OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
GUERNSEY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Dave Yost • Auditor of State

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
GUERNSEY COUNTY

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INDEPENDENT AUDITOR'S REPORT

Ohio Mid-Eastern Governments Association
Guernsey County
326 Highland Avenue, Suite B
Cambridge, Ohio 43725

To the Executive Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ohio Mid-Eastern Governments Association, Guernsey County, Ohio (OMEGA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise OMEGA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 OMEGA'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 OMEGA'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 and each major fund of the Ohio Mid-Eastern Governments Association, Guernsey County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during the year ended June 30, 2015, OMEGA adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, on our consideration of OMEGA'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 OMEGA's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2016

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The discussion and analysis of the Ohio Mid-Eastern Governments Association's (OMEGA) financial performance provides an overall review of OMEGA's financial activities for the year ended June 30, 2015. The intent of this discussion and analysis is to look at OMEGA's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of OMEGA's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- Net position of governmental activities increased by $36,149.
- Intergovernmental revenues in the form of federal and state grants and interest received on revolving loan programs for governmental activities accounted for $828,793 in revenue, or 87 percent of all governmental revenues and 96 percent of total program specific revenues. Program specific revenues in the form of charges for services accounted for $33,509 or 4 percent of total program specific revenues of $862,302.
- OMEGA had $921,447 in expenses and indirect costs related to governmental activities; most of these expenses were offset by program specific charges for services, grants, contributions and interest received on revolving loan programs. General revenues of $95,294 and beginning net position were also available to provide for these programs.
- The Revolving Loan Fund granted four new loans during the year with aggregate proceeds of $222,000.
- The General Fund, one of the major funds, had $124,812 in revenues. The General Fund's balance decreased by $16,878 after transfers out to other funds. General Fund revenue remained relatively consistent between years, but expenditures decreased by $124,783 due mainly to a decrease in claims payments recognized within this fund.

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 OMEGA as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

Reporting OMEGA as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by OMEGA to provide programs and activities for citizens, the view of OMEGA as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Reporting OMEGA's Most Significant Funds

Fund Financial Statements

The analysis of OMEGA's major funds begins on page 9. Fund financial reports provide detailed information about OMEGA's major funds. OMEGA uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on OMEGA's most significant funds. OMEGA's major governmental funds are the General Fund, Revolving Loan Fund, Appalachian Regional Commission Fund, Economic Development Administration Fund, Rural Transportation Fund, and State Appalachian Grant Fund. OMEGA has only governmental funds.

Governmental Funds - OMEGA's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of OMEGA's general 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 OMEGA's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

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

OMEGA as a Whole

Recall that the statement of net position provides the perspective of OMEGA as a whole. Table 1 provides a summary of OMEGA's net position as of June 30, 2015, compared to June 30, 2014. OMEGA has only governmental activities.

Table 1
Net Position

	Governmental Activities	
	2015	2014*
Assets		
Current and Other Assets	$2,317,342	$2,206,637
Capital Assets, Net	36,691	40,801
Total Assets	2,354,033	2,247,438
Deferred Outflows of Resources	136,642	25,487
Liabilities		
Current and Other Liabilities	148,368	128,190
Long-Term Liabilities	386,015	244,571
Total Liabilities	534,383	372,761
Deferred Inflows of Resources	19,979	0
Net Position		
Net Investment in Capital Assets	22,421	22,113
Restricted	2,057,641	1,887,777
Unrestricted (Deficit)	(143,749)	(9,726)
Total Net Position	$1,936,313	$1,900,164

*As restated. See note 15 of the notes to the basic financial statements.

Total net position increased $36,149. Loans receivable increased $55,675. Four new loans were issued during the fiscal year. Principal repayments during the year totaled $166,325, while the new loans granted were $222,000. Total liabilities increased $161,622, primarily as the result of an increase in claims payable and an increase in net pension liability estimates. Deferred outflows of resources increased due to differences between expected and actual payments. Deferred inflows of resources increased due to implementation of GASB Statement No. 68, as discussed below.

During 2015, OMEGA adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68," which significantly revise accounting for pension costs and liabilities. For reasons discussed below, many end users of these financial statements will gain a clearer understanding of OMEGA's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals OMEGA's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, OMEGA is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, OMEGA is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014 from $2,081,908 to $1,900,164.

Table 2 shows the changes in net position for the year ended June 30, 2015, compared to the year ended June 30, 2014. OMEGA has only governmental activities.

Table 2
Change in Net Position

	Governmental Activities	
	2015	2014*
Revenues		
Program Revenues:		
Charges for Services	$33,509	$31,438
Operating Grants, Contributions and Interest	828,793	641,019
General Revenues:		
Membership Fees	88,599	88,619
Interest	4,083	3,704
Miscellaneous	2,612	2,000
Total Revenues	957,596	766,780
Expenses		
Economic Development	657,318	663,420
Transportation Planning	126,266	98,432
Indirect Costs	137,863	133,567
Interest	0	112
Total Expenses	921,447	895,531
Change in Net Position	$36,149	($128,751)

*Restated for consistency of reporting between years.

In fiscal year 2015, 87 percent of OMEGA's revenues were from operating grants, contributions and interest which was relatively consistent with 2014. In fiscal years 2015 and 2014, 9 percent and 12 percent of revenues, respectively, came from membership fees.

Program revenues accounted for 90 percent of OMEGA's revenues in fiscal year 2015, as compared to 88 percent in the prior year. These revenues consist of various federal and state grants, interest received on revolving loans and charges for services.

Economic development and transportation planning expenses account for 71 and 14 percent, respectively, of total program expenses. Indirect costs account for 15 percent of total program expenses. Total expenses were $25,916 more in fiscal year 2015 than in 2014, which is relatively consistent.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $25,487 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expenses of $79,526. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$921,447
Pension expense under GASB 68	(79,526)
2015 contractually required contribution	28,355
Adjusted 2015 program expenses	870,276
Total 2014 program expenses under GASB 27	895,531
Decrease in program expenses not related to pension	($25,255)

OMEGA's Funds

OMEGA's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $957,596 and expenditures of $867,069. OMEGA's total revenues exceeded total spending during the fiscal year ended June 30, 2015. OMEGA reports all funds as major funds.

The General Fund balance decreased by $16,878 during fiscal year 2015, as revenues were not sufficient to cover expenditures and necessary grant fund transfers. The most significant component of General Fund revenues is the fees charged to members.

General Fund and Budgetary Highlights

Although a legal budget is not required, budgets for expenditure of federal grants are prepared and approved by the awarding federal government agency at the time the grants are awarded. During the course of fiscal year 2015, OMEGA supplemented its Appalachian Regional Commission Fund, Economic Development Administration Fund, and Rural Transportation Fund with transfers from the General Fund.

Capital Assets and Debt Administration

Capital Assets

OMEGA's investment in capital assets as of June 30, 2015 was $36,691. This investment in capital assets includes office furniture and equipment and leasehold improvements. The following table shows fiscal year 2015 balances compared to fiscal year 2014:

Capital Assets at June 30
(Net of Depreciation)
Governmental Activities

	2015	2014
Office Furniture and Equipment	$30,605	$34,177
Leasehold Improvements	6,086	6,624
Total	$36,691	$40,801

Net capital assets decreased $4,110 from the prior fiscal year. This was due to capital assets deletions and depreciation expense exceeding capital asset additions.

For more information on capital assets, refer to note 13 to the basic financial statements.

Debt

At June 30, 2015, OMEGA had $14,270 in an outstanding capital lease with $3,738 due within one year.

For more information on debt, refer to notes 10 and 11 to the basic financial statements.

Economic Factors

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

Contacting OMEGA's Financial Management

This financial report is designed to provide a general overview of OMEGA's finances for all those with an interest in OMEGA's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Sue Wood, Fiscal Officer, 326 Highland Avenue, P.O. Box 130, Cambridge, Ohio 43725.

Ohio Mid-Eastern Governments Association

Statement of Net Position

June 30, 2015

Assets	
Equity in Pooled Cash and Cash Equivalents	$629,743
Equity in Pooled Cash and Cash Equivalents with Fiscal Agent	115,058
Prepaid Expenses	15,585
Intergovernmental Receivable	33,009
Loans Receivable	1,523,947
Depreciable Capital Assets, Net	36,691
Total Assets	2,354,033
Deferred Outflows of Resources	
Pension	136,642
Liabilities	
Accrued Expenses	20,819
Claims Payable	127,549
Long-Term Liabilities:	
Due Within One Year	25,904
Due in More Than One Year	360,111
Total Liabilities	534,383
Deferred Inflows of Resources	
Pension	19,979
Net Position	
Net Investment in Capital Assets	22,421
Restricted for:	
Loans	1,523,947
Health Benefits	115,058
Other Purposes	418,636
Unrestricted (Deficit)	(143,749)
Total Net Position	$1,936,313

See accompanying notes to the basic financial statements.

Ohio Mid-Eastern Governments Association
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Expenses	Indirect Costs	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Interest	Net Revenue (Expense) and Change in Net Position — Primary Government: Governmental Activities
Primary Government					
Governmental Activities:					
Economic Development	$657,318	$100,610	$33,509	$683,302	($41,117)
Transportation	126,266	37,253	0	145,491	(18,028)
Total Governmental Activities	$783,584	$137,863	$33,509	$828,793	(59,145)

General Revenues	
Membership Fees	88,599
Interest Income	4,083
Miscellaneous	2,612
Total General Revenues	95,294
Change in Net Position	36,149
Net Position Beginning of Year-Restated-See Note 15	1,900,164
Net Position End of Year	$1,936,313

See accompanying notes to the basic financial statements.

Ohio Mid-Eastern Governments Association
Balance Sheet
Governmental Funds
June 30, 2015

	General	Revolving Loan	Appalachian Regional Commission	Economic Development Administration	Rural Transportation	State Appalachian Grant	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	$284,335	$345,408	$0	$0	$0	$0	$629,743
Equity in Pooled Cash and Cash Equivalents with Fiscal Agent	115,058	0	0	0	0	0	115,058
Prepaid Items	0	1,008	7,825	2,338	4,414	0	15,585
Intergovernmental Receivable	0	0	0	0	33,009	0	33,009
Due From Other Funds	0	4,488	50,749	0	0	0	55,237
Loans Receivable	0	1,523,947	0	0	0	0	1,523,947
Total Assets	$399,393	$1,874,851	$58,574	$2,338	$37,423	$0	$2,372,579
Liabilities							
Accrued Expenses	$0	$1,433	$10,450	$3,157	$5,779	$0	$20,819
Due to Other Funds	0	0	0	44,634	10,603	0	55,237
Claims Payable	127,549	0	0	0	0	0	127,549
Total Liabilities	127,549	1,433	10,450	47,791	16,382	0	203,605
Fund Balances							
Nonspendable:							
Prepaid Items	0	1,008	7,825	2,338	4,414	0	15,585
Restricted for:							
Health Benefits	115,058	0	0	0	0	0	115,058
Revolving Loan Programs	0	1,872,410	0	0	0	0	1,872,410
Appalachian Regional Commission Programs	0	0	40,299	0	0	0	40,299
Transportation Programs	0	0	0	0	16,627	0	16,627
Unassigned	156,786	0	0	(47,791)	0	0	108,995
Total Fund Balances	271,844	1,873,418	48,124	(45,453)	21,041	0	2,168,974
Total Liabilities and Fund Balances	$399,393	$1,874,851	$58,574	$2,338	$37,423	$0	$2,372,579

See accompanying notes to the basic financial statements.

Ohio Mid-Eastern Governments Association

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

June 30, 2015

Total Governmental Fund Balances		$2,168,974
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		36,691
The net pension liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows-pension	136,642	
Deferred inflows-pension	(19,979)	
Net pension liability	(349,579)	
Total		(232,916)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences	(22,166)	
Capital Lease	(14,270)	
Total		(36,436)
Net Position of Governmental Activities		$1,936,313

See accompanying notes to the basic financial statements.

Ohio Mid-Eastern Governments Association

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2015

	General	Revolving Loan	Appalachian Regional Commission	Economic Development Administration	Rural Transportation	State Appalachian Grant	Total Governmental Funds
Revenues							
Intergovernmental	$0	$0	$344,000	$58,165	$145,491	$100,000	$647,656
Interest	4,083	105,688	0	0	0	0	109,771
Membership Fees	88,599	0	0	0	0	0	88,599
Charges for Services	29,555	3,954	0	0	0	0	33,509
In-Kind Contributions	0	0	66,396	9,053	0	0	75,449
Other	2,575	37	0	0	0	0	2,612
Total Revenues	124,812	109,679	410,396	67,218	145,491	100,000	957,596
Expenditures							
Current:							
Economic Development	15,782	80,811	312,297	80,046	0	100,000	588,936
Transportation Planning	0	0	0	0	126,266	0	126,266
Capital Outlay	0	59	4,258	152	5,118	0	9,587
Indirect Costs	0	8,244	71,240	21,126	37,253	0	137,863
Debt Service:							
Principal Retirement	0	264	2,283	677	1,193	0	4,417
Total Expenditures	15,782	89,378	390,078	102,001	169,830	100,000	867,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,030	20,301	20,318	(34,783)	(24,339)	0	90,527
Other Financing Sources (Uses)							
Transfers In	13,321	0	34,027	15,875	89,328	0	152,551
Transfers Out	(139,229)	(1,039)	0	0	(12,283)	0	(152,551)
Total Other Financing Sources (Uses)	(125,908)	(1,039)	34,027	15,875	77,045	0	0
Net Change in Fund Balances	(16,878)	19,262	54,345	(18,908)	52,706	0	90,527
Fund Balances (Deficits) Beginning of Year	288,722	1,854,156	(6,221)	(26,545)	(31,665)	0	2,078,447
Fund Balances (Deficits) End of Year	$271,844	$1,873,418	$48,124	($45,453)	$21,041	$0	$2,168,974

See accompanying notes to the basic financial statements.

Ohio Mid-Eastern Governments Association

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	$90,527
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. These are the amounts of capital additions and depreciation in the current year:	
Capital Asset Additions	9,587
Depreciation	(13,697)
Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.	28,355
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(79,526)
Repayment of capital lease is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	4,417
Some expenses reported in the statement of activities do not require the use of current financial resources when due.	
Increase in Compensated Absences	(3,514)
Change in Net Position of Governmental Activities	$36,149

See accompanying notes to the basic financial statements.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

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

The accompanying 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 OMEGA. Component units are legally separate entities for which OMEGA (the primary government) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) OMEGA's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, OMEGA. Using these criteria, OMEGA has no component units.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or 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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and *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, OMEGA 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 a liability is incurred, as under accrual accounting.

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the 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.

OMEGA reports the following major governmental funds:

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

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

Appalachian Regional Commission Fund – The Appalachian Regional Commission Fund is used to account for operating grant funds received from the Appalachian Regional Commission.

Economic Development Administration Fund – The Economic Development Administration Fund is used to account for operating grant funds received from the Economic Development Administration.

Rural Transportation Fund – The Rural Transportation Fund will account for the activity associated with the two-year pilot program authorized by the Ohio Department of Transportation to develop a Regional Transportation Planning Organization to serve eight counties in OMEGA's district that are not members of a metropolitan planning organization.

State Appalachian Grant Fund – The State Appalachian Grant Fund will account for the activity associated with the State Appalachian Grant program received from the Ohio Development Services Agency.

Revenues – Exchange and Non-Exchange Transactions

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

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

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Interfund Transactions

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

On the governmental fund balance sheet, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds.” These amounts are eliminated on the statement of net position.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. OMEGA maintains a capitalization threshold of $250. OMEGA does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. At June 30, 2015, the cost of capital assets was $105,832. Depreciation is computed on the straight-line method over the useful lives of the related assets. Office furniture and equipment have useful lives of 3 to 7 years. Leasehold improvements have a useful life of 15 years. Depreciation expense was $13,697 for the fiscal year ended June 30, 2015.

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 Balances

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

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

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

Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by OMEGA legislation or external restrictions by creditors, grantors, or laws or regulations of other governments. If restricted and unrestricted net position is available for the same purpose, then restricted net position will be used before unrestricted net position. None of OMEGA's restricted net position is restricted by enabling legislation.

Estimates

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

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balances and net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. OMEGA has deferred outflows of resources related to pensions, which is further discussed in note 5.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance and net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. OMEGA has deferred inflows of resources related to pensions, which is further discussed in note 5.

Budgetary Process

Although a legal budget is not required, nor is a budgetary statement presented, budgets for expenditure of federal grants are submitted to and approved by the federal government agency at the time the grants are awarded. The grants also require a contribution from nonfederal sources equal to a specified percentage of the project costs. The nonfederal contributions may be in cash or in-kind. In-kind funds for the year ended June 30, 2015, amounted to $75,449.

Cost Allocation

Office of Management and Budget (OMB) 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.

OMEGA chose the direct salary cost method because management has determined that this is the most equitable allocation method. Management and administrative salaries and indirect costs are allocated to the various programs using the actual rate as determined by the method shown in OMEGA's cost allocation plan. OMEGA's indirect cost rate for 2015 was 39.9737%.

Compensated Absences

OMEGA reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences* as interpreted by Interpretation No. 6 of the GASB, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that OMEGA will compensate the employees for the benefits through paid time off or some other means. Since unused sick leave is not payable upon termination, no accrual is made for sick leave.

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

Pensions

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

Note 2 – Donated Space and Services

The Board members of OMEGA have donated their time and travel expenses related to Board meetings. The total value of the wages and travel donated is estimated to be $16,192. OMEGA also received donated office space and office equipment from various sources. The value of the space and equipment is estimated to be $59,257. These contributions have been recognized in the accompanying financial statements.

Note 3 – Deposits and Investments

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

<u>Cash with Fiscal Agent</u>

At June 30, 2015, OMEGA had a cash balance of $115,058 with the Jefferson Health Plan, a claims servicing pool (see note 8), which is a portion of OMEGA's General Fund balance. The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by OMEGA. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

<u>Deposits</u>

Custodial credit risk is the risk that, in the event of a bank failure, OMEGA's deposits may not be returned. 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 OMEGA.

At June 30, 2015, the carrying amount of OMEGA's deposits was $629,743. All of the bank balance was either covered by FDIC insurance or collateralized by a pool of securities maintained by the financial institutions which act as depositories for OMEGA, but not in the name of OMEGA. There are no cash restrictions at June 30, 2015.

<u>Investments</u>

OMEGA held no investments at June 30, 2015.

Note 4 - Concentrations

All of OMEGA's loans and commitments have been granted to customers in a ten-county area of Mid-Eastern Ohio. OMEGA's loans are generally secured by specific items of collateral, including real property, vehicles, and business assets. Repayment of these loans is dependent, in part, upon the economic conditions of this region. Management monitors the collectibility of the revolving loan portfolio on an ongoing basis. As of June 30, 2015, management determined that all of the loan balances were fully collectible.

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

Note 5 – Defined Benefit Pension Plan

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – OMEGA employees participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan administered by OPERS. OPERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 145. OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Age and service requirements for retirement are as follows:

	Groups A/B*	Group C*
Full Benefits	Age 60 with 60 contributing months of service credit; or Age 55 with 25 or more years of service credit	Age 57 with 25 years of service credit; or Age 62 with 5 years of service credit

*Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013. See OPERS CAFR for additional details.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30 for Groups A and B, and 2.2 percent for the first thirty-five years of service and 2.5 percent for years of service credit over 35 for Group C. Final average salary is the average of the highest three years of salary for Groups A and B. Final average salary is the average of the highest five years of salary for Group C.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and OMEGA is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the OPERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members was 2.0 percent in fiscal year 2015. For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 12 percent.

OMEGA's contractually required contribution to OPERS was $48,608 for fiscal year 2015.

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

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OMEGA's proportion of the net pension liability was based on OMEGA's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	$349,579
Proportion of the Net Pension Liability	0.002898%
Pension Expense	$79,526

At June 30, 2015, OMEGA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$18,652
Adjusted for significant change in employee head count	$89,635
OMEGA contributions subsequent to the measurement date	28,355
Total Deferred Outflows of Resources	$136,642
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$6,141
Difference between OMEGA contributions and proportionate share of contributions	13,838
Total Deferred Inflows of Resources	$19,979

$28,355 reported as deferred outflows of resources related to pension resulting from OMEGA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Fiscal Year Ending June 30:	
2016	($17,854)
2017	(17,854)
2018	(25,529)
2019	(27,071)
Total	($88,308)

Actuarial Assumptions - OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in OPERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Estate	10.00	5.00
Hedge Funds	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of OMEGA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
OMEGA's proportionate share of the net pension liability	$643,126	$349,576	$102,342

Note 6 – Post-Employment Benefits

Public Employees Retirement System (OPERS)

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 Part 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 postemployment benefit (OPEB) as described in GASB Statement No. 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 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 2014, state employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state 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. The portion of employer contributions allocated to healthcare was 2% for both plans as recommended by the OPERS Actuary. 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.

OMEGA's actual contributions for 2015, 2014, and 2013, which were used to fund OPEB were $8,102, $5,461, and $11,041, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expected to be able to consistently allocated 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

Note 7 – Other Employee Benefits

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

Note 8 – Risk Management

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

Type	Amount	Company
Professional Liability	$1,000,000	Cincinnati Insurance Co.
General Liability	2,000,000	Westfield Companies
Business Personal Property	140,000	Westfield Companies
Employee Theft	10,000	Westfield Companies

Settled claims have not exceeded coverage in any of the last three years. Coverage has been reviewed since the prior year and modifications were made where deemed appropriate.

OMEGA is a member of a claims servicing pool, consisting of school districts and other entities throughout the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on OMEGA's behalf. The plan is administered through the Jefferson Health Plan and provides stop loss protection of $500,000 per individual per year. The claims liability of $127,549, reported in the General Fund at June 30, 2015, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

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

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2015	$109,766	$449,456	$431,673	$127,549
2014	65,428	401,397	357,059	109,766

As of June 30, 2015, OMEGA had a plan asset balance of $115,058 with the Consortium. The entire plan asset balance is restricted for the payment of health benefits.

Note 9 - Contingencies

OMEGA received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of OMEGA at June 30, 2015.

Note 10 - Leases

Operating Lease

OMEGA leases office equipment under various operating leases with terms exceeding one year. OMEGA's administrative offices are leased under a year-to-year agreement. The amount expensed under these operating leases during the year ended June 30, 2015 was $1,164. Minimum future payments required under leases with a minimum term exceeding one year are approximately $1,180 for the year ending June 30, 2015.

Capital Lease

OMEGA entered into a capital lease for office equipment in December 2013. The asset under the capital lease is capitalized in the governmental activities general capital assets at $20,387, which represents the present value of the future minimum lease payments at acquisition, plus a trade-in value on the 2009 equipment in the amount of $1,087. A liability was recorded in the governmental activities liabilities.

The following is a schedule of future minimum lease payments under the capital lease as of June 30, 2015.

Year Ending June 30	Amount
2016	$3,738
2017	4,077
2018	4,077
2019	2,379
Total minimum lease payments	14,270
Less amount representing interest	(0)
Present value of minimum lease payments	$14,270

Note 11 – Long-Term Liabilities

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

	Outstanding June 30, 2014*	Additions	Deletions	Outstanding June 30, 2015	Amount Due Within One Year
Capital Leases	$18,688	$0	$4,418	$14,270	$3,738
Compensated Absences	18,652	61,620	58,106	22,166	22,166
Net Pension Liability	207,231	142,348	0	349,579	0
Total	$244,571	$203,968	$62,524	$386,015	$25,904

*Restated. See note 15 for more information.

Compensated absences will be paid out of the fund that pays the employee's salary. The capital leases are paid from the Revolving Loan, Appalachian Regional Commission, Economic Development Administration, and Rural Transportation Funds based on allocations approved in the cost allocation plan. OMEGA pays obligations related to employee compensation from the fund benefitting from their service.

Note 12 – Interfund Activity

The following is a summary of operating transfers in and out for all funds for the year ended June 30, 2015:

Fund	Transfers In	Transfers Out
General Fund	$13,321	$139,229
Revolving Loan Fund	0	1,039
Appalachian Regional Commission Fund	34,027	0
Economic Development Administration Fund	15,875	0
Rural Transportation Fund	89,328	12,283
Totals	$152,551	$152,551

Transfers were made from the General Fund to the Appalachian Regional Commission, Economic Development Administration, and Rural Transportation Funds to subsidize operations. Transfers were made from the Revolving Loan and Rural Transportation Funds to repay expenses paid by the General Fund.

The following is a summary of interfund balances for all funds for the year ended June 30, 2015:

Fund	Receivable	Payable
Revolving Loan Fund	$4,488	0
Appalachian Regional Commission Fund	50,749	0
Economic Development Administration Fund	0	44,634
Rural Transportation Fund	0	10,603
Totals	$55,237	$55,237

Interfund balances exist between the Revolving Loan Fund and Appalachian Regional Commission and the Economic Development Administration and Rural Transportation Funds to account for amounts due by the Economic Development Administration and Rural Transportation Funds to reimburse the Revolving Loan Fund and Appalachian Regional Commission for expenditures paid from that fund.

Note 13 – Capital Asset Activity

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Historic cost:				
Office furniture and equipment	$88,654	$9,587	($490)	$97,751
Leasehold improvements	8,081	0	0	8,081
Total historic cost	96,735	9,587	(490)	105,832
Less accumulated depreciation:				
Office furniture and equipment	(54,477)	(13,159)	490	(67,146)
Leasehold improvements	(1,457)	(538)	0	(1,995)
Total accumulated depreciation	(55,934)	(13,697)	490	(69,141)
Governmental activities capital assets, net	$40,801	($4,110)	$0	$36,691

Depreciation expense was fully allocated to economic development.

Note 14 - Receivables

Receivables at June 30, 2015 consisted of intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Note 15 – New GASB Implementations and Restatement of Beginning Balances

For fiscal year 2015, OMEGA implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. The implementation of the new accounting pronouncements had the following effect on net position as reported June 30, 2014:

Net Position June 30, 2014	$2,081,908
Adjustments:	
Net Pension Liability	(207,231)
Deferred Outflows-Payments Subsequent to Measurement Date	25,487
Restated Net Position June 30, 2014	$1,900,164

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

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Ohio Mid-Eastern Governments Association

Required Supplementary Information

Schedule of OMEGA's Proportionate Share of the Net Pension Liability

Last Two Fiscal Years (1)

	2013	2014
Ohio Public Employees Retirement System		
OMEGA's proportion of the net pension liability (asset)	0.00289840%	0.00289840%
OMEGA's proportionate share of the net pension liability (asset)	$207,231	$349,579
OMEGA's covered-employee payroll	$276,030	$350,092
OMEGA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.075535%	99.853379%
Plan fiduciary net position as a percentage of the total pension liability	86.357587%	86.450903%

The amounts presented are as of OMEGA's measurement date which was December 31.
(1) Information not available prior to 2013.

Ohio Mid-Eastern Governments Association
Required Supplementary Information
Schedule of OMEGA Contributions
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Ohio Public Employees Retirement System										
Contractually required contribution	$29,115	$26,058	$23,931	$25,175	$22,801	$24,992	$27,547	$27,603	$45,512	$48,608
Contributions in relation to the contractually required contribution	29,115	26,058	23,931	25,175	22,801	24,992	27,547	27,603	45,512	48,608
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OMEGA's covered-employee payroll	$291,150	$274,295	$281,541	$296,176	$268,247	$277,689	$275,470	$276,030	$350,092	$405,067
Contributions as a percentage of covered-employee payroll	10.00%	9.50%	8.50%	8.50%	8.50%	9.00%	10.00%	10.00%	13.00%	12.00%

The amounts presented for each fiscal year were determined as of June 30.

Ohio Mid-Eastern Governments Association
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Award Year	Federal CFDA Number	Expenditures
Department of Commerce				
Direct:				
Economic Development-Support for Planning Organizations	N/A	2015	11.302	$58,165
Economic Adjustment Assistance:				
Revolving Loan Program	N/A	2014/2015	11.307	379,134
Total Department of Commerce				**437,299**
Department of Transportation				
Passed through from Ohio Department of Transportation				
Highway Planning and Construction	PID 95422	2015	20.205	129,325
Total Department of Transportation				**129,325**
Appalachian Regional Commission				
Direct:				
Appalachian Local Development District Assistance	N/A	2015	23.009	104,500
	N/A	2014	23.009	104,500
Total Appalachian Local Development District Assistance				209,000
Appalachian Research, Technical Assistance, and Demonstration Projects:				
Revolving Loan Program	N/A	2014/2015	23.011	906,104
Total Appalachian Regional Commission				**1,115,104**
Total Federal Financial Assistance				**$1,681,728**

N/A - direct grant

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

Note 1 – Significant Accounting Policies

The accompanying schedule of federal awards expenditures (the schedule) summarizes activity of the Ohio Mid-Eastern Governments Association's (OMEGA) federal award programs. The schedule has been prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Revolving Loan Fund

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

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

Current year activity in the EDA Revolving Loan fund during fiscal year 2015 is as follows:

Loans receivable balance as of June 30, 2015	$314,835
Cash balance on hand in the revolving loan fund as of June 30, 2015	55,135
Administrative costs expended during fiscal year 2015	9,164
Total (federal share of 100%)	$379,134

Current year activity in the ARC Revolving Loan Fund during fiscal year 2015 is as follows:

Loans receivable balance as of June 30, 2014	$832,812
New loans initiated during fiscal year 2015	50,000
Administrative costs expended during fiscal year 2015	23,292
Total (federal share of 100%)	$906,104

Note 3 – Matching Requirements

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

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

Ohio Mid-Eastern Governments Association
Guernsey County
326 Highland Avenue, Suite B
Cambridge, Ohio 43725

To the Executive Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of the Ohio Mid-Eastern Governments Association, Guernsey County, Ohio (OMEGA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise OMEGA's basic financial statements and have issued our report thereon dated March 21, 2016. We noted OMEGA adopted Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered OMEGA'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 OMEGA'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 OMEGA'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.

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Compliance and Other Matters

As part of reasonably assuring whether OMEGA'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 OMEGA's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering OMEGA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2016

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

Ohio Mid-Eastern Governments Association
Guernsey County
326 Highland Avenue, Suite B
Cambridge, Ohio 43725

To the Executive Board:

Report on Compliance for Each Major Federal Program

We have audited the Ohio Mid-Eastern Governments Association, Guernsey County, Ohio (OMEGA), 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 OMEGA's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies OMEGA's major federal programs.

Management's Responsibility

OMEGA'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 OMEGA's compliance for each of OMEGA'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 OMEGA'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 OMEGA's major programs. However, our audit does not provide a legal determination of OMEGA's compliance.

Opinion on Each Major Federal Program

In our opinion, OMEGA complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

OMEGA'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 OMEGA'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 OMEGA's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2016

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
GUERNSEY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Economic Adjustment Assistance: Revolving Loan Program – CFDA # 11.307 • Appalachian Research, Technical Assistance and Demonstration Projects: Revolving Loan Program – CFDA # 23.011	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO MID-EASTERN GOVERNMENTS ASSOCIATION

GUERNSEY 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 31, 2016

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