

**BUCKEYE HILLS-HOCKING VALLEY  
REGIONAL DEVELOPMENT DISTRICT  
Single Audit  
For the Year Ended June 30, 2013**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Members of the Board  
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 Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2012 through June 30, 2013. 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 12, 2014

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**BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT  
WASHINGTON COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.

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

MARIETTA

428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG

1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE

121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

**INDEPENDENT AUDITOR'S REPORT**

December 27, 2013

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

To Members of the Board:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Buckeye Hills-Hocking Valley Regional Development District**, Marietta, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District'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 the District'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 the District's internal control. Accordingly, we express no 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, each major fund, and the aggregate remaining fund information of the Buckeye Hills-Hocking Valley Regional Development District, as of June 30, 2013, 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.

## **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* 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 the District's basic financial statements taken as a whole.

The Schedules of ODA Funded Awards Summary of Unearned Cash and Undrawn Grant Balance for Program Years Ending December 31, 2013 and 2012 present additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules 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, these schedules are 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 December 27, 2013, 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 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 the District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*



**Buckeye Hills-Hocking Valley Regional Development District**  
*Management's Discussion and Analysis*  
*for the Fiscal Year Ended June 30, 2013*  
*(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, 2013. 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 2013 are as follows:

- Net position of governmental activities increased by \$47,984.
- Intergovernmental revenues in the form of federal and state grant funds for governmental activities accounted for \$16,056,718 in revenue, or 97.9 percent of all governmental revenues. Program specific revenues in the form of charges for services accounted for \$241,772, or 1.5 percent of total revenues of \$16,399,101.
- The District had \$16,351,117 in expenses related to governmental activities; all except \$52,627 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$100,611 were sufficient to offset this amount.
- Three loans were made from the Revolving Loan Fund with aggregate proceeds of \$403,500.

**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 2013?" The statement of net position 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 position and changes in that position. This change in net position 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-Hocking Valley Regional Development District**  
*Management's Discussion and Analysis (Continued)*  
*for the Fiscal Year Ended June 30, 2013*  
*(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 Medicaid 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 15 to 28 of this report.

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2013, compared to 2012. The District has only governmental funds.

Table 1  
Net Position

|                                  | 2013                | 2012                |
|----------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                    |                     |                     |
| Current and Other Assets         | \$ 2,812,088        | \$ 3,095,080        |
| Capital Assets, Net              | 1,141,794           | 1,185,006           |
| Loans Receivable, Net            | <u>1,285,536</u>    | <u>962,981</u>      |
| Total Assets                     | <u>5,239,418</u>    | <u>5,243,067</u>    |
| <br><b>LIABILITIES</b>           |                     |                     |
| Current and Other Liabilities    | 1,476,451           | 1,519,131           |
| Long-Term Liabilities            | <u>1,327,594</u>    | <u>1,336,547</u>    |
| Total Liabilities                | <u>2,804,045</u>    | <u>2,855,678</u>    |
| <br><b>NET POSITION</b>          |                     |                     |
| Net Investment in Capital Assets | (86,622)            | (57,539)            |
| Restricted                       | 1,809,103           | 1,733,995           |
| Unrestricted                     | <u>712,892</u>      | <u>710,933</u>      |
| Total Net Position               | <u>\$ 2,435,373</u> | <u>\$ 2,387,389</u> |

**Buckeye Hills-Hocking Valley Regional Development District**  
*Management's Discussion and Analysis (Continued)*  
for the Fiscal Year Ended June 30, 2013  
(Unaudited)

Total assets decreased \$3,649. Loans receivable increased by \$322,555, representing proceeds from new loans granted during the year less principal repayments on loans. Cash and cash equivalents decreased by \$282,992, as cash in the revolving loan fund was used to fund loans. Grants receivable decreased \$202,223, due primarily to a decrease in receivables at year end for the Medicaid program. Total liabilities decreased \$51,633.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013, compared to the fiscal year ended June 30, 2012.

Table 2  
Change in Net Position

|                                     | 2013                    | 2012                    |
|-------------------------------------|-------------------------|-------------------------|
| REVENUES                            |                         |                         |
| Program Revenues:                   |                         |                         |
| Charges for Services                | \$ 241,772              | \$ 181,680              |
| Operating Grants and Contributions  | <u>16,056,718</u>       | <u>16,465,297</u>       |
| Total Program Revenues              | <u>16,298,490</u>       | <u>16,646,977</u>       |
| General Revenues:                   |                         |                         |
| Interest Income                     | 58,632                  | 19,928                  |
| Miscellaneous                       | <u>41,979</u>           | <u>34,990</u>           |
| Total General Revenues              | <u>100,611</u>          | <u>54,918</u>           |
| <br>Total Revenues                  | <br><u>16,399,101</u>   | <br><u>16,701,895</u>   |
| <br>EXPENSES                        |                         |                         |
| General Government                  | 16,297,067              | 17,253,838              |
| Interest                            | <u>54,050</u>           | <u>54,653</u>           |
| Total Expenses                      | <u>16,351,117</u>       | <u>17,308,491</u>       |
| <br>Change in Net Position          | <br>47,984              | <br>(606,596)           |
| <br>Net Position, Beginning of Year | <br><u>2,387,389</u>    | <br><u>2,993,985</u>    |
| <br>Net Position, End of Year       | <br><u>\$ 2,435,373</u> | <br><u>\$ 2,387,389</u> |

In fiscal year 2013, 97.9 percent of the District's revenues were from operating grants and contributions, compared to 98.5 percent in fiscal year 2012.

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.

Net position decreased in 2012 primarily because of the return of \$620,417 in excess funds to grantors. As these were nonrecurring transactions, the change in net position for 2013 was a more normalized increase of \$47,984, resulting in the excess of grant and program revenues over expenses.

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

**Buckeye Hills-Hocking Valley Regional Development District**  
*Management's Discussion and Analysis (Continued)*  
*for the Fiscal Year Ended June 30, 2013*  
*(Unaudited)*

**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 \$16,399,101 and expenditures of \$16,316,857, resulting in an increase in total fund balances of \$82,244. The District's major funds were the same as the previous year and consist of the General, Revolving Loan, and Medicaid funds.

The General Fund had an excess of revenues and other financing sources over expenditures of \$7,136 in 2013, compared to the expenditures exceeding revenues by \$87,574 during fiscal year 2012.

The Revolving Loan Fund's revenues exceeded its expenditures by \$75,108 for 2013.

**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, 2013, the District had \$1,141,794 invested in land, building, office equipment, and computer equipment. Table 3 shows the fiscal year 2013 balances as compared to 2012.

Table 3  
 Capital Assets  
 (Net of Accumulated Depreciation)

|                    | Governmental Activities |              |
|--------------------|-------------------------|--------------|
|                    | 2013                    | 2012         |
| Land               | \$ 8,000                | \$ 8,000     |
| Building           | 1,072,000               | 1,101,778    |
| Office Equipment   | 3,774                   | 7,853        |
| Computer Equipment | 58,020                  | 67,375       |
| Totals             | \$ 1,141,794            | \$ 1,185,006 |

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-Hocking Valley Regional Development District**  
*Management's Discussion and Analysis (Continued)*  
*for the Fiscal Year Ended June 30, 2013*  
*(Unaudited)*

*Debt*

At June 30, 2013, the District had capital leases outstanding in the amount of \$1,228,416, of which \$14,129 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-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT**  
**Statement of Net Position**  
**June 30, 2013**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>                              |                            |
| <b>Current Assets</b>                      |                            |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,314,035               |
| Prepaid Items                              | 70,471                     |
| Loans Receivable, Net                      | 1,285,536                  |
| Accrued Interest Receivable                | 8,440                      |
| Grants Receivable                          | 419,142                    |
| <b>Noncurrent Assets</b>                   |                            |
| Nondepreciable Capital Assets              | 8,000                      |
| Depreciable Capital Assets, net            | 1,133,794                  |
| <i>Total Assets</i>                        | 5,239,418                  |
| <b>LIABILITIES</b>                         |                            |
| <b>Current Liabilities</b>                 |                            |
| Accounts Payable                           | 1,038,496                  |
| Accrued Wages and Benefits                 | 237,518                    |
| Other Accrued Expenses                     | 15,178                     |
| Deferred Revenue                           | 185,259                    |
| <b>Long-Term Liabilities</b>               |                            |
| Due Within One Year                        | 113,307                    |
| Due in More Than One Year                  | 1,214,287                  |
| <i>Total Liabilities</i>                   | 2,804,045                  |
| <b>NET POSITION</b>                        |                            |
| Net Investment in Capital Assets           | (86,622)                   |
| Restricted                                 | 1,809,103                  |
| Unrestricted                               | 712,892                    |
| <i>Total Net Position</i>                  | \$ 2,435,373               |

See accompanying notes to the basic financial statements

**BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

|  | Expenses             | Program Revenues                      |                                    | Net Expense and  |
|--|----------------------|---------------------------------------|------------------------------------|--|
|  |                      | Charges for Services                  | Operating Grants and Contributions | Change in Net Assets<br>Primary Government<br>Governmental<br>Activities |
| Primary Government<br>Governmental Activities: |                      |                                       |                                    |  |
| General Government                             | \$ 16,297,067        | \$ 241,772                            | \$ 16,056,718                      | \$ 1,423   |
| Interest                                       | 54,050               | -                                     | -                                  | (54,050)   |
| <b>Total Governmental Activities</b>           | <b>\$ 16,351,117</b> | <b>\$ 241,772</b>                     | <b>\$ 16,056,718</b>               | <b>(52,627)</b>  |
|  |                      | <b>General Revenues</b>               |                                    |  |
|  |                      | Interest Income                       |                                    | 58,632   |
|  |                      | Miscellaneous                         |                                    | 41,979   |
|  |                      | <i>Total General Revenues</i>         |                                    | 100,611  |
|  |                      | Change in Net Position                |                                    | 47,984   |
|  |                      | <i>Net Position Beginning of Year</i> |                                    | 2,387,389  |
|  |                      | <i>Net Position End of Year</i>       |                                    | <b>\$ 2,435,373</b>  |

**BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

|  | General             | Revolving<br>Loan Fund | Medicaid            | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------|---------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                              |                     |                        |                     |                                |                                |
| Equity in Pooled Cash and                  |                     |                        |                     |                                |                                |
| Cash Equivalents                           | \$ 667,548          | \$ 519,484             | \$ 934,363          | \$ 192,640                     | \$ 2,314,035                   |
| Grants Receivable                          | -                   | -                      | 148,825             | 270,317                        | 419,142                        |
| Due from Other Funds                       | 336,833             | -                      | -                   | -                              | 336,833                        |
| Prepaid Items                              | 70,471              | -                      | -                   | -                              | 70,471                         |
| Accrued Interest Receivable                | -                   | 8,440                  | -                   | -                              | 8,440                          |
| Loans Receivable, Net                      | -                   | 1,285,536              | -                   | -                              | 1,285,536                      |
| <i>Total Assets</i>                        | <u>\$ 1,074,852</u> | <u>\$ 1,813,460</u>    | <u>\$ 1,083,188</u> | <u>\$ 462,957</u>              | <u>\$ 4,434,457</u>            |
| <b>LIABILITIES</b>                         |                     |                        |                     |                                |                                |
| Accounts Payable                           | \$ 10,086           | \$ 4,357               | \$ 837,373          | \$ 186,680                     | \$ 1,038,496                   |
| Other Accrued Expenses                     | 15,178              | -                      | -                   | -                              | 15,178                         |
| Accrued Wages and Benefits                 | 237,518             | -                      | -                   | -                              | 237,518                        |
| Due to Other Funds                         | -                   | -                      | 245,815             | 91,018                         | 336,833                        |
| Deferred Revenue                           | -                   | -                      | -                   | 185,259                        | 185,259                        |
| <i>Total Liabilities</i>                   | <u>262,782</u>      | <u>4,357</u>           | <u>1,083,188</u>    | <u>462,957</u>                 | <u>1,813,284</u>               |
| <b>FUND BALANCES</b>                       |                     |                        |                     |                                |                                |
| Nonspendable                               | -                   | 1,285,536              | -                   | -                              | 1,285,536                      |
| Restricted                                 | -                   | 523,567                | -                   | -                              | 523,567                        |
| Unassigned                                 | 812,070             | -                      | -                   | -                              | 812,070                        |
| <i>Total Fund Balances</i>                 | <u>812,070</u>      | <u>1,809,103</u>       | <u>-</u>            | <u>-</u>                       | <u>2,621,173</u>               |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 1,074,852</u> | <u>\$ 1,813,460</u>    | <u>\$ 1,083,188</u> | <u>\$ 462,957</u>              | <u>\$ 4,434,457</u>            |

See accompanying notes to the basic financial statements



**BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2013*

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|   |                     |
|---|---------------------|
| <b>Total Governmental Funds Balances</b>  | \$ 2,621,173        |
| <br><i>Amounts reported for governmental activities in the</i><br><i>statement of net position are different because:</i> |                     |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds    | 1,141,794           |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:          |                     |
| Capital Leases  | (1,228,416)         |
| Compensated Absences  | <u>(99,178)</u>     |
| Net position of governmental activities   | <u>\$ 2,435,373</u> |

**BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

|   | General           | Revolving<br>Loan Fund | Medicaid          | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|------------------------|-------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                                     |                   |                        |                   |                                |                                |
| Intergovernmental                                   | \$ -              | \$ 459,209             | \$ 12,636,103     | \$ 2,961,406                   | \$ 16,056,718                  |
| Interest  | 2,915             | 54,118                 | 1,551             | 48                             | 58,632                         |
| Charges for Services                                | -                 | 6,072                  | 188,008           | 47,692                         | 241,772                        |
| Other   | 41,979            | -                      | -                 | -                              | 41,979                         |
| <i>Total Revenues</i>                               | <u>44,894</u>     | <u>519,399</u>         | <u>12,825,662</u> | <u>3,009,146</u>               | <u>16,399,101</u>              |
| <b>Expenditures</b>                                 |                   |                        |                   |                                |                                |
| Current:  |                   |                        |                   |                                |                                |
| General Government                                  | 58,832            | 444,498                | 12,789,929        | 2,955,420                      | 16,248,679                     |
| Debt Service:                                       |                   |                        |                   |                                |                                |
| Principal Retirement                                | -                 | -                      | 9,341             | 4,788                          | 14,129                         |
| Interest  | -                 | -                      | 35,732            | 18,317                         | 54,049                         |
| <i>Total Expenditures</i>                           | <u>58,832</u>     | <u>444,498</u>         | <u>12,835,002</u> | <u>2,978,525</u>               | <u>16,316,857</u>              |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (13,938)          | 74,901                 | (9,340)           | 30,621                         | 82,244                         |
| <b>Other Financing Sources (Uses)</b>               |                   |                        |                   |                                |                                |
| Transfers In  | 21,074            | 207                    | 9,340             | -                              | 30,621                         |
| Transfers Out                                       | -                 | -                      | -                 | (30,621)                       | (30,621)                       |
| Total Other Financing Sources (Uses)                | <u>21,074</u>     | <u>207</u>             | <u>9,340</u>      | <u>(30,621)</u>                | <u>-</u>                       |
| Net Change in Fund Balances                         | 7,136             | 75,108                 | -                 | -                              | 82,244                         |
| <i>Fund Balances Beginning of Year</i>              | <u>804,934</u>    | <u>1,733,995</u>       | <u>-</u>          | <u>-</u>                       | <u>2,538,929</u>               |
| <i>Fund Balances End of Year</i>                    | <u>\$ 812,070</u> | <u>\$ 1,809,103</u>    | <u>\$ -</u>       | <u>\$ -</u>                    | <u>\$ 2,621,173</u>            |

See accompanying notes to the basic financial statements

**BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2013**

|  |               |                          |
|--|---------------|--------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>  | <b>\$</b>     | <b>82,244</b>            |
| <br><i>Amounts reported for governmental activities in the statement of activities are different because:</i>  |               |                          |
| <br>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets greater than \$5,000 is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and loss on disposal exceeded capital outlay in the current period. |               |                          |
| Capital Asset Additions  |               | 19,642                   |
| Depreciation   |               | (62,854)                 |
| <br>Repayment of capital leases is an expenditure in the governmental funds and a reduction of liabilities in the statement of net position.   |               |                          |
|  |               | 14,129                   |
| <br>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported when due.   |               |                          |
| Increase in Compensated Absences   |               | <u>(5,177)</u>           |
| <br>Change in Net Position of Governmental Activities  | <br><b>\$</b> | <br><b><u>47,984</u></b> |

**Buckeye Hills-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**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-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. 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-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**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 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 within 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. The primary source of funding for the revolving loan fund is from grants.

*Medicaid Fund* - The Medicaid Fund is used to account for the activities of the Pre-Admission Screening System Providing Options and Resources Today (PASSPORT) and Assisted Living programs. These are Ohio Medicaid waiver programs that provide in-home alternatives to nursing care for low-income seniors. The programs are jointly funded by the State of Ohio and the federal government.

**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.

Non-exchange 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-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 position.

**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 position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. 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.

**Fund Balance**

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

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

***Restricted*** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

***Committed*** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board. Those committed amounts cannot be used for any other purpose unless the District Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Buckeye Hills-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the District Board.

**Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position represents the difference between assets and liabilities in the statement of net position. Net investment in capital assets consist of capital assets, net of accumulated depreciation reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by 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 position is available. Of the District's restricted net position of \$1,285,536, none is restricted by enabling legislation.

**Estimates**

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

**Deferred Revenue**

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



**Buckeye Hills-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 12-month period; however, they can be awarded for periods shorter or longer than 12 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.

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."

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.

**Buckeye Hills-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$156,797 at June 30, 2013, 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.

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.

**Buckeye Hills-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 retirement, 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, 2013, 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 3 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 5 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-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**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, 2013, the carrying amount of the District's deposits was \$2,314,035 as compared to a bank balance of \$2,422,393. The entire bank balance was either covered by FDIC or collateralized by a pool of securities maintained by the District's financial institutions, but not in the District's name.

**NOTE 3 - LEASES**

Capital Leases

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, 2013:

| <u>Year Ending June 30</u>              |                     |
|---|---------------------|
| 2014                                    | \$ 68,179           |
| 2015                                    | 68,179              |
| 2016                                    | 68,179              |
| 2017                                    | 68,179              |
| 2018                                    | 68,179              |
| 2019-2023                               | 340,895             |
| 2024-2028                               | 340,895             |
| 2029-2033                               | 340,895             |
| 2034-2038                               | 340,895             |
| 2039-2043                               | 340,895             |
| 2044-2048                               | 340,895             |
| 2049                                    | <u>34,793</u>       |
| Total minimum lease payments            | 2,421,058           |
| Amount representing interest            | <u>(1,192,642)</u>  |
| Present value of minimum lease payments | <u>\$ 1,228,416</u> |

**Buckeye Hills-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**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 5 years at 20 percent 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.

The 2013, 2012, and 2011 member contribution rates were 10.0 percent for members in local classifications.

The employer contribution rates for local government employer units were 14.0 percent of covered payroll for the fiscal years 2013, 2012, and 2011.

Total required employer contributions for 2013, 2012, and 2011 were \$175,823, \$172,193, and \$143,184, respectively; 92 percent has been contributed for 2013 and 2012, and 100 percent for 2011.

**Buckeye Hills-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**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. Members 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 2013, local government employer units contributed 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0 percent 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 2011 (the latest information available), the employer contribution allocated to the health care plan was 4.0 percent 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 2013, 2012, and 2011, which were used to fund post-employment benefits, were \$70,329, \$68,877, and \$102,275, respectively, which were equal to the required contributions for each year.

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-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the District for the year ended June 30, 2013, was as follows:

|  | <u>Balance</u><br><u>06/30/2012</u> | <u>Additions</u>   | <u>Deletions</u> | <u>Balance</u><br><u>06/30/2013</u> |
|--|-------------------------------------|--------------------|------------------|-------------------------------------|
| Nondepreciable Capital Assets:                 |                                     |                    |                  |                                     |
| Land   | \$ 8,000                            | \$ -               | \$ -             | \$ 8,000                            |
| Depreciable Capital Assets:                    |                                     |                    |                  |                                     |
| Building (Capital Lease)                       | 1,340,000                           | -                  | -                | 1,340,000                           |
| Office Equipment                               | 281,554                             | -                  | -                | 281,554                             |
| Computer Equipment                             | <u>274,102</u>                      | <u>19,642</u>      | -                | <u>293,744</u>                      |
| Total Depreciable<br>Capital Assets            | <u>1,895,656</u>                    | <u>19,652</u>      | -                | <u>1,915,298</u>                    |
| Accumulated Depreciation:                      |                                     |                    |                  |                                     |
| Building (Capital Lease)                       | (238,222)                           | (29,778)           | -                | (268,000)                           |
| Office Equipment                               | (273,700)                           | (4,080)            | -                | (277,780)                           |
| Computer Equipment                             | <u>(206,728)</u>                    | <u>(28,996)</u>    | -                | <u>(235,724)</u>                    |
| Total Accumulated<br>Depreciation              | <u>(718,650)</u>                    | <u>(62,854)</u>    | -                | <u>(781,504)</u>                    |
| Total Depreciable<br>Capital Assets            | <u>1,177,006</u>                    | <u>(43,212)</u>    | -                | <u>1,133,794</u>                    |
| Governmental Activities<br>Capital Assets, Net | <u>\$ 1,185,006</u>                 | <u>\$ (43,212)</u> | <u>\$ -</u>      | <u>\$ 1,141,794</u>                 |

**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, 2013.

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, 2013, 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-Hocking Valley Regional Development District**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**NOTE 8 - LONG-TERM OBLIGATIONS**

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

|                                | Principal<br>Outstanding<br><u>06/30/2012</u> | <u>Additions</u>  | <u>Reductions</u> | Principal<br>Outstanding<br><u>06/30/2013</u> | Amounts Due<br>in One Year |
|--------------------------------|---|-------------------|-------------------|---|----------------------------|
| Capital Leases Payable         | \$ 1,242,545                                  | \$ -              | \$ 14,129         | \$ 1,228,416                                  | \$ 14,129                  |
| Compensated Absences           | <u>94,002</u>                                 | <u>129,654</u>    | <u>124,478</u>    | <u>99,178</u>                                 | <u>99,178</u>              |
| Total Long-Term<br>Obligations | <u>\$ 1,336,547</u>                           | <u>\$ 129,654</u> | <u>\$ 138,607</u> | <u>\$ 1,327,594</u>                           | <u>\$ 113,307</u>          |

**NOTE 9 - INTERFUND ACTIVITY**

As of June 30, 2013, receivables and payables that resulted from various interfund transactions were as follows:

|                         | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|-------------------------|---------------------------------|-------------------------------|
| General Fund            | \$ 336,833                      | \$ -                          |
| Medicaid Fund           | -                               | 245,815                       |
| Other Governmental Fund | <u>-</u>                        | <u>91,018</u>                 |
| Total                   | <u>\$ 336,833</u>               | <u>\$ 336,833</u>             |

Interfund balances result from the payments from General Fund resources until grant funds are reimbursed from funding sources.

Following is a schedule of interfund transfers during 2013.

| <u>Interfund Transfers</u> |                     |                  |
|----------------------------|---------------------|------------------|
| <u>From</u>                | <u>To</u>           | <u>Amount</u>    |
| Other Governmental Funds   | General             | \$ 21,074        |
| Other Governmental Funds   | Revolving Loan Fund | 207              |
| Other Governmental Funds   | Medicaid            | <u>9,340</u>     |
|                            | Total Transfers     | <u>\$ 30,621</u> |

During 2013, funds were transferred from unrestricted funds to the General Fund and to Special Revenue funds to finance programs in accordance with policies and procedures.



**Buckeye Hills-Hocking Valley Regional Development District**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 10 - FUND BALANCES**

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

| <u>Fund Balances</u>       | <u>General</u>    | <u>Revolving<br/>Loan Fund</u> | <u>Medicaid<br/>Fund</u> | <u>All Other<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------------|-------------------|--------------------------------|--------------------------|----------------------------|---|
| <b>Nonspendable</b>        |                   |                                |                          |                            |   |
| Loans                      | \$ -              | \$1,285,536                    | \$ -                     | \$ -                       | \$ 1,285,536                            |
| <b>Restricted for</b>      |                   |                                |                          |                            |   |
| Federal and State Purposes | -                 | 523,567                        | -                        | -                          | 523,567                                 |
| <b>Unassigned</b>          | <u>812,070</u>    | <u>-</u>                       | <u>-</u>                 | <u>-</u>                   | <u>812,070</u>                          |
| Total Fund Balances        | <u>\$ 812,070</u> | <u>\$1,809,103</u>             | <u>\$ -</u>              | <u>\$ -</u>                | <u>\$ 2,621,173</u>                     |

**NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLE**

The District changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 63 – Effective July 1, 2012, the Board implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

**BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

| <b>FEDERAL GRANTOR/GRANTOR/PASS THROUGH AGENCY</b>   | <b>FEDERAL<br/>CFDA<br/>NUMBER</b> | <b>PASS-THROUGH<br/>GRANTOR'S<br/>NUMBER</b> | <b>EXPENDITURES</b>  |
|--|------------------------------------|--|----------------------|
| <u>Program Title</u>   |                                    |  |                      |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>  |                                    |  |                      |
| Passed through the Ohio Department of Aging:<br>Seniors Farmers Market Nutrition Program   | 10.576                             | n/a  | \$ 74,292            |
| <b>U.S. DEPARTMENT OF COMMERCE</b>   |                                    |  |                      |
| Direct from Economic Development Administration:<br>Economic Development - Support for Planning Organization   | 11.302                             | n/a  | 64,628               |
| Economic Adjustment Assistance   | 11.307                             | n/a  | <u>538,828</u>       |
| Total U.S. Department of Commerce  |                                    |  | <u>603,456</u>       |
| <b>U.S. DEPARTMENT OF THE INTERIOR</b>   |                                    |  |                      |
| Direct from U.S. Geological Survey:<br>National Spatial Data Infrastructure Cooperative Agreements Program   | 15.809                             | n/a  | 9,852                |
| <b>APPALACHIAN REGIONAL COMMISSION</b>   |                                    |  |                      |
| Direct from Appalachian Regional Commission:<br>Appalachian Research, Technical Assistance and Demonstration Projects                                | 23.011                             | n/a  | 502,195              |
| <b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>   |                                    |  |                      |
| Passed through the Ohio Department of Aging:<br>Special Programs for the Aging - Title III, Part B_Grants for Supportive Services and Senior Centers | 93.044                             | n/a  | 457,679              |
| Special Programs for the Aging - Title III, Part C _Nutrition Services   | 93.045                             | n/a  | 639,905              |
| Nutrition Services Incentive Program   | 93.053                             | n/a  | <u>69,287</u>        |
| Aging Cluster Subtotal   |                                    |  | 1,166,871            |
| Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation                                | 93.041                             | n/a  | 5,441                |
| Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals  | 93.042                             | n/a  | 3,409                |
| Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services  | 93.043                             | n/a  | 11,343               |
| National Family Caregiver Support Title III Part E   | 93.052                             | n/a  | 134,577              |
| ARRA - Special Programs for the Aging Title IV_and Title II_Discretionary Projects   | 93.048                             | n/a  | 43,772               |
| Affordable Care Act - Medicare Improvements for Patients and Providers   | 93.518                             | n/a  | 3,109                |
| Home Energy Assistance Program   | 93.568                             | n/a  | 13,723               |
| Medical Assistance Program   | 93.778                             | n/a  | <u>7,678,474</u>     |
| Total Department of Health and Human Services  |                                    |  | <u>9,060,719</u>     |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>  |                                    |  | <u>\$ 10,250,514</u> |

N=Not Available  
n/a=None Applicable

**Buckeye Hills-Hocking Valley Regional Development District**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards 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 - 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 2013 is as follows:

|                           |    |                   |
|---------------------------|----|-------------------|
| Loans Outstanding         | \$ | 46,353            |
| Cash Balance              |    | <u>373,788</u>    |
| Capital Base              |    | 420,141           |
|                           |    |                   |
| Allowable Administration: |    |                   |
| Expense                   |    | <u>118,687</u>    |
| Total EDA Program         |    | <u>\$ 538,828</u> |

**NOTE 3 - 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.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE  
121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

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

December 27, 2013

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

To the Board Members:

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, each major fund and the aggregate remaining fund information of the **Buckeye Hills-Hocking Valley Regional Development District**, (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report dated December 27, 2013.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District'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 the District'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 the Board'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 the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

***Perry & Associates***  
Certified Public Accountants, A.C.

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

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428 Second Street  
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St. Clairsville, OH 43950  
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(740) 695-5775 Fax

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

December 27, 2013

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

To the Board Members:

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

We have audited the **Buckeye Hills-Hocking Valley Regional Development District**, (the District), compliance with the applicable 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, 2013. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the District's major federal programs.

***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 the District'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 the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

The District'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 the District'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 OMB Circular A-133, 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 the District'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 compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**BUCKEYE HILLS-HOCKING VALLEY REGIONAL DEVELOPMENT DISTRICT  
SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |   |   |
|---------------------|---|---|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unmodified  |
| <b>(d)(1)(ii)</b>   | <b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>                        | No  |
| <b>(d)(1)(ii)</b>   | <b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No  |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                              | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any internal control weaknesses reported for major federal programs?</b>                                      | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>               | No  |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unmodified  |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under § .510?</b>  | No  |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | CFDA #11.307 Economic Adjustment Assistance<br><br>CFDA #93.044, #93.045 and #93.053 Aging Cluster<br><br>CFDA #93.778 Medical Assistance Program |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type AIB Programs</b>  | Type A: > \$ 307,516<br>Type B: all others  |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee?</b>  | Yes   |

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None



**Agency**  
**Schedule of ODA Funded Awards**  
**Summary of Unearned Cash and Undrawn Grant Balance**  
**For Program Year Ending June 30, 2013**

| Program Description                              | CFDA # | Beginning Carryover | New Grant Awarded | Grant Expenses | Undrawn Grant Balance | Unearned Cash Balance | Approved Waiver Amount | Total Carryover | FFY 2012 Maximum Limit | Cash to be Returned After Audit |
|--|--------|---------------------|-------------------|----------------|-----------------------|-----------------------|------------------------|-----------------|------------------------|---------------------------------|
| <b>Federal Funded Programs</b>                   |        |                     |                   |                |                       |                       |                        |                 |                        |                                 |
| Home Energy Assistance Program (HEAP)            | 93.568 | \$ -                | \$ 13,723         | \$ 13,723      |                       | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| PASSPORT/Assisted Living                         | 93.778 | \$ -                | \$ 2,581,832      | \$ 2,573,719   | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| Aging & Disability Resource Center Program       | 93.048 | \$ -                | \$ 19,350         | \$ 14,013      | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| Unified Prevention - Evidence Based              | 93.048 | \$ -                | \$ 35,000         | \$ 4,918       | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| Unified Prevention - Care Transitions            | 93.048 | \$ -                | \$ 7,000          | \$ 6,496       | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| <b>State Funded Programs</b>                     |        |                     |                   |                |                       |                       |                        |                 |                        |                                 |
| Alzheimer's Respite Site                         | N/A    | \$ -                | \$ 28,612         | \$ 28,612      | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| Alzheimer's Respite Care                         | N/A    | \$ -                | \$ 14,375         | \$ 14,375      | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| Senior Volunteers                                | N/A    | \$ -                | \$ 32,341         | \$ 32,341      | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| Ombudsman Support                                | N/A    | \$ -                | \$ 60,000         | \$ 36,136      | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
| <b>INCLUDE ANY ODA FUNDED PROGRAM NOT LISTED</b> |        | \$ -                | \$ 2,792,233      | \$ 2,724,333   | \$ -                  | \$ -                  | \$ -                   | \$ -            | \$ -                   | \$ -                            |
|  |        | A                   | B                 | C              | D                     | E                     | F                      | G               | H                      | I                               |

Notes:

- Columns A, B, C are information provided by the AAA.
- Column D = Column A + B - C (columns D & E can have the answer distributed amongst them)
- Column E = Column A + B - C (columns D & E can have the answer distributed amongst them)
- Column F is information provided by the AAA.
- Column G = Column D + E + F
- Column H is information provided to the AAA by ODA.
- Column I = G - H

**Agency**  
**Schedule of ODA Funded Awards**  
**Summary of Unearned Cash and Undrawn Grant Balance**  
**For Program Year Ending December 31, 2012**

| Program Description                              | CFDA # | Beginning Carryover | New Grant Awarded   | Grant Expenses      | Undrawn Grant Balance | Unearned Cash Balance | Approved Waiver Amount | Total Carryover   | FFY 2012 Maximum Limit | Cash to be Returned After Audit |
|--|--------|---------------------|---------------------|---------------------|-----------------------|-----------------------|------------------------|-------------------|------------------------|---------------------------------|
| <b>Federal Funded Programs</b>                   |        |                     |                     |                     |                       |                       |                        |                   |                        |                                 |
| Title III A - Administration                     | 93.045 | \$ 14,099           | \$ 210,613          | \$ 209,661          | \$ 14,800             | \$ 251                | \$ -                   | \$ 15,051         | \$ 22,992              | \$ -                            |
| Title III B - Supportive Services                | 93.044 | \$ 55,816           | \$ 457,343          | \$ 465,792          | \$ 42,866             | \$ 4,501              | \$ -                   | \$ 47,367         | \$ 57,638              | \$ -                            |
| Title III C-1 - Congregate Meals                 | 93.045 | \$ 10,943           | \$ 202,645          | \$ 201,090          | \$ 12,284             | \$ 214                | \$ -                   | \$ 12,498         | \$ 22,921              | \$ -                            |
| Title III C-2 - Home Delivered Meals             | 93.045 | \$ 26,502           | \$ 261,169          | \$ 259,620          | \$ 26,096             | \$ 1,955              | \$ -                   | \$ 28,051         | \$ 28,929              | \$ -                            |
| Title III D - Preventive Health                  | 93.043 | \$ 2,123            | \$ 30,341           | \$ 30,811           | \$ -                  | \$ 1,654              | \$ -                   | \$ 1,654          | \$ 3,034               | \$ -                            |
| Title III E - Caregiver Services                 | 93.052 | \$ 11,780           | \$ 119,045          | \$ 118,482          | \$ 12,101             | \$ 242                | \$ -                   | \$ 12,343         | \$ 12,343              | \$ -                            |
| Title III E - Caregiver Administration           | 93.052 | \$ 1,328            | \$ 13,227           | \$ 13,184           | \$ -                  | \$ 1,371              | \$ -                   | \$ 1,371          | \$ 1,371               | \$ -                            |
| Title VII - Elder Abuse Prevention               | 93.041 | \$ 536              | \$ 5,450            | \$ 5,441            | \$ -                  | \$ 545                | \$ -                   | \$ 545            | \$ 545                 | \$ -                            |
| Title VII - Ombudsman                            | 93.042 | \$ 341              | \$ 3,344            | \$ 3,409            | \$ -                  | \$ 334                | \$ -                   | \$ 334            | \$ 334                 | \$ -                            |
| Nutrition Services Incentive Program (NSIP)      | 93.053 | \$ 7,960            | \$ 75,036           | \$ 77,967           | \$ 294                | \$ 4,734              | \$ -                   | \$ 5,028          | \$ 7,768               | \$ -                            |
| Senior Farmers' Market Nutrition Program         | 10.576 | \$ -                | \$ 80,459           | \$ 77,999           | \$ 2,460              | \$ -                  | \$ -                   | \$ 2,460          | \$ -                   | \$ 2,460                        |
| <b>State Funded Programs</b>                     |        |                     |                     |                     |                       |                       |                        |                   |                        |                                 |
| Senior Community Service: Social Services        | N/A    | \$ -                | \$ 229,370          | \$ 229,370          | \$ -                  | \$ -                  | \$ -                   | \$ -              | \$ -                   | \$ -                            |
| Senior Community Service: Administration         | N/A    | \$ -                | \$ 65,944           | \$ 65,944           | \$ -                  | \$ -                  | \$ -                   | \$ -              | \$ -                   | \$ -                            |
| State Long Term Ombudsman                        | N/A    | \$ -                | \$ 29,009           | \$ 29,009           | \$ -                  | \$ -                  | \$ -                   | \$ -              | \$ -                   | \$ -                            |
| Bed Fee  | N/A    | \$ -                | \$ 15,822           | \$ 15,822           | \$ -                  | \$ -                  | \$ -                   | \$ -              | \$ -                   | \$ -                            |
| <b>INCLUDE ANY ODA FUNDED PROGRAM NOT LISTED</b> |        | <b>\$ 131,428</b>   | <b>\$ 1,798,817</b> | <b>\$ 1,803,601</b> | <b>\$ 110,901</b>     | <b>\$ 15,801</b>      | <b>\$ -</b>            | <b>\$ 126,702</b> | <b>\$ 157,875</b>      | <b>\$ 2,460</b>                 |

A                      B                      C                      D                      E                      F                      G                      H                      I

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# 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  
MARCH 25, 2014**