is used to account for operating grant funds received from the Economic Development Administration.

***Rural Transportation Fund*** This fund is used to account for the Regional Transportation Planning Organization Program which serves eight counties in OMEGA's district that are not members of a metropolitan planning organization. Funding is provided by the Federal Highway Administration and the Ohio Department of Transportation.

***Rural Transit Pilot Program Fund*** This fund is used to account for the Coordinated Human Services Transportation Pilot Program which serves ten counties in OMEGA's district. Funding is provided by the Federal Transit Agency.

**Ohio Mid-Eastern Governments Association**

**Guernsey County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

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***Regional Job Training Program Fund*** This fund is used to account for the State Regional Job Training Program in which OMEGA administers grant funds to provide financial assistance to projects in Ohio's Appalachian counties to support regional job training efforts to equip Ohio's workforce with additional skills to grow the economy to further the goals of the Appalachian Regional Commission. Funds are disbursed through a sub-grantee agreement with each funding recipient. Funding is provided by the State of Ohio Governor's Office of Appalachia.

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

Non-exchange transactions, in which OMEGA receives value without directly giving 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 OMEGA must provide local resources to be used for a specific purpose, and expenditure requirements in which the resources are provided to OMEGA on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

***Expenses/Expenditures*** On an 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 measureable.

***D. Interfund Transactions***

During the course of normal operations, OMEGA has transactions between funds. Interfund transactions are generally classified as operating transfers, which are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund, and "Transfers Out" by the disbursing fund. These amounts are eliminated on the statement of activities.

On the governmental fund balance sheet, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable". These amounts are eliminated on the statement of net position.

***E. Capital Assets***

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**Ohio Mid-Eastern Governments Association**

**Guernsey County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. OMEGA maintains a capitalization threshold of \$2,500. OMEGA does not possess any infrastructure. Donated assets are reported at acquisition value. Improvements are capitalized; the cost 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. Depreciation is computed on the straight-line method over the useful lives of the related assets. Office furniture and equipment have useful lives of 3 to 7 years. Leasehold improvements have a useful life of 15 years.

***F. Intergovernmental Revenues***

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

***G. Fund Balances***

Fund balance is divided into five classifications based primarily on the extent to which OMEGA 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*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of OMEGA's Executive Board. Those committed amounts cannot be used for any other purpose unless OMEGA's Executive 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 OMEGA 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 OMEGA's Executive 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.

**Ohio Mid-Eastern Governments Association**

**Guernsey County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

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OMEGA 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.

***H. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the OMEGA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

OMEGA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***I. 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

***J. Deferred Inflows and Outflows of Resources***

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For OMEGA, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For OMEGA, deferred inflows of resources include pension, OPEB and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For OMEGA, unavailable revenue may include grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 5 and 6).

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***K. Cash and Cash Equivalents***

To improve cash management, all cash received by OMEGA is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through OMEGA's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents." OMEGA participates in the Jefferson Health Plan. The Jefferson Health Plan is an insurance consortium for self-insurance. These monies are held separate from OMEGA's central bank account and are reflected in the financial statement as "cash and cash equivalents with fiscal agent."

OMEGA has segregated bank accounts for monies held separate from the OMEGA's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into OMEGA's treasury. See Note 3, "Deposits and Investments."

***L. Budgetary Process***

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

***M. 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.

OMEGA 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 OMEGA's cost allocation plan. OMEGA's indirect cost rate for 2021 was 30.79 percent.

***N. Compensation Absences***

OMEGA 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 and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that OMEGA will compensate the employees for the benefits through paid time off or some other means. Since unused sick leave is not payable upon termination, no accrual is made for sick leave.

The entire amount is reported as a liability in the statement of net position.

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***O. Pension and Postemployment Benefits (OPEB)***

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

***P. Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance***

For the fiscal year ended June 30, 2021, OMEGA has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

The implementation of GASB Statement No. 84 did not have an effect on the financial statements of OMEGA.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of OMEGA.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of OMEGA.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of OMEGA.

**NOTE 2 – DONATED SPACE AND SERVICES**

Appointed board members, elected local officials and economic development professionals who attend one or more OMEGA meetings throughout the year donate their time and travel expenses related to these board and membership meetings. OMEGA hosts seven such meetings each year. The total value of the wages and travel donated is \$441 for the year ended June 30, 2021. OMEGA also received a discounted lease rate for office space from Guernsey County. The value of the discounted rent is estimated to be \$14,039. These in-kind contributions have been recognized in the accompanying financial statements.

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

The investments and deposits of OMEGA are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit OMEGA to invest monies in certificates of deposit, saving accounts, money market accounts, the State Treasurer’s investment pool (STAROhio) and obligations of the United States government or certain agencies thereof. OMEGA 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. 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 OMEGA’s name. OMEGA 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”). OMEGA is also prohibited from investing in reverse repurchase agreements.

***A. Cash with Fiscal Agent***

At June 30, 2021, OMEGA had a cash balance of \$310,074 with the Jefferson Health Plan, a claims servicing pool (see Note 8), which is a portion of OMEGA’s General, Revolving Loan, Appalachian Regional Commission, State Appalachian Development Program, Economic Development Administration, Rural Transportation, Rural Transit Pilot Program and AML Reclamation Economic Development Pilot Program Fund balances. The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by OMEGA. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan’s fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

***B. Segregated Cash***

The revolving loan fund is maintained separately from OMEGA’s deposits. The carrying amount of the deposits are reported as “cash and cash equivalents in segregated accounts.”

***C. Deposits***

At year-end, \$237,616 of OMEGA’s bank balance of \$843,422 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in OMEGA’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject OMEGA to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of a bank failure, OMEGA’s deposits may not be returned. Protection of the OMEGA’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.



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***D. Investments***

OMEGA held no investments at June 30, 2021.

**NOTE 4 – CONCENTRATIONS**

All of OMEGA’s loans and commitments have been granted to customers in a ten-county area of Mid-Eastern Ohio. OMEGA’s loans are generally secured by specific items of collateral, including real property, vehicles, and business assets. Repayment of these loans is dependent, in part, upon the economic conditions of this region. Management monitors the collectability of the revolving loan portfolio on an ongoing basis. As of June 30, 2021, management determined that all of the loan balances were fully collectible.

The majority of OMEGA’s funding is through federal and state grants. Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursement to the grantor agency. Management of OMEGA believes disallowances, if any, would be immaterial.

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

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 OMEGA’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 OMEGA’s obligation for this liability to annually required payments. OMEGA cannot control benefit terms or the manner in which pensions are financed; however, OMEGA 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 (asset)/liability. Resulting adjustments to the net pension (asset)/liability would be effective when the changes are legally enforceable.

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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 would be included in intergovernmental payable on both the accrual and modified accrual bases of accounting. OMEGA had no such liability at fiscal year-end.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

OMEGA 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.

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 including requirements for reduced and unreduced benefits):

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

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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:

|  |        |
|--|--------|
| <b>2021 Statutory Maximum Contribution Rates</b> |        |
| Employer   | 14.0 % |
| Employee   | 10.0 % |
| <b>2021 Actual Contribution Rates</b>            |        |
| <b>Employer</b>                                  |        |
| Pension  | 14.0 % |
| Post-employment Health Care Benefits             | 0.0    |
| Total Employer                                   | 14.0 % |
| Employee   | 10.0 % |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. OMEGA's contractually required pension contribution was \$69,816 for 2021. The entire amount was used to fund pension benefits.

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

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

|  |             |
|--|-------------|
|  | OPERS       |
| Proportion of the Net Pension Liability: |             |
| Current Measurement Period               | 0.00354100% |
| Prior Measurement Period                 | 0.00328200% |
| Change in Proportion                     | 0.00025900% |
| Proportionate Share of the Net           |             |
| Pension Liability                        | \$ 524,345  |
| Pension Expense                          | \$ 21,653   |

At June 30, 2021, OMEGA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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|  | OPERS      |
|--|------------|
| <b>Deferred Outflows of Resources</b>  |            |
| Changes in Proportionate Share   | \$ 35,663  |
| OMEGA Contributions Subsequent to the Measurement Date                           | 34,908     |
| Total Deferred Outflows of Resources   | \$ 70,571  |
| <br><b>Deferred Inflows of Resources</b>   |            |
| Differences between Expected and Actual Experience                               | \$ 21,934  |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 204,377    |
| Changes in Proportionate Share   | 4,328      |
| Total Deferred Inflows of Resources  | \$ 230,639 |

\$34,908 reported as deferred outflows of resources related to pension resulting from OMEGA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending December 31: | OPERS        |
|--------------------------|--------------|
| 2022                     | \$ (66,951)  |
| 2023                     | (16,842)     |
| 2024                     | (83,311)     |
| 2025                     | (27,872)     |
| Total                    | \$ (194,976) |

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions and methods applied to all periods included in the measurement:

|                            |   |
|----------------------------|---|
| Wage Inflation             | 3.25 percent  |
| Projected Salary Increases | 3.25 to 10.75 percent including wage inflation at 3.25 percent  |
| COLA or Ad Hoc COLA        | Pre-1/7/13 Retirees: 3% Simple; Post 1/7/13 Retirees:<br>0.50% Simple through 2021, then 2.15% Simple |
| Investment Rate of Return  | 7.20 percent  |
| Actuarial Cost Method      | Individual entry age normal   |

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The most recent experience study was for the 5-year period ended December 31, 2015.

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.2 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.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2020, these best estimates are summaries in the following table:

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

***Sensitivity of OMEGA’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table presents OMEGA’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what OMEGA’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

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|  | 1% Decrease  | Current<br>Discount Rate | 1% Increase |
|--|--------------|--------------------------|-------------|
| OMEGA's Proportionate Share of the<br>Net Pension Liability: | \$ 1,000,191 | \$ 524,345               | \$ 128,680  |

**NOTE 6 - DEFINED BENEFIT OPEB PLAN**

The employees of OMEGA are covered by the Ohio Public Employees Retirement System. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

***Net OPEB Asset***

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

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

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

GASB 75 assumes the asset is solely the right of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset. Resulting adjustments to the net OPEB asset would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of the plan’s unfunded benefits is presented as a net OPEB asset on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year would be included in accrued liabilities on both the accrual and modified accrual bases of accounting. OMEGA had no such liability at fiscal year-end.

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***Plan Description – Ohio Public Employees Retirement System (OPERS)***

***Health Care Plan Description*** The Ohio Public Employees Retirement System (OPERS). OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure, the 401(h) Health Care Trust (401(h) Trust) and the Voluntary Employees' Beneficiary Association Trust (VEBA Trust), could not legally support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Trust was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The VEBA Trust accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age.

Beginning with January 2016 premiums, Medicare-enrolled retirees could select supplemental coverage through the OPERS Medicare Connector (Connector), and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage of non-Medicare retirees includes hospitalization, medical expenses and prescription drugs.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided 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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

***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 is set aside to fund OPERS health care plans.

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Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2021, OMEGA contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. A portion of each employer contribution may be set aside for the funding of post-employment health care coverage. The portion of employer contributions allocated to health care was zero for 2020.

***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB asset for OPERS was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. OMEGA's proportion of the net OPEB asset was based on OMEGA's share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

|   | OPERS        |
|---|--------------|
| Proportion of the Net OPEB Liability (Asset)          |              |
| Current Measurement Date                              | 0.00329700%  |
| Prior Measurement Date                                | 0.00305600%  |
| Change in Proportionate Share                         | 0.00024100%  |
| <br>  |              |
| Proportionate Share of the Net OPEB Liability (Asset) | \$ (58,739)  |
| OPEB Expense  | \$ (328,274) |

At June 30, 2021, OMEGA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | OPERS             |
|---|-------------------|
| <b>Deferred Outflows of Resources</b>   |                   |
| Changes of Assumptions  | \$ 28,877         |
| Changes in Proportionate Share and Differences<br>between OMEGA Contributions and<br>Proportionate Share of Contributions | 20,916            |
| <b>Total Deferred Outflows of Resources</b>   | <b>\$ 49,793</b>  |
| <br>  |                   |
| <b>Deferred Inflows of Resources</b>  |                   |
| Differences between Expected and<br>Actual Experience   | \$ 53,013         |
| Net Difference between Projected and<br>Actual Earnings on OPEB Plan Investments  | 31,283            |
| Changes of Assumptions  | 95,174            |
| Changes in Proportionate Share and Differences<br>between OMEGA Contributions and<br>Proportionate Share of Contributions | 2,654             |
| <b>Total Deferred Inflows of Resources</b>  | <b>\$ 182,124</b> |



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

| Fiscal Year Ending June 30: | <u>OPERS</u>        |
|-----------------------------|---------------------|
| 2022                        | \$ (68,255)         |
| 2023                        | (46,794)            |
| 2024                        | (13,594)            |
| 2025                        | <u>(3,688)</u>      |
| Total                       | <u>\$ (132,331)</u> |

***Actuarial Assumptions - OPERS***

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

The actuarial valuation used the following key actuarial assumptions and methods applied to all periods included in the measurement:

|                             |                |                                      |
|-----------------------------|----------------|--------------------------------------|
| Wage Inflation              |                | 3.25%                                |
| Projected Salary Increases  | 3.25% - 10.75% | (includes wage inflation at 3.25%)   |
| Single Discount Rate        |                | 6.00%                                |
| Investment Rate of Return   |                | 6.00%                                |
| Municipal Bond Rate         |                | 2.00%                                |
| Health Care Cost Trend Rate |                | 8.5% initial, 3.50% ultimate in 2035 |
| Actuarial Cost Method       |                | Individual entry age normal          |

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

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**Discount Rate** A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). The single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projected period through which projected health care payments are fully funded.

The allocation of investment assets within the OPERS Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

| Asset Class            | Target<br>Allocation | Weighted Average Long-Term<br>Expected Real Rate of Return<br>(Arithmetic) |
|------------------------|----------------------|--|
| Fixed Income           | 34.00 %              | 1.07 %   |
| Domestic Equities      | 25.00                | 5.64   |
| REITs                  | 7.00                 | 6.48   |
| International Equities | 25.00                | 7.36   |
| Other investments      | 9.00                 | 4.02   |
| Total                  | <u>100.00 %</u>      | <u>4.43 %</u>  |

**Sensitivity of OMEGA's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate** The following table presents OMEGA's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, and the expected net OPEB asset if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

|  | 1% Decrease | Current<br>Discount Rate | 1% Increase |
|--|-------------|--------------------------|-------------|
| OMEGA's Proportionate Share<br>of the Net OPEB Liability (Asset) | \$ (14,606) | \$ (58,739)              | \$ (95,020) |

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Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

|  | 1% Decrease | Current<br>Trend Rate | 1% Increase |
|--|-------------|-----------------------|-------------|
| OMEGA's Proportionate Share<br>of the Net OPEB Liability (Asset) | \$ (60,170) | \$ (58,739)           | \$ (57,137) |

Retiree health care valuations use a health care cost-trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease at a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

**NOTE 7 – OTHER EMPLOYEE BENEFITS**

Full-time employees earn vacation based on the number of years of service with OMEGA. Vacation pay is accumulated and vested. In the event that an employee terminates his/her employment, he/she may be compensated for accumulated vacation pay.

**NOTE 8 – RISK MANAGEMENT**

OMEGA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. OMEGA maintains comprehensive insurance coverage with private carriers for general liability and building contents. Real property and contents are fully co-insured.

| Type                       | Amount       | Company                  |
|----------------------------|--------------|--------------------------|
| Professional Liability     | \$ 1,000,000 | Cincinnati Insurance Co. |
| General Liability          | 2,000,000    | Westfield Companies      |
| Business Personal Property | 150,000      | Westfield Companies      |
| Employee Theft             | 50,000       | Westfield Companies      |

Settled claims have not exceeded coverage in any of the last three years. There has been no significant reduction in coverage from the prior year.

OMEGA is a member of a claims servicing pool, consisting of school districts and other entities throughout the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on OMEGA's behalf. The plan is administered through the Jefferson Health Plan and provides stop loss protection of \$1,500,000 per individual per year. The claims liability of \$324, reported at June 30, 2021, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Financing Omnibus," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not yet reported claims, be accrued at the estimated ultimate cost of settling the claims.

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Charges in claims activity for the past two fiscal years are as follows:

| <u>Fiscal Year</u> | <u>Beginning<br/>Balance</u> | <u>Current<br/>Year Claims</u> | <u>Claims<br/>Payments</u> | <u>Ending<br/>Balance</u> |
|--------------------|------------------------------|--------------------------------|----------------------------|---------------------------|
| 2021               | \$ 461                       | \$ 62,973                      | \$ 63,110                  | \$ 324                    |
| 2020               | 2,676                        | 41,367                         | 43,582                     | 461                       |

As of June 30, 2021, OMEGA had a plan asset balance of \$310,074 with the Consortium. The entire plan asset balance is restricted for the payment of health benefits.

**NOTE 9 – CONTINGENCIES**

OMEGA received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of OMEGA at June 30, 2021.

OMEGA is not currently party to legal proceedings.

**NOTE 10 – LEASES**

***A. Operating Lease***

OMEGA leases office equipment under various operating leases with terms exceeding one year. OMEGA’s administrative offices are leased under a year-to-year agreement. The amount expensed under these operating leases during the year ended June 30, 2021 was \$1,500. Minimum future payments required under leases with a minimum term exceeding one year are approximately \$1,500 for the year ending June 30, 2022.

***B. Capital Lease***

In prior years OMEGA entered into a capital lease for office equipment. This lease meets the criteria of a capital lease as defined by generally accepted accounting principles, in that they transfer the benefits and risks of ownership to the lessee. The office equipment has been capitalized in the amount of \$19,140. This amount represents the present value of the minimum lease payments at the time of the acquisition. At June 30, 2021 the net book value for the office equipment was \$5,742 after accumulated depreciation of \$13,398.

The following is a schedule of future minimum lease payments under the capital lease as of June 30, 2021.

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|   | Amount   |
|---|----------|
| Fiscal Year Ending June 30, 2022            | \$ 3,828 |
| 2023  | 1,914    |
|   | 5,742    |
| Less: amount representing interest          | -        |
| Present value of net minimum lease payments | \$ 5,742 |

**NOTE 11– LONG-TERM LIABILITIES**

Changes in OMEGA’s long-term liabilities during the year consisted of the following:

|                                      | Outstanding<br>06/30/2020 | Additions | Deductions   | Outstanding<br>6/30/2021 | Due Within<br>One Year |
|--------------------------------------|---------------------------|-----------|--------------|--------------------------|------------------------|
| <b>Governmental Activities</b>       |                           |           |              |                          |                        |
| Net Pension Liability                | \$ 648,710                | \$ -      | \$ (124,365) | \$ 524,345               | \$ -                   |
| Net OPEB Liability                   | 422,113                   | -         | (422,113)    | -                        | -                      |
| Capital Lease                        | 9,570                     | -         | (3,828)      | 5,742                    | 3,828                  |
| Compensated Absences                 | 38,528                    | 41,664    | (38,528)     | 41,664                   | 41,664                 |
| <i>Total Governmental Activities</i> |                           |           |              |                          |                        |
| <i>Long-Term Liabilities</i>         | \$ 1,118,921              | \$ 41,664 | \$ (588,834) | \$ 571,751               | \$ 45,492              |

Compensated absences will be paid out of the fund that pays the employee’s salary. The capital leases are paid from the General, Revolving Loan, Appalachian Regional Commission, State Appalachian Development Program, Economic Development Administration, Rural Transportation, Rural Transit Pilot Program and AML Reclamation Economic Development Pilot Program funds based on allocations approved in the cost allocation plan. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 5 and 6.

**NOTE 12– INTERFUND ACTIVITY**

The following is a summary of operating transfers in and out for all funds for the year ended June 30, 2021:

|                                     | Transfer In | Transfers Out |
|-------------------------------------|-------------|---------------|
| General Fund                        | \$ -        | \$ 77,815     |
| Economic Development Administration | 55,787      | -             |
| Rural Transportation                | 22,028      | -             |
| Total                               | \$ 77,815   | \$ 77,815     |

Transfers were made from the General Fund to provide cash matches in grant funds.

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*For the Fiscal Year Ended June 30, 2021*

The following is a summary of interfund balances for all funds for the year ended June 30, 2021:

|  | Interfund<br>Receivable | Interfund<br>Payable |
|--|-------------------------|----------------------|
| General Fund                                       | \$ 239,769              | \$ -                 |
| Revolving Loan                                     | -                       | 12,000               |
| State Appalachian Development Program              | -                       | 83,450               |
| Economic Development Administration                | -                       | 69,520               |
| Rural Transportation                               | -                       | 50,647               |
| Rural Transit Pilot Program                        | -                       | 12,211               |
| Other Governmental:                                |                         |                      |
| AML Reclamation Economic Development Pilot Program | -                       | 3,355                |
| NRAC Contract                                      | -                       | 8,586                |
|  | \$ 239,769              | \$ 239,769           |
| Total  |                         |                      |

The primary purpose of the interfund loans is to cover costs in specific funds where revenues were not received by June 30. These interfund loans will be repaid once the anticipated revenues are received. All interfund loans are expected to be repaid within one year.

**NOTE 13 – CAPITAL ASSET ACTIVITY**

Capital asset activity for the year ended June 30, 2021 was as follows:

|  | Balance<br>6/30/2020 | Additions   | Reductions | Balance<br>6/30/2021 |
|--|----------------------|-------------|------------|----------------------|
| <b>Governmental Activities:</b>                    |                      |             |            |                      |
| <i>Depreciable Capital Assets:</i>                 |                      |             |            |                      |
| Office Furniture and Equipment                     | \$ 156,090           | \$ -        | \$ -       | \$ 156,090           |
| Leasehold Improvements                             | 8,081                | -           | -          | 8,081                |
|  | 164,171              | -           | -          | 164,171              |
| <i>Total Capital Assets, Being Depreciated</i>     |                      |             |            |                      |
| <b>Less Accumulated Depreciation:</b>              |                      |             |            |                      |
| Office Furniture and Equipment                     | (113,766)            | (16,416)    | -          | (130,182)            |
| Leasehold Improvements                             | (4,685)              | (538)       | -          | (5,223)              |
|  | (118,451)            | (16,954)    | -          | (135,405)            |
| Total Accumulated Depreciation                     |                      |             |            |                      |
| <i>Governmental Activities Capital Assets, Net</i> | \$ 45,720            | \$ (16,954) | \$ -       | \$ 28,766            |

Depreciation expense was fully allocated to economic development.

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**NOTE 14 - RECEIVABLES**

Receivables at June 30, 2021 consisted of loans, interfund and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Loans receivable are low-interest loans to businesses within OMEGA’s ten-county region. \$1,929,525 of the outstanding loans receivable are not expected to be collected within the subsequent year (by agreement).

**NOTE 15 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which OMEGA 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 are presented below:

|                           | General           | Revolving<br>Loan   | Appalachian<br>Regional<br>Commission | State<br>Appalachian<br>Development<br>Program | Economic<br>Development<br>Administration | Rural<br>Transportation | Rural Transit<br>Pilot Program | Other<br>Governmental<br>Funds | Total               |
|---------------------------|-------------------|---------------------|---------------------------------------|--|---|-------------------------|--------------------------------|--------------------------------|---------------------|
| Nonspendable for:         |                   |                     |                                       |  |   |                         |                                |                                |                     |
| Prepays                   | \$ 675            | \$ 131              | \$ 2,773                              | \$ 2,557                                       | \$ 2,647                                  | \$ 3,029                | \$ 1,524                       | \$ 149                         | \$ 13,485           |
| Restricted for:           |                   |                     |                                       |  |   |                         |                                |                                |                     |
| Health Benefits           | 15,501            | 3,007               | 63,727                                | 56,782   | 52,315                                    | 29,981                  | 28,925                         | -                              | 250,238             |
| RLF Programs              | -                 | 2,528,866           | -                                     | -  | -   | -                       | -                              | -                              | 2,528,866           |
| ARC Programs              | -                 | -                   | 62,368                                | -  | -   | -                       | -                              | -                              | 62,368              |
| Total Restricted          | 15,501            | 2,531,873           | 126,095                               | 56,782   | 52,315                                    | 29,981                  | 28,925                         | -                              | 2,841,472           |
| Unassigned                | 473,555           | -                   | -                                     | -  | -   | -                       | -                              | *(8,703)                       | 464,852             |
| <b>Total Fund Balance</b> | <b>\$ 489,731</b> | <b>\$ 2,532,004</b> | <b>\$ 128,868</b>                     | <b>\$ 59,339</b>                               | <b>\$ 54,962</b>                          | <b>\$ 33,010</b>        | <b>\$ 30,449</b>               | <b>\$ (8,554)</b>              | <b>\$ 3,319,809</b> |

\* The deficit of \$3,197 and \$5,506 in AML Reclamation Economic Development Pilot Program and the Natural Resources Assistance Council funds, respectively, resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

**NOTE 16 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the OMEGA received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

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*Required Supplementary Information*  
*Schedule of OMEGA's Proportionate Share of the Net Pension Liability*  
*Last Eight Years (1)*

|  | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|-------------|
| <b><i>Ohio Public Employees' Retirement System (OPERS) - Traditional Plan</i></b>                  |             |             |             |
| OMEGA's Proportion of the Net Pension Liability  | 0.0035410%  | 0.0032820%  | 0.0033740%  |
| OMEGA's Proportionate Share of the Net Pension Liability   | \$ 524,345  | \$ 648,710  | \$ 924,070  |
| OMEGA's Covered Payroll  | \$ 473,307  | \$ 445,029  | \$ 426,364  |
| OMEGA's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Payroll | 110.78%     | 145.77%     | 216.73%     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                         | 86.88%      | 82.17%      | 74.70%      |

(1) Although this schedule is intended to reflect information for 10 years, information prior to 2014 is not available. An additional column will be added each year.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.



| <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|-------------|-------------|-------------|-------------|-------------|
| 0.0027880%  | 0.0027631%  | 0.0029460%  | 0.0028984%  | 0.0028984%  |
| \$ 437,383  | \$ 627,430  | \$ 510,284  | \$ 349,579  | \$ 207,231  |
| \$ 351,783  | \$ 358,392  | \$ 405,067  | \$ 350,092  | \$ 276,030  |
| 124.33%     | 175.07%     | 125.98%     | 99.85%      | 75.08%      |
| 84.66%      | 77.39%      | 81.08%      | 86.45%      | 86.36%      |

See accompanying notes to the required supplementary information.

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Required Supplementary Information  
Schedule of OMEGA's Contributions - Pension  
Last Ten Years

|  | <u>2021</u>     | <u>2020</u>     | <u>2019</u>     | <u>2018</u>     |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Ohio Public Employees' Retirement System (OPERS) - Traditional Plan</b> |                 |                 |                 |                 |
| Contractually Required Contribution  | \$ 69,816       | \$ 66,263       | \$ 62,304       | \$ 55,427       |
| Contributions in Relation to the<br>Contractually Required Contribution    | <u>(69,816)</u> | <u>(66,263)</u> | <u>(62,304)</u> | <u>(55,427)</u> |
| Contribution Deficiency (Excess)   | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| OMEGA's Covered Payroll  | \$ 498,686      | \$ 473,307      | \$ 445,029      | \$ 426,364      |
| Contributions as a Percentage of Covered Payroll                           | 14.00%          | 14.00%          | 14.00%          | 13.00%          |

See accompanying notes to the required supplementary information.

| <u>2017</u>     | <u>2016</u>     | <u>2015</u>     | <u>2014</u>     | <u>2013</u>     | <u>2012</u>     |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 42,214       | \$ 43,007       | \$ 48,608       | \$ 45,512       | \$ 27,603       | \$ 27,547       |
| <u>(42,214)</u> | <u>(43,007)</u> | <u>(48,608)</u> | <u>(45,512)</u> | <u>(27,603)</u> | <u>(27,547)</u> |
| <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| \$ 351,783      | \$ 358,392      | \$ 405,067      | \$ 350,092      | \$ 276,030      | \$ 275,470      |
| 12.00%          | 12.00%          | 12.00%          | 13.00%          | 10.00%          | 10.00%          |

See accompanying notes to the required supplementary information.

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**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Required Supplementary Information*  
*Schedule of OMEGA's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Five Fiscal Years (1)*

| <i>Ohio Public Employees Retirement System (OPERS)</i>  | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| OMEGA's Proportion of the Net OPEB Liability (Asset)  | 0.00329700% | 0.00305600% | 0.00314200% | 0.00260000% | 0.00258500% |
| OMEGA's Proportionate Share of the Net OPEB Liability (Asset)   | \$ (58,739) | \$ 422,113  | \$ 409,643  | \$ 282,341  | \$ 261,094  |
| OMEGA's Covered Payroll   | \$ 473,307  | \$ 445,029  | \$ 426,364  | \$ 351,783  | \$ 358,392  |
| OMEGA's Proportionate Share of the Net OPEB Liability (Asset)<br>as a Percentage of its Covered Payroll | -12.41%     | 94.85%      | 96.08%      | 80.26%      | 72.85%      |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability                                 | 115.57%     | 47.80%      | 46.33%      | 77.25%      | 54.14%      |

(1) Although this schedule is intended to reflect information for 10 years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Required Supplementary Information*  
*Schedule of OMEGA's Contributions - OPEB*  
*Last Ten Fiscal Years*

|   | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|
| <b><i>Ohio Public Employees Retirement System (OPERS)</i></b>           |             |             |             |             |
| Contractually Required Contribution                                     | \$ -        | \$ -        | \$ -        | \$ 4,264    |
| Contributions in Relation to the<br>Contractually Required Contribution | -           | -           | -           | (4,264)     |
| Contribution Deficiency (Excess)  | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| OMEGA's Covered Payroll   | \$ 498,686  | \$ 473,307  | \$ 445,029  | \$ 426,364  |
| OPEB Contributions as a Percentage of<br>Covered Payroll                | 0.00%       | 0.00%       | 1.00%       | 2.00%       |

See accompanying notes to the required supplementary information.

| <u>2017</u>    | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    | <u>2013</u>     | <u>2012</u>     |
|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 7,036       | \$ 7,168       | \$ 8,101       | \$ 3,501       | \$ 11,041       | \$ 11,019       |
| <u>(7,036)</u> | <u>(7,168)</u> | <u>(8,101)</u> | <u>(3,501)</u> | <u>(11,041)</u> | <u>(11,019)</u> |
| <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ -</u>     |
| \$ 351,783     | \$ 358,392     | \$ 405,067     | \$ 350,092     | \$ 276,030      | \$ 275,470      |
| 2.00%          | 2.00%          | 1.00%          | 4.00%          | 4.00%           | 5.00%           |

See accompanying notes to the required supplementary information.

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

***Net Pension Liability – Ohio Public Employees Retirement System***

*Changes of benefit terms* - There were no significant changes of benefit terms in 2021.

*Changes of assumptions* - Amounts reported in 2021 reflect changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed cost-of-living adjustments for post January 7, 2013 retirees from 1.40 percent simple through 2020 to 0.50 percent simple through 2021. These new assumptions compared with those used from 2017 through 2020 are presented below:

|  | 2021  | 2020  | 2019  |
|--|---|---|---|
| Wage Inflation                               | 3.25 percent  | 3.25 percent  | 3.25 percent                                      |
| Future Salary Increases, including inflation | 3.25 to 10.75 percent                               | 3.25 to 10.75 percent                               | 3.25 to 10.75 percent                             |
| COLA or Ad Hoc COLA:                         |   |   |   |
| Pre-1/7/13 retirees                          | 3 percent, simple                                   | 3 percent, simple                                   | 3 percent, simple                                 |
| Post-1/7/13 retirees                         | 0.5 percent, simple through 2020, then 2.15% simple | 1.4 percent, simple through 2020, then 2.15% simple | 3 percent, simple through 2018, then 2.15% simple |
| Investment Rate of Return                    | 7.2 percent   | 7.2 percent   | 7.2 percent                                       |
| Actuarial Cost Method                        | Individual Entry Age                                | Individual Entry Age                                | Individual Entry Age                              |
|  | 2017-2018   | 2016 and before                                     |   |
| Wage Inflation                               | 3.25 percent  | 3.75 percent  |   |
| Future Salary Increases, including inflation | 3.25 to 10.75 percent                               | 4.25 to 10.05 percent                               |   |
| COLA or Ad Hoc COLA:                         |   |   |   |
| Pre-1/7/13 retirees                          | 3 percent, simple                                   | 3 percent, simple                                   |   |
| Post-1/7/13 retirees                         | 3 percent, simple through 2018, then 2.15% simple   | 3 percent, simple through 2018, then 2.8% simple    |   |
| Investment Rate of Return                    | 7.5 percent   | 8.0 percent   |   |
| Actuarial Cost Method                        | Individual Entry Age                                | Individual Entry Age                                |   |

Amounts reported beginning in 2017 use mortality rates 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.



**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

***Net OPEB Liability – Ohio Public Employees Retirement System***

*Changes of benefit terms* – On January 15, 2020, the OPERS Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements, however, they are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

*Changes of assumptions* - Amounts reported in 2021 reflect changes in both demographic and economic assumptions. For 2021, the single discount rate changed from 3.16 percent to 6.00 percent and the municipal bond rate changed from 2.75 percent to 2.00 percent. The health care cost trend rate also changed from 10.50 percent initial and 3.50 percent ultimate in 2030 to 8.5 percent initial and 3.50 percent ultimate in 2035. These new assumptions compared with those used from 2018 through 2020 are presented below:

|  | 2021  | 2020   | 2019   |
|--|---|--|--|
| Wage Inflation                                     | 3.25 percent  | 3.25 percent   | 3.25 percent   |
| Projected Salary Increases,<br>including inflation | 3.25 to 10.75 percent<br>including wage inflation       | 3.25 to 10.75 percent<br>including wage inflation        | 3.25 to 10.75 percent<br>including wage inflation        |
| Single Discount Rate                               | 6.00 percent  | 3.16 percent   | 3.96 percent   |
| Investment Rate of Return                          | 6.00 percent  | 6.00 percent   | 6.00 percent   |
| Municipal Bond Rate                                | 2.00 percent  | 2.75 percent   | 3.71 percent   |
| Health Care Cost Trend Rate                        | 8.50 percent, initial<br>3.50 percent, ultimate in 2035 | 10.50 percent, initial<br>3.50 percent, ultimate in 2030 | 10.00 percent, initial<br>3.25 percent, ultimate in 2029 |
| Actuarial Cost Method                              | Individual Entry Age                                    | Individual Entry Age                                     | Individual Entry Age                                     |
|  | 2018  | 2017   |  |
| Wage Inflation                                     | 3.25 percent  | 3.25 percent   |  |
| Projected Salary Increases,<br>including inflation | 3.25 to 10.75 percent<br>including wage inflation       | 3.25 to 10.75 percent<br>including wage inflation        |  |
| Single Discount Rate                               | 3.85 percent  | 4.23 percent   |  |
| Investment Rate of Return                          | 6.50 percent  | 6.50 percent   |  |
| Municipal Bond Rate                                | 3.31 percent  | 3.31 percent   |  |
| Health Care Cost Trend Rate                        | 7.5 percent, initial<br>3.25 percent, ultimate in 2028  | 7.5 percent, initial<br>3.25 percent, ultimate in 2028   |  |
| Actuarial Cost Method                              | Individual Entry Age                                    | Individual Entry Age                                     |  |

**INDEPENDENT AUDITOR’S 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***

To the Executive Board and Management  
Ohio Mid-Eastern Governments Association  
Guernsey County, Ohio  
326 Highland Avenue, Suite B  
Cambridge, OH 43725

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 the Ohio Mid-Eastern Governments Association, Guernsey County, Ohio (“OMEGA”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise OMEGA’s basic financial statements, and have issued our report thereon dated February 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OMEGA’s internal control over financial reporting (internal control) as a basis for designing 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 OMEGA’s internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA’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 entity’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.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Cambridge, Ohio  
February 28, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Executive Board and Management  
Ohio Mid-Eastern Governments Association  
Guernsey County, Ohio  
326 Highland Avenue, Suite B  
Cambridge, OH 43725

**Report on Compliance for Each Major Federal Program**

We have audited the Ohio Mid-Eastern Governments Association’s, Guernsey County, Ohio (“OMEGA”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of OMEGA’s major federal programs for the year ended June 30, 2021. OMEGA’s major federal programs are 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 the requirements of 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 each of OMEGA’s major federal programs 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; 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 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 OMEGA’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 each major federal program. However, our audit does not provide a legal determination of OMEGA’s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, OMEGA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of OMEGA 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 OMEGA'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 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 OMEGA'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.



Rea & Associates, Inc.  
Cambridge, Ohio  
February 28, 2022

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2021*

| Federal Grantor/Pass Through Grantor/Program Title                      | Pass Through<br>Entity Number | Award<br>Year | Federal ALN<br>Number | Disbursements       | Passed Through<br>to Subrecipients |
|---|-------------------------------|---------------|-----------------------|---------------------|------------------------------------|
| <b><u>Department of Commerce</u></b>                                    |                               |               |                       |                     |                                    |
| <i>Direct:</i>  |                               |               |                       |                     |                                    |
| Economic Development-Support for Planning Organizations                 | N/A                           | 2019          | 11.302                | \$ 66,736           | \$ 0                               |
| Economic Development Cluster:   |                               |               |                       |                     |                                    |
| Revolving Loan Program - CARES Act                                      | N/A                           | 2021          | 11.307                | 561,643             | 0                                  |
| CARES Act Supplemental Planning Grant - COVID-19                        | N/A                           | 2021          | 11.307                | 122,727             | 0                                  |
| <i>Passed Through Ohio University</i>                                   |                               |               |                       |                     |                                    |
| Economic Adjustment Assistance - Rise Ohio                              | UT21712                       | 2021          | 11.307                | 3,432               | 0                                  |
| Total Economic Development Cluster                                      |                               |               |                       | <u>687,802</u>      | <u>0</u>                           |
| <b>Total Department of Commerce</b>                                     |                               |               |                       | <b>754,538</b>      | <b>0</b>                           |
| <b><u>U.S. Department of Transportation</u></b>                         |                               |               |                       |                     |                                    |
| Federal Highway Administration  |                               |               |                       |                     |                                    |
| <i>Passed Through Ohio Department of Transportation (ODOT)</i>          |                               |               |                       |                     |                                    |
| Highway Planning and Construction Cluster:                              |                               |               |                       |                     |                                    |
| Highway Planning and Construction                                       |                               |               |                       |                     |                                    |
| SPR - RTPO Planning Program - SFY 2020-2021                             | PID 109396                    |               | 20.205                | 176,222             | 0                                  |
| SPR - Regional Coordinated Plan Implementation                          | PID 110349                    |               | 20.205                | 93,238              | 0                                  |
| Total Highway Planning and Construction Cluster                         |                               |               |                       | <u>269,460</u>      | <u>0</u>                           |
| <b>Total Department of Transportation</b>                               |                               |               |                       | <b>269,460</b>      | <b>0</b>                           |
| <b><u>Appalachian Regional Commission</u></b>                           |                               |               |                       |                     |                                    |
| <i>Direct:</i>  |                               |               |                       |                     |                                    |
| Appalachian Local Development District Assistance                       | N/A                           | 2020          | 23.009                | 104,500             | 0                                  |
| Appalachian Local Development District Assistance                       | N/A                           | 2021          | 23.009                | 47,456              | 0                                  |
| Total Appalachian Local Development District Assistance                 |                               |               |                       | <u>151,956</u>      | <u>0</u>                           |
| Appalachian Research, Technical Assistance, and Demonstration Projects: |                               |               |                       |                     |                                    |
| Revolving Loan Program  | N/A                           |               | 23.011                | 1,013,735           | 0                                  |
| <b>Total Appalachian Regional Commission</b>                            |                               |               |                       | <b>1,165,691</b>    | <b>0</b>                           |
| <b>Total Federal Financial Assistance</b>                               |                               |               |                       | <b>\$ 2,189,689</b> | <b>\$ 0</b>                        |

N/A - direct grant

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

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*2 CFR 200.510(b)(6)*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 1 – Basis of Presentation**

The accompanying schedule of federal awards expenditures (the schedule) includes the federal award activity of the Ohio Mid-Eastern Governments Association’s (OMEGA) under programs of the federal government for the year ended June 30, 2021. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of OMEGA, it is not intended to and does not present the financial position or changes in net position or fund balances of OMEGA.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. OMEGA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3 – Revolving Loan Fund**

OMEGA has established a Revolving Loan Program to provide low-interest loans to businesses to create or retain jobs in the region. The Appalachian Regional Commission (ARC) and the Economic Development Administration (EDA) have granted money for these loans to OMEGA. The initial loan of this money is recorded as a disbursement on the schedule. The principal portion of loans repaid is used to make additional loans. Subsequent loans are subject to certain compliance requirements imposed by the grantors, and are also included as expenditures on the schedule. Collateral for these loans is determined on a case by case basis, but includes mortgages on real estate and liens on business equipment and inventory.

In fiscal year 2021, the Economic Development Administration approved the defederalization of OMEGA’s traditional EDA revolving loan fund program therefore these revolving loan funds are no longer reported on the Schedule of Federal Awards.

Current year activity in the EDA Revolving Loan fund during fiscal year 2021 is as follows:

|   |           |
|---|-----------|
| Loans receivable balance as of June 30, 2021                        | \$527,801 |
| Cash balance on hand in the revolving loan fund as of June 30, 2021 | 9,492     |
| Administrative costs expended during fiscal year 2021               | 24,350    |
| Total (federal share of 100%)                                       | \$561,643 |

Current year activity in the ARC Revolving Loan fund during fiscal year 2020 is as follows:

|   |             |
|---|-------------|
| Loans receivable balance as of June 30, 2020          | \$1,012,499 |
| New loans disbursed during 2021                       | 0           |
| Administrative costs expended during fiscal year 2021 | 1,236       |
| Total   | \$1,013,735 |

**Note 4 – Matching Requirements**

Certain federal programs require OMEGA to contribute non-federal funds (matching funds) to support the federally-funded programs. OMEGA has met its matching requirements. The schedule does not include the expenditure of non-federal matching funds.

**Ohio Mid-Eastern Governments Association**  
**Guernsey County, Ohio**  
*Schedule of Findings and Questioned Costs*  
*2 CFR Section 200.515*  
*June 30, 2021*

|  |
|--|
| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |
|--|

|              |  |  |
|--------------|--|--|
| (d)(1)(i)    | Type of Financial Statement Opinion  | Unmodified                                 |
| (d)(1)(ii)   | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?      | No   |
| (d)(1)(ii)   | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | None Reported                              |
| (d)(1)(iii)  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                        | No   |
| (d)(1)(iv)   | Were there any material weaknesses in internal control reported for major federal programs?                    | No   |
| (d)(1)(iv)   | Were there any significant deficiencies in internal control reported for major federal programs?               | None Reported                              |
| (d)(1)(v)    | Type of Major Programs' Compliance Opinion   | Unmodified                                 |
| (d)(1)(vi)   | Are there any reportable findings under 2 CFR § 200.516(a)?  | No   |
| (d)(1)(vii)  | Major Programs (list):<br><br>Economic Development Cluster   | CFDA #<br><br>11.307                       |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs  | Type A: > \$ 750,000<br>Type B: all others |
| (d)(1)(ix)   | Low Risk Auditee under 2 CFR §200.520?   | Yes  |

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

None

|  |
|--|
| <b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b> |
|--|

None



# OHIO AUDITOR OF STATE KEITH FABER



**OHIO MID-EASTERN GOVERNMENTS ASSOCIATION**

**GUERNSEY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/5/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)