OHIO VALLEY EMPLOYMENT RESOURCE
WASHINGTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

OHIO VALLEY EMPLOYMENT RESOURCE
WASHINGTON COUNTY
JUNE 30, 2018

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Ohio Valley Employment Resource
Washington County
P.O. Box 181
Marietta, Ohio 45750

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ohio Valley Employment Resource, Washington County, Ohio (OVER), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise OVER's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to OVER's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of OVER's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2018, OVER adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2019, on our consideration of OVER's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OVER's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2019

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Ohio Valley Employment Resource
Washington County
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Unaudited

The discussion and analysis of the Ohio Valley Employment Resource (OVER) financial performance provides an overall review of the OVER's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the OVER's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

FINANCIAL HIGHLIGHTS

Key Financial Highlights for the year ended June 30, 2018 are as follows:

- The assets and deferred outflows of the OVER were less than its liabilities and deferred inflows by $131,851.
- Revenues decreased $201,909 or 13% from the previous fiscal year.
- OVER implemented GASB 75 for Other Postemployment Benefits (OPEB), which necessitated a restatement of prior year.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Ohio Valley Employment Resource's basic financial statements. OVER's basic financial statements are comprised of three components: 1) government-wide statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of OVER's finances on a full accrual basis of accounting, which is similar to a private-sector business. The statement of net position presents information on all of OVER's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of OVER is improving or deteriorating. The statement of activities presents information showing how OVER's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of OVER that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of OVER include the Workforce Innovation and Opportunity Act activities for the following funding streams, administration, adult, dislocated workers, jobs accelerator, rapid response, youth, and other funding streams as available. There are no business-type activities reported for the OVER.

Fund Financial Statements

The fund financial statements are used to report additional and detailed information about OVER. These statements focus on the major fund of OVER. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives.

OVER, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only governmental fund of the OVER is a special revenue fund.

Governmental Funds

The OVER's basic services are reported in its governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the OVER's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the OVER's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations in the financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OVER AS A WHOLE

Government-Wide Financial Analysis

The financial statements include all organizations, activities and functions for which OVER is financially accountable. The accounts of OVER are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures.

The individual funds and account groups, which are used by OVER, are classified as Governmental Funds: Special Revenue Funds – To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of OVER's governmental type activities.

Table 1 – Net Position

	6/30/2018	Restated 6/30/17	Change	% Change
Assets				
Current and Other Assets	$28,107	$14,619	$13,488	92.26%
Net Pension Asset	6,487	2,767	3,720	134.44%
Deferred Outflow on OPEB, GASB 75	5,652	0	5,652	
Deferred Outflow on Pension, GASB 68	36,549	38,188	(1,639)	-4.29%
Total Assets and Deferred Outflows	$76,795	$55,574	$21,221	38.19%
Liabilities				
Current Liabilities	$28,107	$11,277	$16,830	149.24%
NonCurrent Liabilities				
Compensated Leave Liability	0	3,342	(3,342)	-100.00%
Net OPEB Liability, GASB 75	62,984	58,582	4,402	7.51%
Net Pension Liability, GASB 68	74,989	95,829	(20,840)	-21.75%
Deferred Inflow on OPEB, GASB 75	37,874	0	37,874	
Deferred Inflow on Pension, GASB 68	4,692	15,696	(11,004)	-70.11%
Total Liabilities and Deferred Inflows	$208,646	$184,726	$23,920	12.95%
Net Position				
Invested in Capital Assets Net of Related Debt	$0	$0	$0	
Unrestricted	(131,851)	(129,152)	(2,699)	2.09%
Total Net Position	($131,851)	($129,152)	($2,699)	2.09%

Table 2 – Changes in Net Position

	6/30/2018	Restated 6/30/17	Change	% Change
Total Revenues	$1,351,833	$1,553,742	($201,909)	-13.00%
Total Expenses	1,354,532	1,579,351	(224,819)	-14.23%
Increase (Decrease) In Net Assets	($2,699)	($25,609)	$22,910	-89.46%

Governmental Program Revenues equaled expenses from governmental activities for the period except for GASB 68, Pension and GASB 75, Other Postemployment Benefits (OPEB) reporting. Grant Revenue is not recognized as earned until the expenditure has occurred.

THE AGENCY'S FUNDS

As noted earlier, OVER uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of OVER's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing OVER's requirements.

As of the end of the current fiscal year, OVER's governmental fund reported no ending fund balance. This was due to the elimination of the compensated leave account. As OVER only has one governmental fund, the analysis from a fund perspective is similar to the analysis already presented on a government-wide basis, exclusive of generally accepted accounting differences between the two sets of statements which are highlighted in the reconciliation statements and notes to the financial statements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS

OVER's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2018. OVER's primary funding source is federal and state grants, which have grant periods that may or may not coincide with OVER's fiscal year. Due to the nature of OVER's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

OVER's annual budget differs from that of a local government in two respects. First is the uncertain nature of grant awards from other entities, and second is conversion of grant budgets to a fiscal year basis. The resultant annual budget is subject to constant change within the fiscal year due to increases/decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget and expected grant awards which fail to materialize.

OVER's annual budget for the Special Revenue fund is reviewed and approved by the Council of Governments.

Actual revenues and expenses for fiscal year 2018 were well within budgeted levels. As the fiduciary agent of taxpayer funds, OVER diligently searches for new and more efficient methods to reduce and/or contain operating expenses.

OVER's goal is to continue to serve the maximum customers with the allocations available.

CAPITAL ASSET AND DEBT ADMINISTRATION

<u>Capital Assets</u>

At June 30, 2018, OVER's capital assets were fully depreciated.
See Note 6 for additional information on capital assets.

<u>Debt</u>
OVER has no debt for the year ended June 30, 2018.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Significant economic factors affecting OVER are as follows:

- Federal Workforce Innovation and Opportunity Act funding through the U.S. Department of Labor
- National, State and Local Unemployment rates
- National, State and Local Poverty and Income Levels
- Inflationary pressure on training, services, supplies and other program and operational costs.

OVER's program allocations are calculated as a fixed percentage of each of the area's county allocations, which are calculated by Ohio Department of Job & Family Services (ODJFS) based on formulae specified in the Workforce Innovation and Opportunity Act. These formulae consider various economic factors including income levels and unemployment rates.

The program allocations for the Area 15 WIOA formula funding streams increased 7.9% from the prior WIOA program year 7/1/2016-6/30/2017 to the year 7/1/2017-6/30/2018.

CONTACTING THE OVER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customer and creditors with a general overview of OVER's finances and to show OVER's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Rebecca Safko, Ohio Valley Employment Resource, via email: rebecca@omj15.com.

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Ohio Valley Employment Resource
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	$1,391
Intergovernmental Receivable	25,101
Prepaid Expenses	1,615
Net Pension Asset	6,487
TOTAL ASSETS	34,594
DEFERRED OUTFLOW OF RESOURCES	
Deferred Outflow on OPEB, GASB 75	5,652
Deferred Outflow on Pension, GASB 68	36,549
TOTAL DEFERRED OUTFLOWS OF RESOURCES	42,201
TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	76,795
LIABILITIES	
Current Liabilities:	
Accounts Payable	22,629
Accrued Wages and Benefits	5,478
Total Current Liabilities	28,107
Noncurrent Liabilities:	
Net Pension Liability	74,989
Net Other Postemployment Benefits (OPEB) Liability	62,984
Total Noncurrent Liabilities	137,973
TOTAL LIABILITIES	166,080
DEFERRED INFLOW OF RESOURCES	
Deferred Inflow on OPEB, GASB 75	37,874
Deferred Inflow on Pension, GASB 68	4,692
TOTAL DEFERRED INFLOWS OF RESOURCES	42,566
NET POSITION	
Unrestricted (Deficit)	(131,851)
TOTAL NET POSITION	(131,851)
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	$76,795

See accompanying notes to the basic financial statements.

Ohio Valley Employment Resource
Statement of Activities
For the Year Ended June 30, 2018

Governmental Activities:	Expenses	Program Revenue Operating Grants and Contributions	Net (Expenses) Revenue and Changes In Net Position Governmental Activities
Human Service:			
Employment and Training Program Costs	$1,354,532	$1,351,824	($2,708)
Total Governmental Activities	$1,354,532	$1,351,824	(2,708)
Miscellaneous Income			9
Change in Net Position			(2,699)
Net Position at Beginning of Year - Restated			(129,152)
Net Position at End of Year			($131,851)

See accompanying notes to the basic financial statements.

Ohio Valley Employment Resource
Balance Sheet
Governmental Fund
June 30, 2018

	Special Revenue
ASSETS	
Equity in Pooled Cash and Cash Equivalents	$1,391
Intergovernmental Receivable	25,101
Prepaid Expenses	1,615
TOTAL ASSETS	28,107
LIABILITIES	
Accounts Payable	22,629
Accrued Wages and Benefits	5,478
TOTAL LIABILITIES	$28,107

See accompanying notes to the basic financial statements.

Ohio Valley Employment Resource
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balance	$0
Amount reported for governmental activities in the statement of net position are different because:	
GASB 68 & GASB 75 calculations are not financial resources and therefore are not reported in the fund	(131,851)
Net Position of Governmental Activities	($131,851)

See accompanying notes to the basic financial statements.

Ohio Valley Employment Resource
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund
For the Year Ended June 30, 2018

	Special Revenue
REVENUES	
Intergovernmental Revenue	$1,351,824
Program Income	9
Total Revenues	1,351,833
EXPENDITURES	
Human Services:	
Employment and Training Program	1,355,166
Program Income Expensed	9
Total Expenses	1,355,175
Net Change in Fund Balance	(3,342)
Fund Balance at Beginning of Year	3,342
Fund Balance at End of Year	$0

See accompanying notes to the basic financial statements.

Ohio Valley Employment Resource
Reconciliation of The Statement of Revenues, Expenditures
and Change in Fund Balance of Governmental Fund to the
Statement of Activities
For the Year Ended June 30, 2018

Net Change in Fund Balance - Total Governmental Funds	($3,342)
Amount reported for governmental activities in the statement of activities are different because:	
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
GASB 68 & 75 Net Pension & OPEB	(2,699)
Long-term leave liabilities do not require current financial resources, therefore are not reported as expenses in the governmental fund	3,342
Change in Net Position of Governmental Activities	($2,699)

See accompanying notes to the basic financial statements.

NOTE 1: REPORTING ENTITY

On July 22, 2014, President Obama signed the Workforce Innovation and Opportunity Act (WIOA), to amend the Workforce Investment Act of 1998 (WIA) to strengthen the United States workforce development system through innovation in, and alignment and improvement of employment, training, and education programs in the United States, and to promote individual and national economic growth, and for other purposes.

The State of Ohio Department of Job and Family Services is the State Agency designated by the State Workforce Development Board to oversee the state plan in implementing the WIOA program. The Governor designated Monroe, Morgan, Noble and Washington Counties as Workforce Development Area fifteen, a single service delivery area to serve economically disadvantaged individuals and individuals facing barriers to employment. The chief elected officials of Monroe, Morgan, Noble and Washington Counties have established the Ohio Valley Employment Resource (OVER) to develop and implement programs under the Workforce Innovation and Opportunity Act. Any liabilities incurred by the programs are ultimately the responsibility of the county commissioners.

Ohio Valley Employment Resource (OVER) is a Regional Council of Governments consisting of Monroe, Morgan, Noble and Washington Counties. On March 11, 2016, OVER was designated by the State of Ohio as the grant recipient and fiscal agent for the four county area. Effective July 1, 2015, all of WIOA funding flows from the State of Ohio Department of Job and Family Service to OVER. OVER subgrants and/or competitively procures the services of the Workforce Development Agencies for each of the four counties. OVER continues in the role of staff to the Board of the Council of Government and for the Workforce Development Board for Area 15.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of OVER.

A. Basis of Presentation

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all OVER, activities and functions for which OVER is financially accountable. This report includes all activities considered by management to be part of OVER by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on those organizations or there is a potential for the organizations to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on organizations if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organizations. A financial benefit or burden relationship exists if the primary government a) is entitled to the organizations' resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organizations; or c) is obligated in some manner for the debt of the organizations.

Management believes the financial statements included in this report represent all of the funds of which OVER is financially accountable.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the organization as a whole. These statements include the financial activities of the primary government. All activities of OVER are governmental activities.

The statement of net position presents the financial condition of the governmental activities of OVER at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of OVER's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of OVER, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of OVER.

Fund Financial Statements

Fund financial statements report detailed information about the organization. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. OVER has only one fund which is major.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

OVER uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The only fund of OVER is a special revenue fund.

Governmental Funds

Governmental funds focus 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 asset and liabilities is reported as fund balance. OVER’s major governmental fund is:

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of OVER are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, liabilities, and deferred inflows/outflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For OVER, available means expected to be received within 60 days of fiscal year end.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Under the modified accrual basis, the revenue sources such as grants and investment earnings are considered to be both measurable and available at fiscal year-end.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position may report 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 that time. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred outflow of resources. OVER had $42,201 deferred outflows as of June 30, 2018.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. OVER had $42,566 deferred inflows as of June 30, 2018.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

E. Capital Assets

Capital Assets include furniture, fixtures, and equipment purchased by OVER. At the time of purchase, such assets are recorded as 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 on the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

OVER's capitalization policy is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $5,000 or more per unit. Depreciation is computed using the straight-line method over the estimated useful life of three to ten years.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

OVER's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30.

OVER's primary funding source is federal and state grants, which have grant periods that may or may not coincide with the agency's fiscal year. These grants normally are for a twenty-four month period, with a fiscal year ending June 30th.

Due to the nature of OVER's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The annual budget differs from that of a local government in two respects:

1) The uncertain nature of grant awards from other entities

2) Conversion of grant budgets to a fiscal year basis
The resultant annual budget is subject to constant change within the fiscal year due to:
Increases/decreases in actual grant awards from those estimated;
Changes in grant periods;
Unanticipated grant awards not included in the budget; and Expected grant awards, which fail to materialize.

The Council of Governments formally approved the annual budget, but greater emphasis is placed on complying with the grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

Although the annual budget for the Special Revenue fund is reviewed and approved by the Council of Governments, it is not a legally adopted budget and it is not subject to the budget procedures that are followed by the County Budget Commission.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Cash and Cash Equivalents

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Prepaid Items

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

J. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

K. Fund Balance Designation

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

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

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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Commissioners. The committed amounts cannot be used for any other purpose unless the Board of Commissioners 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 classification are intended to be used by OVER for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned - Unassigned fund balance is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance Designation (Continued)

OVER first applies restricted resources when expenditure is 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 can be used. The total fund balance of OVER was $0 at June 30, 2018.

L. Net Position

Net position represents the difference between all other elements on the statement of position. 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. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by OVER or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

M. Accrued Liabilities

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

NOTE 3: RESTATEMENT OF PRIOR YEAR BALANCES

For fiscal year 2018, OVER implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017, Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and related guidance from (GASB) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

For fiscal year 2018, OVER also implemented the Governmental Accounting Standards Board's (GASB) Implementation Guide No. 2017-1. These changes were incorporated in OVER's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in OVER's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported at June 30, 2017:

NOTE 3: RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

	Governmental Activities
Net Position June 30, 2017	($70,570)
Adjustments:	
Net OPEB Liability	(58,582)
Deferred Outflow - Payments Subsequent to Measurement Date	0
Restated Net Position June 30, 2017	($129,152)

Other than employer contributions subsequent to the measurement date, OVER made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 4: DEPOSITS AND INVESTMENTS

State statutes classify monies held by OVER into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the OVER treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of OVER's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by OVER or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits - At fiscal year end, the carrying amount of the OVER deposits was $1,391 and the bank balance was $10,882. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2018, the entire bank balance was covered by the federal deposit insurance.

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that in the event of bank failure OVER will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pool at the Federal Reserve Banks or at member banks of the Federal Reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of OVER.

Investments – OVER had no investments as of June 30, 2018.

NOTE 5: RECEIVABLES

Receivables at June 30, 2018 consisted of intergovernmental receivables arising from grants. Intergovernmental receivable at June 30, 2018 was $25,101. Management believes all receivables are fully collectible.

NOTE 6: CAPITAL ASSETS

There were no changes in capital assets during the year ended June 30, 2018. All capital assets are fully depreciated and have a historical cost of $25,791.

NOTE 7: DEFINED BENEFIT PENSION PLAN

A. Net Pension Liability

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

The net pension liability represents OVER's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension 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 OVER's obligation for this liability to annually required payments. OVER cannot control benefit terms or the manner in which pensions are financed; however, OVER 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 plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - OVER employees participates 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 pension and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to 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):

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

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

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2017, the employer contribution rate allocated to pension was 13% and to health care funding was 1%. Beginning in 2018, the allocation will shift again with 14% allocated to pension funding and 0% allocated to health care funding.

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

OVER’s contractually required contribution was $11,191 for the year ended June 30, 2018. The full amount has been contributed for fiscal year 2018.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OVER's proportion of the net pension liability was based on OVER's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	Traditional Plan	Combined Plan	
Proportion of the Net Pension Liability Prior Measurement Date	0.00042200%	0.00497200%	
Proportion of the Net Pension Liability Current Measurement Date	0.00047800%	0.00476500%	
Change in Proportionate Share	0.00005600%	-0.00020700%	
			Total
Proportionate Share of the Net Pension Liability	$74,989	($6,487)	$68,502
Pension Expense	($2,750)	$5	($2,745)

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

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

	Traditional	Combined	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$77	$0	$77
Net difference between projected and actual earnings on pension plan investments	9,760	515	10,275
Changes of assumptions	8,962 0	567	9,529
Changes in proportionate Share and difference between Career Center contributions and proportionate share of contributions	8,186	3,131	11,317
School District contributions subsequent to the measurement date	4,136	1,215	5,351
Total Deferred Outflows of Resources	$31,121	$5,428	$36,549
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,478	$1,932	$3,410
Net difference between projected and actual earnings on pension plan investments	27,718	1,514	29,232
Changes in Proportionate Share and Difference between Career Center contributions and proportionate share of contributions	5,225	7	5,232
Total Deferred Inflows of Resources	$34,421	$3,453	$37,874

The $5,351 reported as deferred outflows of resources related to pension resulting from OVER contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined	Total
Fiscal Year Ending June 30:			
2019	$4,097	$92	$4,189
2020	581	61	642
2021	(6,456)	(182)	(6,638)
2022	(6,617)	(158)	(6,775)
2023	0	204	204
Thereafter	0	698	698
Total	($8,395)	$715	($7,680)

Actuarial Assumptions - PERS

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage
inflation COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15
percent, simple Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Sensitivity of OVER's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents OVER's proportionate share of the net pension liability or asset calculated using the current period discount rate assumption of 7.5 percent, as well as what OVER's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

OVER's Proportionate Share of the Net Pension Liability:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional	$133,161	$74,989	$25,611
Combined	($3,526)	($6,487)	($8,529)

NOTE 8: POST-EMPLOYMENT BENEFITS

Net OPEB Liability

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

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

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

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

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans.

Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

NOTE 8: POST-EMPLOYMENT BENEFITS (Continued)

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans 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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2017 CAFR for details.

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

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

Funding Policy
The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. The 2018 allocation is expected to be 0.0% for healthcare funding, and expected to continue at that rate thereafter. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Contributions to OPERS
OVER actual contributions for the years ended June 30, 2018, 2017, and 2016, which were used to fund post-employment benefits, were $414, $1,183 and $1,425 respectively.

OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The OVER's proportion of the net OPEB liability was based on the OVER's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

NOTE 8: POST-EMPLOYMENT BENEFITS (Continued)

	OPEB
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00058000%
Prior Measurement Date	0.00058000%
Change in Proportionate Share	0.00000000%
Proportionate Share of the Net Pension Liability	$62,984
Pension Expense	($57)

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

	OPEB
Deferred Outflows of Resources	
Differences between expected and	$ 49
actual experience	
Net difference between projected and actual	
earnings on pension plan investments	-
Change of Assumptions	4,586
Change in proportionate share and differences	
between employer contributions and	
proportionate share of contributions	605
OVER contributions subsequent to	
the measurement date	412
Total Deferred Outflows of Resources	$ 5,652
Deferred Inflows of Resources	
Differences between expected and	
actual experience	$ -
Net difference between projected and actual	
earnings on pension plan investments	4,692
Change in proportionate share and differences	
between employer contributions and proportionate	
share of contributions	-
Total Deferred Inflows of Resources	$ 4,692

$412 reported as deferred outflows of resources related to OPEB resulting from OVER contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 8: POST-EMPLOYMENT BENEFITS (Continued)

	OPEB
Fiscal Year Ending June 30:	
2019	1,322
2020	1,322
2021	(923)
2022	(1,173)
2023	-
thereafter	-
	$548

Actuarial Assumptions
The total OPEB liability is determined by PERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan 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, 2016, rolled forward to the measurement date of December 31, 2017.

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

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

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.

NOTE 8: POST-EMPLOYMENT BENEFITS (Continued)

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

The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return, are summarized as follows:

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

Discount Rate

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

Sensitivity of the OVER's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate			
	1% less	current	1% more
As of 12/31/17	83,677	62,984	46,243

Also shown is what OVER's, net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower and higher than the current rate.

Sensitivity of Net OPEB Liability to Changes in the Health Care Cost Trend Rate			
	1% less	current	1% more
As of 12/31/17	60,262	62,984	65,795

NOTE 9: COMPENSATED ABSENCES

All employees of OVER earn vacation and sick leave at varying rates depending on length of service. All accumulated, unused vacation time is paid upon separation if the employee has at least six months of service with OVER. The following schedule details earned vacation leave based on length of service:

Years of Employment	Vacation Leave
1 – 3 years	10 days
4 – 9 years	15 days
9+ years	20 days

Employees earn 4.62 hours per of sick leave per each completed 80 hours of service. All accumulated, unused vacation time is paid upon separation if the employee has at least six months of service with OVER per Employee Handbook. In accordance with GASB Statement No. 16, Accounting for Compensated Absences, vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

	Outstanding June 30, 2017	Additions	Reductions	Outstanding June 30, 2018	Due in One Year
Compensated Absenses	$3,342	$0	($3,342)	$0	$0

NOTE 10: CONTINGENT LIABILITIES

There are no expenditures recommended for disallowance. Costs recommended for disallowance are those involving expenditures for which existing documentary evidence leads the auditor to conclude that the expenditures were in violation of legislative or regulatory requirements. These costs are disallowed by the Grantor unless the grantee is able to convince the Grantor that they were made in accordance with legal or regulatory requirements.

There are no expenditures listed as questionable. Questionable costs are those involving the lack of or inadequacy of documentary support. Findings containing questionable costs do not necessarily mean that the costs were for improper purposes; but there was insufficient documentary evidence to allow a determination of their eligibility.

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead reimbursement to the grantor agencies. Management believes disallowances, if any, will be immaterial.

Management is not aware of any pending litigation outstanding against Ohio Valley Employment Resource.

NOTE 11: INSURANCE AND RISK MANAGEMENT

OVER is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, OVER contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Deductible
Old Republic Surety Company	Bond-Public Employees	$ 0
Philadelphia Insurance Company	Non-Profit Director & Officials	$ 1,000
	Liability/Errors & Omissions	
	Employment Practices	$ 1,000

OVER pays the State Worker's Compensation system a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

OVER continues to carry commercial insurance for other risks of loss. Settled claims resulting from the above noted risks have not exceeded commercial insurance coverage in any of the past three years. There has been no material change in coverage from the prior year.

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Ohio Valley Employment Resource
Washington County
Required Supplementary Information
Schedule of OVER's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
*Last Five Fiscal Years (1)**

Traditional Plan	2018	2017	2016	2015	2014
OVER's Proportion of the Net Pension Liability	0.000478%	0.000422%	0.000394%	0.000424%	0.000424%
OVER's Proportionate Share of the Net Pension Liability	$74,989	$95,829	$68,261	$51,124	$49,969
OVER's Covered Payroll	$60,128	$51,588	$46,923	$46,196	$37,855
OVER's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	124.72%	185.76%	145.47%	110.67%	132.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	N/A

Combined Plan	2018	2017	2016	2015	2014
OVER's Proportion of the Net Pension Liability	0.004765%	0.004972%	0.005050%	0.005096%	0.005096%
OVER's Proportionate Share of the Net Pension Liability	($6,487)	($2,767)	($2,457)	($1,962)	($535)
OVER's Covered Payroll	$18,765	$19,681	$17,959	$18,604	$16,182
OVER's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-34.57%	-14.06%	-13.68%	-10.55%	-3.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.28%	116.55%	116.90%	114.83%	N/A

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

*Amounts presented for each fiscal year were determined as of OVER's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Ohio Valley Employment Resource
Washington County
Required Supplementary Information
Schedule of OVER's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Two Fiscal Years (1)

	2018	2017
OVER's Proportion of the Net OPEB Liability	0.00058000%	0.00058000%
OVER's Proportionate Share of the Net OPEB Liability	$62,984	$58,582
OVER's Covered Payroll	$78,893	$71,269
OVER's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	79.83%	82.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the OVER's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

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Ohio Valley Employment Resource
Washington County
Required Supplementary Information
Schedule of OVER's Contributions
Ohio Public Employees Retirement System
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution- Traditional	$8,564	$7,516	$6,191	$7,785
Contractually Required Contribution- Combined	$2,627	$2,346	$2,362	$2,155
Contributions in Relation to the Contractually Required Contribution	(11,191)	(9,862)	(8,553)	(9,940)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OVER Covered Payroll (1)- Traditional	$63,437	$60,128	$51,588	$46,923
OVER Covered Payroll (1)- Combined	$19,461	$18,765	$19,681	$17,959
Pension Contributions as a Percentage of Covered Payroll	13.50%	12.50%	12.00%	15.32%
Net OPEB Liability				
Contractually Required Contribution	$414	$1,183	$1,425	$1,298
Contributions in Relation to the Contractually Required Contribution	(414)	(1,183)	(1,425)	(1,298)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.50%	1.50%	2.00%	2.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	17.32%

(1) The OVER's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
$7,619	$6,942	$6,836	$9,491	$10,246	$9,929
$2,233	$2,104	$1,488	$1,511	$1,299	$1,043
(9,852)	(9,046)	(8,324)	(11,002)	(11,545)	(10,972)
$0	$0	$0	$0	$0	$0
$46,196	$37,855	$52,880	$83,340	$104,770	$126,616
$18,604	$16,182	$14,876	$15,114	$14,439	$14,895
15.20%	16.74%	12.29%	11.17%	9.68%	7.75%
$1,296	$540	$2,710	$3,938	$6,557	$9,906
(1,296)	(540)	(2,710)	(3,938)	(6,557)	(9,906)
$0	$0	$0	$0	$0	$0
2.00%	1.00%	4.00%	4.00%	5.50%	7.00%
17.20%	17.74%	16.28%	15.17%	15.19%	14.75%

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Defined Benefit Pension Plans

Actuarial Assumptions

- Valuation Method—Individual entry age actuarial cost method of valuation is used in determining benefit liabilities and normal cost. Differences between assumed and actual experience (the actuarial gains and losses) become part of the total pension liability.
- Investment Return—An investment rate of return of 7.50% compounded annually was assumed for all members, retirees, and beneficiaries.
- Wage Inflation—The active member payroll was assumed to increase 3.25% annually, which is the portion of the individual pay increase assumption attributable to inflation and overall productivity.
- Salary Scale—Wage inflation plus additional projected salary increases ranging from 0.00% to 7.50% per year depending on age, attributable to seniority and merit.
- Multiple Decrement Tables-Mortality—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.

Post-employment Health Care Coverage or OPEB

Actuarial Assumptions

- Valuation Method—Individual entry age actuarial cost method of valuation is used in determining health care liabilities and normal cost. Differences between assumed and actual experience (the actuarial gains and losses) become part of the total OPEB liability.
- Investment Return—An investment rate of return of 6.50%, compounded annually (net of OPEB plan investment expenses, including inflation).
- Salary Scale—Wage inflation plus additional projected salary increases ranging from 0.50% to 6.30% per year depending on age, attributable to seniority and merit.
- Wage Inflation—The active member payroll was assumed to increase 3.25% annually, which is the portion of the individual pay increase assumption attributable to inflation and overall productivity.
- Multiple Decrement Tables-Mortality—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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OHIO VALLEY EMPLOYMENT RESOURCE
WASHINGTON COUNTY

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

FEDERAL GRANTOR ***Pass-Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. Department of Labor				
Pass-Through from the Ohio Department of Job & Family Services				
Employment Service/Wagner-Peyser Funded Activities	17.207	G-1819-15-0187	$54,628	$55,663
Trade Adjustments Assistance	17.245	G-1819-15-0187	6,798	6,798
Workforce Investment Act (WIA)/ Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIA/WIOA Adult Program	17.258	G-1819-15-0187	273,702	273,702
WIA/WIOA Adult Program - Administration		G-1819-15-0187	0	2,833
Total WIA/WIOA Adult Program			273,702	276,535
WIA/WIOA Youth Activities	17.259	G-1819-15-0187	316,764	316,764
WIA/WIOA Youth Activities - Administration		G-1819-15-0187	0	38,416
Total WIA/WIOA Youth Activities			316,764	355,180
WIA/WIOA Dislocated Worker Formula Grants	17.278	G-1819-15-0187	367,073	367,073
WIA/WIOA Dislocated Workers - Administration		G-1819-15-0187	0	37,227
Total WIA/WIOA Dislocated Worker Formula Grants			367,073	404,300
Total Workforce Investment Act (WIA)/ Workforce Innovation and Opportunity Act (WIOA) Cluster:			957,539	1,036,015
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	G-1819-15-0187	64,890	138,068
Direct from the U.S. Department of Labor				
H-1B Job Training Grants- Jobs Accelerator	17.268	JA-24969-13-60-A-39	9,787	10,507
H-1B Job Training Grants- Jobs Accelerator- Administration			0	360
			9,787	10,867
Total U.S. Department of Labor			1,093,642	1,247,411
U.S. Department of Health and Human Services				
Pass-Through from the Ohio Department of Job & Family Services				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G-1819-15-0187	3,500	3,500
Total U.S. Department of Health and Human Services			3,500	3,500
Total Expenditures of Federal Awards			**$1,097,142**	**$1,250,911**

The accompanying notes are an integral part of this Schedule.

Ohio Valley Employment Resource
Washington County

Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2018

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

OVER passes certain federal awards received from The Department of Labor and Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, OVER reports expenditures of Federal awards to subrecipients when paid in cash.

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

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

Ohio Valley Employment Resource
Washington County
P.O. Box 181
Marietta, Ohio 45750

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and major fund of the Ohio Valley Employment Resource, Washington County, Ohio (OVER), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise OVER's basic financial statements and have issued our report thereon dated March 6, 2019, wherein we noted OVER adopted Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered OVER's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of OVER's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of OVER's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether OVER's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2019

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

Ohio Valley Employment Resource
Washington County
P.O. Box 181
Marietta, Ohio 45750

To the Board of Directors:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2019

OHIO VALLEY EMPLOYMENT RESOURCE
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Workforce Investment Act (WIA)/ Workforce Innovation and Opportunity Act (WIOA) Cluster– CFDA # 17.258/ 17.259/ 17.278
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

OHIO VALLEY EMPLOYMENT RESOURCE

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 26, 2019

88 East Broad Street, Columbus, Ohio 43215
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