

Buckeye Hills - Hocking Valley Regional
Development District
Washington County, Ohio

Single Audit

July 1, 2009 through June 30, 2010
Fiscal Year Audited Under GAGAS: 2010



Balestra, Harr & Scherer, CPAs, Inc.

Columbus, OH | Circleville, OH | Piketon, OH | Wheelersburg, OH | Ironton, OH

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Dave Yost • Auditor of State

Board Members

Buckeye Hills - Hocking Valley Regional Development District
1400 Pike Street
Marietta, Ohio 45750

We have reviewed the *Independent Auditor's Report* of the Buckeye Hills - Hocking Valley Regional Development District, Washington County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 31, 2011

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Buckeye Hills-Hocking Valley Regional Development District
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For the Fiscal Year Ended June 30, 2010

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Independent Auditor's Report

Members of the Board
Buckeye Hills - Hocking Valley Regional Development District
1400 Pike Street
Marietta, Ohio 45750

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Hills - Hocking Valley Regional Development District (the District), Washington County, Ohio, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States, *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

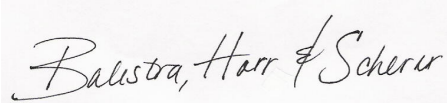
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Hills - Hocking Valley Regional Development District, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board
Buckeye Hills - Hocking Valley Regional Development District
Independent Auditor's Report
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
January 27, 2011

Buckeye Hills - Hocking Valley Regional Development District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Buckeye Hills-Hocking Valley Regional Development District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2010 are as follows:

- Net assets of governmental activities decreased by \$271,053.
- Intergovernmental revenues in the form of federal and state grant funds for governmental activities accounted for \$15,732,135 in revenue, or 98.1 percent of all governmental revenues. Program specific revenues in the form of charges for services accounted for \$108,047, or .7 percent of total revenues of \$16,037,709.
- The District had \$16,308,762 in expenses related to governmental activities; \$15,840,182 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues were \$197,527.
- The revolving loan fund granted new loans during the year with aggregate proceeds of \$55,000.

USING THIS ANNUAL FINANCIAL REPORT

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

The statement of net assets and statement of activities provide information about the activities of the whole agency, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented, in total, in one column.

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the District to provide programs and activities for citizens, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the availability of federal and state grant funding, continued support from member governments, and other factors.

Buckeye Hills - Hockey Valley Regional Development District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)*

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds is included in the fund financial statements. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, revolving loan fund, and PASSPORT fund. The District has only governmental funds.

Governmental Funds – The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 14 to 25 of this report.

THE DISTRICT AS A WHOLE

Recall that the statement of net assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets as of June 30, 2010, compared to 2009. The District has only governmental funds.

Table 1
Net Assets

	2010	2009
Assets		
Current and Other Assets	\$3,343,521	\$2,748,190
Capital Assets, Net	1,310,045	1,329,243
Loans Receivable, Net	1,470,206	1,917,827
Total Assets	6,123,772	5,995,260
Liabilities		
Current and Other Liabilities	1,839,082	1,419,343
Long-Term Liabilities	1,358,446	1,378,620
Total Liabilities	3,197,528	2,797,963
Net Assets		
Invested in Capital Assets, Net of Related Debt	41,027	43,019
Restricted	1,470,206	1,917,827
Unrestricted	1,415,011	1,236,451
Total Net Assets	\$2,926,244	\$3,197,297

Buckeye Hills - Hockey Valley Regional Development District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)*

Total assets increased \$128,512. Cash and cash equivalents increased by \$421,260, due to higher receipts than disbursements for the year. Loans receivable decreased by \$447,621 primarily as a result of an increase in the allowance for doubtful accounts due to economic conditions and the repayments of existing loans. Grants receivable increased \$129,104, due primarily to an increase in receivables at year end for the PASSPORT program. Total liabilities increased \$399,565. This resulted primarily from an increase in accounts payable resulting from accrued health insurance costs and expense reimbursements outstanding at year end in addition to an increase in outstanding amounts related to the PASSPORT program.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010, compared to the fiscal year ended June 30, 2009.

Table 2
Change in Net Assets

	2010	2009
Revenues		
Program Revenues:		
Charges for Services	\$108,047	\$219,811
Operating Grants and Contributions	15,732,135	14,716,861
Total Program Revenues	15,840,182	14,936,672
General Revenues:		
Interest Income	162,363	26,709
Miscellaneous	35,164	55,014
Total General Revenues	197,527	81,723
Total Revenues	16,037,709	15,018,395
Expenses		
General Government	16,252,804	14,857,228
Interest	55,958	57,395
Total Expenses	16,308,762	14,914,623
Change in Net Assets	(271,053)	103,772
Net Assets Beginning of Year	3,197,297	3,093,525
Net Assets End of Year	\$2,926,244	\$3,197,297

In fiscal year 2010, 98.1 percent of the District's revenues were from operating grants and contributions, compared to 97.6 percent in fiscal year 2009.

Program revenues accounted for nearly all of the District's revenues in both fiscal years. These revenues consist of various federal and state grants and charges for services, including interest on revolving loan fund loans.

The primary cause of the decrease in net assets in 2010 was due to the increase of general government expenses of \$1,395,576, primarily a result of increased activity for the PASSPORT program. This increase in expenses was primarily offset by an increase in program revenues from an increase in funding for the PASSPORT program.

Buckeye Hills - Hockey Valley Regional Development District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)*

General government activities account for almost 100 percent of total program expenses with interest expense accounting for the remaining portion of expenses.

THE DISTRICT'S FUNDS

The District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$16,037,709 and expenditures of \$16,309,738, resulting in a decrease in total fund balances of \$272,029. The District's major funds were the same as the previous year and consist of the General, Revolving Loan, and PASSPORT funds.

The General fund's revenues exceeded its expenditures by \$36,394 in 2010, compared with an excess of revenues over expenditures of \$9,854 during fiscal year 2009.

The Revolving Loan fund had an excess of expenditures over revenues of \$308,423 for 2010.

The PASSPORT fund had expenditures equal to revenues for 2010.

ECONOMIC FACTORS

The District is currently operating within its means. However, the District's ability to attract administrative and program funds for its projects is heavily dependent upon the federal and state governments and the availability of grant funds. Nearly all of the District's funds come from federal and state grants. The District operates within a designated eight-county area of Southeastern Ohio. Loans made through the revolving loan fund are to businesses within this area. The ability of borrowers to repay these loans is largely contingent upon the business economy in the eight-county area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had \$1,310,045 invested in land, building, office equipment, and computer equipment. Table 3 shows the fiscal year 2010 balances as compared to 2009.

Table 3
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2010	2009
Land	\$8,000	\$8,000
Building	1,161,333	1,191,111
Office Equipment	20,710	31,936
Computer Equipment	120,002	98,196
Totals	<u>\$1,310,045</u>	<u>\$1,329,243</u>

Changes in capital assets from the prior year resulted from additions, deletions, and depreciation expense. See Note 6 to the basic financial statements for more detailed information on the District's capital assets.

Buckeye Hills - Hockey Valley Regional Development District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

(Unaudited)

Debt

At June 30, 2010, the District had capital leases outstanding in the amount of \$1,269,018, \$12,947 of which is due within one year. These leases were entered into for office equipment and for a building. See Notes 3 and 8 to the basic financial statements for more detailed information on the District's capital lease obligations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Douglas A. Dye, Director of Fiscal Operations, P.O. Box 520, Reno, Ohio 45773.

Buckeye Hills - Hockey Valley Regional Development District
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,744,433
Prepaid Items	39,326
Loans Receivable, Net	1,470,206
Notes Receivable, Net	11,277
Accrued Interest Receivable	72,463
Grants Receivable	476,022
Noncurrent Assets	
Nondepreciable Capital Assets	8,000
Depreciable Capital Assets	1,302,045
Total Assets	6,123,772
Liabilities	
Current Liabilities	
Accounts Payable	1,208,520
Accrued Wages and Benefits	136,031
Other Accrued Expenses	24,984
Unearned Revenue	469,547
Long-Term Liabilities	
Due Within One Year	102,375
Due in More Than One Year	1,256,071
Total Liabilities	3,197,528
Net Assets	
Invested in Capital Assets, Net of Related Debt	41,027
Restricted for:	
Loans	1,470,206
Unrestricted	1,415,011
Total Net Assets	\$2,926,244

See the accompanying notes to the basic financial statements.

Buckeye Hills - Hockey Valley Regional Development District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government Governmental Activities:				
General Government	\$16,252,804	\$108,047	\$15,732,135	(\$412,622)
Interest	55,958	0	0	(55,958)
Total Governmental Activities	\$16,308,762	\$108,047	\$15,732,135	(468,580)
		General Revenues		
		Interest Income		162,363
		Miscellaneous		35,164
		Total General Revenues		197,527
		Change in Net Assets		(271,053)
		Net Assets, Beginning of Year		3,197,297
		Net Assets, Ending of Year		\$2,926,244

See the accompanying notes to the basic financial statements.

Buckeye Hills - Hockey Valley Regional Development District
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Revolving Loan Fund	PASSPORT Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$682,477	\$644,042	\$989,326	\$428,588	\$2,744,433
Prepaid Items	39,326	0	0	0	39,326
Loans Receivable, Net	0	1,470,206	0	0	1,470,206
Notes Receivable, Net	11,277	0	0	0	11,277
Accrued Interest Receivable	0	72,463	0	0	72,463
Grants Receivable	2,431	399	325,150	148,042	476,022
Due from Other Funds	315,481	0	0	0	315,481
Total Assets	\$1,050,992	\$2,187,110	\$1,314,476	\$576,630	\$5,129,208
Liabilities					
Accounts Payable	\$100,551	\$1,352	\$1,068,253	\$38,364	\$1,208,520
Accrued Wages and Benefits	136,031	0	0	0	136,031
Other Accrued Expenses	24,984	0	0	0	24,984
Deferred Revenue	539	0	0	469,008	469,547
Due to Other Funds	0	0	246,223	69,258	315,481
Total Liabilities	262,105	1,352	1,314,476	576,630	2,154,563
Fund Balances					
Reserved for Loans Receivable	0	1,470,206	0	0	1,470,206
Reserved for Notes Receivable	11,277	0	0	0	11,277
Unreserved:					
Undesignated, Reported in:					
General Fund	777,610	0	0	0	777,610
Special Revenue Funds	0	715,552	0	0	715,552
Total Fund Balances	788,887	2,185,758	0	0	2,974,645
Total Liabilities and Fund Balances	\$1,050,992	\$2,187,110	\$1,314,476	\$576,630	\$5,129,208

See the accompanying notes to the basic financial statements.

Buckeye Hills - Hockey Valley Regional Development District
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2010*

Total Governmental Fund Balances	\$2,974,645
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,310,045
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Capital Leases	(1,269,018)
Compensated Absences	<u>(89,428)</u>

Net Assets of Governmental Activities	<u><u>\$2,926,244</u></u>
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See the accompanying notes to the basic financial statements.

Buckeye Hills - Hockey Valley Regional Development District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General Fund	Revolving Loan Fund	PASSPORT Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Intergovernmental	\$30,025	\$0	\$12,515,314	\$3,186,796	\$15,732,135
Interest	11,119	147,276	3,613	356	162,364
Charges for Services	0	4,044	81,620	22,383	108,047
Other	25,197	1,141	0	8,826	35,164
Total Revenues	66,341	152,461	12,600,547	3,218,361	16,037,710
Expenditures					
Current:					
General Government	26,505	459,856	12,550,749	3,199,465	16,236,575
Debt Service:					
Principal Retirement	811	242	11,711	4,442	17,206
Interest	2,631	786	38,087	14,454	55,958
Total Expenditures	29,947	460,884	12,600,547	3,218,361	16,309,739
Net Change in Fund Balances	36,394	(308,423)	0	0	(272,029)
Fund Balances, Beginning of Year	752,493	2,494,181	0	0	3,246,674
Fund Balances, End of Year	\$788,887	\$2,185,758	\$0	\$0	\$2,974,645

See the accompanying notes to the basic financial statements.

Buckeye Hills - Hockey Valley Regional Development District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010*

Net Change in Fund Balances - Total Governmental Funds	(\$272,029)
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Amounts reported in governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets greater than \$1,000 is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.

Capital Asset Additions	72,406
Depreciation	(91,262)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.

Loss on Disposal of Assets	(342)
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Repayment of capital leases is an expenditure in the governmental funds and a reduction of liabilities in the statement of net assets.	17,206
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported when due.

Decrease in Compensated Absences	<u>2,968</u>
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Change in Net Assets of Governmental Activities	<u><u>(\$271,053)</u></u>
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See the accompanying notes to the basic financial statements.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Buckeye Hills-Hocking Valley Regional Development District (the District) was created as an agency established by agreement among its members pursuant to Section 167.01-08 of the Ohio Revised Code. The District is organized as a voluntary organization of local government political subdivisions in Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties to foster a cooperative effort in regional planning, programming, and implementing regional plans and programs. The District is also organized as a forum for the discussion and study of common problems of a regional nature, and for the development of policy and action recommendations relating thereto.

The functions of the District are:

1. To foster, develop, and review plans for regional growth, development, and conservation; and to aid in coordinating plans among local governments.
2. To perform planning directly by personnel of the District, or under contracts between the District and other public and private planning agencies; to undertake studies, collect data, develop regional plans and programs, and engage in such other activities as the District finds necessary or desirable for the solution of regional problems. Said planning and studies shall include, but will not be limited to, those relating to land use, transportation, housing, environmental controls, health, economic development, and community and public facilities.
3. To serve, upon the request of the local government, as a representative of such government in such matters as may affect the region as a whole.
4. To provide a continuing practical structural mechanism to promote communication and cooperation among area governmental units and agencies.
5. To review, evaluate, comment upon, and make recommendations relating to the planning and programming, and the location, financing, and scheduling of programs in the region through the A-95 program review process.

The District may perform common functions and services characteristic of its individual political subdivisions as described in ORC 167.03.

The District may enter into special purpose contracts or agreements with one or more local government units or private non-profit organizations within the District to act on their behalf in applying for, administering, and coordinating grants and contracts available for programs authorized by State and Federal laws for physical, economic, and human resources planning and development.

The authority granted to the District shall not displace any existing municipal, county, or regional planning commission in the exercise of its statutory powers.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Eligibility

All cities, counties, and county seats within the counties of Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington are eligible for membership in the District. Membership may be extended to other local political subdivisions, government agencies, and quasi-governmental agencies located both within and outside the eight-county area if said membership is conducive to facilitating federal, state, or regional planning objectives. Also, temporary associate membership may be extended for a special project lying partially outside the boundaries of the eight-county area. The latter membership's authorization shall be made upon majority approval of the General Policy Council's total membership.

The accompanying financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when payable from current resources.

Grants and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

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

Revolving Loan Fund – The Revolving Loan Fund offers low interest loans to businesses with the District’s eight-county region. Such funds are to be used in the event that full financing cannot be obtained from a bank, or to fill the gap between bank financing and the financing necessary to complete a business project. Bank participation is required. Initial funding for the revolving loan fund came from grants from the Appalachian Regional Commission.

PASSPORT Fund – The PASSPORT Fund is used to account for the activities of the Pre-Admission Screening System Providing Options and Resources Today program. This is an Ohio Medicaid waiver program that provides in-home alternatives to nursing care for low-income seniors frail enough to receive daily nursing care.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Interfund Transactions

During the course of normal operations, the District has transactions between funds. On the balance sheet, receivables and payables resulting from short-term interfund loans are classified as “due to/due from other funds.” These amounts are eliminated on the statement of net assets.

Capital Assets

General capital assets consist primarily of a building, office furnishings and equipment and generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$1,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Capital assets are depreciated over the following useful lives: office equipment - 3 to 5 years; computer equipment - 5 years; and building - 45 years.

Intergovernmental Revenues

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

Reservation of Fund Balance

The District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund balance which is available for appropriations in future periods. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets. Fund balance reserves have been established for loans and notes receivable.

Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District’s restricted net assets of \$1,470,206, none is restricted by enabling legislation.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

Unearned/Deferred Revenues

The District reports unearned revenue on the government-wide financial statements and deferred revenue on the fund financial statements when monies have been received but for which eligibility requirements have not been met.

Budgetary Process

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

The District's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ended June 30.

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

Because of the District's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The District's annual budget differs from that of most local governments in two respects: (1) the uncertain nature of grant awards from other entities and (2) conversion of grant budgets to a fiscal year basis.

The resultant annual budget is subject to constant change within the fiscal year due to:

- Increases/decreases in actual grant awards from those estimates;
- Changes in grant periods;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards that fail to materialize.

Management utilizes budgets for monitoring financial activity, but budgets are not formally approved by the Board. Therefore, budgetary comparison schedules are not presented.

Cost Allocation

Office of Management and Budget Circular A-87 provides for the establishment of cost pools which are to be distributed over the benefiting activity in some rational and equitable manner. The concept of indirect costs is introduced and defined as follows in Circular A-87: "Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objective specifically benefited without effort disproportionate to the results achieved."

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OMB Circular A-87 also provides the following basis options for the allocation of indirect costs accumulated in an indirect cost pool: (1) direct salary costs or (2) total direct costs, excluding items like large consulting contracts and capital expenditures.

The District chose the direct salary cost method because management determined that the more salary costs a grant has, the more indirect costs the grant would have. Management and administrative salaries and indirect costs are allocated to the various programs using the actual rate as determined by the method shown in the District's cost allocation plan.

Loans Receivable/Allowance for Loan Losses

Loans receivable consist of long-term revolving loans to provide low-interest loans to businesses to create jobs in the region. The Appalachian Regional Commission and Economic Development Administration have granted money for these loans. An expenditure is recorded when the loan is made. The allowance for loan losses in the amount of \$522,242 at June 30, 2010, is based upon management's assessment of current and historical loss experience, loan portfolio trends, prevailing economic and business conditions, specific loan review, and other relevant factors. Specific allowances are established for any impaired loan for which the recorded investment in the loan exceeds the measured value of the loan. In management's opinion, the provision is sufficient to maintain the allowance for loan losses at a level that adequately provides for potential losses.

Compensated Absences

The following policies of the District regarding leave accruals were followed:

Vacation Leave

Full-time employees earn vacation annually, on their hire date, on the following basis: 1 through 5 years of employment, 15 working days; 6 through 10 years of employment, 20 working days; 11 through 20 years, 25 working days; and 21 or more years, 30 working days.

If an employee has a balance of vacation leave at the end of their annual period, they may carry over up to 35 hours with any hours above 35 being lost.

After 6 months of employment, all employees may take an advance of up to 35 hours of vacation leave that is charged to their first year accrual of vacation leave.

All employees are entitled to full payment of any unused vacation pay upon separation from the District.

All employees who exercise the option of taking an advance of vacation against their first year accrual are liable for repayment to the District if they separate from service with the District prior to one full year of employment.

Employees with 21 years and over of service have the option of receiving 5 days of pay and a reduction of vacation leave available by 5 days.

Sick Leave

Full-time employees, from the date of employment, shall earn leave at the rate of one and one-fourth days for each month worked, up to a maximum of 132 days.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All employees who accumulate sick leave hours in excess of 132 days will receive pay for accumulated leave on a ration of one-half of accumulated leave in excess of 132 days and will be calculated at the employee's current rate of pay at the end of each fiscal year.

Upon retirement within the PERS system and with at least 10 years of service to the District, an employee may elect to be paid in cash for one-fourth of the value of their accrued sick leave credit to a maximum of 33 days. Such payment shall be based on the employee's rate of pay at the time of accrued by the employee at that time and such payment may be made only once to any employee. The maximum payment which may be made under this shall be one-fourth of 132 days.

In the event of the death of an employee who has at least 10 years of service, payment of unused sick leave will be made to the employee's spouse or estate in the same manner as a retiring individual.

As of June 30, 2010, the District had no employees eligible for retirement, thus no liability was recorded for sick leave severance.

Holidays

The District has ten official holidays per year. Full-time employees are paid for these holidays; part-time employees are not paid.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the District. Settled claims have not exceeded coverage in any of the last three years. There has been no significant reduction in coverage from the prior fiscal year.

NOTE 2 - DEPOSITS AND INVESTMENTS

The investments and deposits of the District are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the District to invest monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR Ohio) and obligations of the United States government or certain agencies thereof. The District may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities with a market value equal to 105 percent of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require that securities maintained for public deposits and investments be held in the District's name. The District is prohibited from investing in any financial instrument contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The District is also prohibited from investing in reverse repurchase agreements.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

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

As of June 30, 2010, the carrying amount of the District's deposits was \$2,744,433 as compared to a bank balance of \$2,785,116. Of the bank balance, \$562,066 was covered by FDIC and the remaining balance was collateralized by a pool of securities maintained by the District's financial institutions but not in the District's name. There was no restricted cash at June 30, 2010.

NOTE 3 – LEASES

Capital Leases

The District has entered into several capitalized leases for office equipment in prior years. The assets under capital leases are capitalized in the governmental activities general capital assets at \$77,537, which represents the present value of the future minimum lease payments at acquisition. A corresponding liability was recorded in the governmental activities general long-term debt. In August 2004, the District entered into a lease for a building which houses substantially all of its operations. The term of the lease is 45 years. The District has elected to capitalize this lease in accordance with the provisions of Financial Accounting Standards Board Statement Number 13. This asset under capital lease has been capitalized in the governmental activities general capital assets at \$1,340,000, which represents the present value of the future minimum lease payments at acquisition.

The following is a schedule of future minimum lease payments under the capital leases as of June 30, 2010.

<u>Year Ending June 30</u>	
2011	\$68,179
2012	68,179
2013	68,179
2014	68,179
2015	68,179
2016-2020	340,895
2021-2025	340,895
2026-2030	340,895
2031-2035	340,895
2036-2040	340,895
2041-2045	340,895
2046-2049	312,492
Total minimum lease payments	<u>2,698,757</u>
Less amount representing interest	<u>(1,429,739)</u>
Present value of minimum lease payments	<u><u>\$1,269,018</u></u>

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 3 – LEASES (CONTINUED)

Operating Lease

In August 2004, the District entered into a lease for a building which houses substantially all of its operations. As more fully described under capital leases the District capitalized a portion of this lease. The remainder of this lease is being reported as an operating lease. The term of the lease is 45 years, with a fixed monthly payment of \$8,518 (the other \$5,682 fixed monthly payment is part of the capital lease). The lessor is responsible for the payment of all utilities costs, real estate taxes, property insurance, and repairs and maintenance. The future minimum lease payments required are \$99,397 for each year through June 30, 2049.

NOTE 4 – DEFINED BENEFIT PENSION PLAN – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement asset equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2010, 2009 and 2008 member contribution rates were 10.0%, 9.5% and 9.0%, respectively, for members in local classifications.

The employer contribution rates for local government employer units were 14.0%, 13.85% and 13.7%, respectively, of covered payroll for the fiscal years 2010, 2009 and 2008.

Total required employer contributions for 2010, 2009 and 2008 were \$127,342, \$163,129, and \$161,172, respectively; 83% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 5 – POST-EMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Plan B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Member of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employer units contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009 (the latest information available), the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's actual contributions for 2010, 2009 and 2008 which were used to fund post-employment benefits were \$127,341, \$78,511 and \$66,413, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2010, was as follows:

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
Nondepreciable Capital Assets:				
Land	\$8,000	\$0	\$0	\$8,000
Depreciable Capital Assets:				
Building (Capital Lease)	1,340,000	0	0	1,340,000
Office Equipment	262,871	17,001	0	279,872
Computer Equipment	256,022	55,405	(27,382)	284,045
Total Depreciable Capital Assets	1,858,893	72,406	(27,382)	1,903,917
Less Accumulated Depreciation				
Building (Capital Lease)	(148,889)	(29,778)	0	(178,667)
Office Equipment	(230,935)	(28,227)	0	(259,162)
Computer Equipment	(157,826)	(33,257)	27,040	(164,043)
Total Accumulated Depreciation	(537,650)	(91,262)	27,040	(601,872)
Total Nondepreciable Capital Assets	1,321,243	(18,856)	(342)	1,302,045
Governmental Activities Capital Assets, Net	\$1,329,243	(\$18,856)	(\$342)	\$1,310,045

NOTE 7 – CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

Subcontractors

For a majority of the expenditures in the Aging programs, the District contracts with local non-profit agencies and for-profit companies to perform the specific services set forth in the grant agreements. The District disburses grant funds to the entities based on monthly performance reports received from each entity. Some of the non-profit Aging subcontractors are required to have an annual independent audit. Under OMB Circular A-133, the District requires each agency to submit a copy of the audit report. If such audits disclose expenditures not in accordance with the terms of the grants, the grantor agency could disallow the costs and require reimbursement of the disallowed costs either from the District or the delegate agency. The District generally has the right of recovery from the subcontractors.

For the year ended June 30, 2010, agency costs of various amounts were disbursed for which the audits have not been received. Based upon prior experience, management believes that the District will not incur significant losses from possible grant disallowances.

Buckeye Hills - Hockey Valley Regional Development District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

NOTE 8 – LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/09	Additions	Reductions	Principal Outstanding 6/30/10	Amounts Due in One Year
Capital Leases Payable	\$1,286,224	\$0	\$17,206	\$1,269,018	\$12,947
Compensated Absences	92,396	102,842	105,810	89,428	89,428
Total Long-Term Obligations	<u>\$1,378,620</u>	<u>\$102,842</u>	<u>\$123,016</u>	<u>\$1,358,446</u>	<u>\$102,375</u>

NOTE 9 – INTERFUND ACTIVITY

As of June 30, 2010, receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$315,481	\$0
PASSPORT Fund	0	246,223
Other Governmental Funds	0	69,258
Total	<u>\$315,481</u>	<u>\$315,481</u>

Buckeye Hills-Hocking Valley Regional Development District
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>United States Department of Agriculture</u>			
<i>Passed through the Ohio Department of Aging:</i>			
Seniors Farmers Market Nutrition Program	N/A	10.576	\$ 74,950
Total United States Department of Agriculture			74,950
<u>United States Department of Commerce</u>			
<i>Direct from Economic Development Administration:</i>			
Economic Development Revolving Loan Program	N	11.307	479,435
Total United States Department of Commerce			479,435
<u>Appalachian Regional Commission</u>			
<i>Direct from Appalachian Regional Commission:</i>			
Appalachian Research, Technical Assistance, and Demonstration Projects:			
Technical Assistance 302(A)	N	23.011	204,030
Revolving Loan Program	N	23.011	1,090,271
Total Appalachian Regional Commission			1,294,301
<u>United States Department of Health and Human Services</u>			
<i>Passed through the Ohio Department of Aging:</i>			
Special Programs for the Aging:			
Title III, Part C Nutrition Services	N/A	93.045	631,649
Title III, Part B Grants for Supportive Services and Senior Centers	N/A	93.044	411,148
Nutrition - ARRA Congregate Meals	N/A	93.707	20,063
Nutrition - ARRA Home Delivered Meals	N/A	93.705	66,662
Nutrition Services Incentive Program	N/A	93.053	86,939
Total Aging Cluster			1,216,461
Special Programs for the Aging:			
Evidence-Based Disease and Disability Prevention (EBDDP)	N/A	93.048	16,200
Aging and Disability Resource Center Program (ADRC)	N/A	93.048	938
Ohio SMP Integration Project	N/A	93.048	30,536
Total			47,674
National Family Caregiver Support	N/A	93.052	108,856
Medicare Improvements for Patients and Providers Act (MIPPA)	N/A	93.071	6,749
Special Programs for the Aging:			
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	N/A	93.041	1
Disease Prevention and Health Promotion	N/A	93.043	24,307
Total			24,308
Low-Income Home Energy Assistance	N/A	93.568	12,715
Medical Assistance Program Cluster			
PASSPORT	N/A	93.778	8,861,919
Assisted Living	N/A	93.778	125,226
Total Medical Assistance Program Cluster			8,987,145
Total United States Department of Health and Human Services			10,403,908
Total Federal Assistance			\$ 12,252,594

N/A - pass through entity number not available.

N - direct from federal government

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

Buckeye Hills - Hockey Valley Regional Development District

Notes to the Schedule of Federal Awards Expenditures

For the Fiscal Year Ended June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the modified accrual basis of accounting.

NOTE 2 – SUBRECIPIENTS

The District passes through certain federal assistance received from the Ohio Department of Aging to other governments or not-for-profit agencies (subrecipients). The District records expenditures of federal awards to subrecipients when services are provided by the subrecipients.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under Federal Circular A-133, the District is responsible for monitoring subrecipients to help assure federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts and grant agreements, and that performance goals are achieved.

NOTE 3 – REVOLVING LOAN FUNDS

The District has established a revolving loan program to provide low-interest loans to businesses to create jobs in the region. The Appalachian Regional Commission (ARC) and Economic Development Administration (EDA) have granted money for these loans to the District. The initial loan of this money is recorded as a disbursement on the accompanying schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by the grantors. Such loans are included as expenditures on the schedule.

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

Activity in EDA revolving loan funds during 2010 is as follows:

Loans Outstanding	\$ 335,759
Cash Balance	<u>75,026</u>
Capital Base	410,785
Allowable Administration Expense	<u>68,650</u>
Total EDA Program	<u><u>\$ 479,435</u></u>

NOTE 4 – MATCHING REQUIREMENTS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The District has complied with the matching requirements.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by
*Government Auditing Standards***

Members of the Board
Buckeye Hills - Hocking Valley Regional Development District
1400 Pike Street
Marietta, Ohio 45750

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Buckeye Hills - Hocking Valley Regional Development District, Washington County (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District'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, providing an opinion 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*.

Members of the Board
Buckeye Hills - Hocking Valley Regional Development District
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by
Government Auditing Standards
Page 2

We intend this report solely for the information and use of management, members of the Board, federal awarding agencies, pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

January 27, 2011



Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Members of the Board
Buckeye Hills - Hocking Valley Regional Development District
1400 Pike Street
Marietta, Ohio 45750

Compliance

We have audited the compliance of Buckeye Hills - Hocking Valley Regional Development District, Washington County (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we do have not opined on the effectiveness of the District's internal control over compliance.

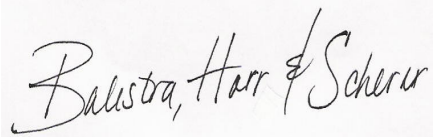
Internal Control Over Compliance (Continued)

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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, members of the Board, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

January 27, 2011

BUCKEYE HILLS – HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT
WASHINGTON COUNTY
JUNE 30, 2010

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

SUMMARY OF AUDITOR’S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs’ Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	<p>Medical Assistance Program Cluster CFDA# 93.778</p> <p>Aging Cluster: CFDA# 93.044 – Title III Part B Grants for Supportive Services and Senior Centers; CFDA# 93.045 - Title III Part C Nutrition Services; CFDA# 93.053 – Nutrition Services Incentive Program; CFDA# 93.705 – Nutrition – ARRA Home Delivered Meals; and CFDA# 93.707 – Nutrition – ARRA Congregate Meals</p> <p>Economic Development – Revolving Loan Program CFDA# 11.307</p>
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$367,578 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

BUCKEYE HILLS – HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT
WASHINGTON COUNTY
JUNE 30, 2010

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

**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.



Dave Yost • Auditor of State

BUCKEYE HILLS HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT

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
APRIL 14, 2011**