COMMUNITY PARTNERSHIP ON AGING
CUYAHOGA COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OHIO AUDITOR OF STATE
KEITH FABER

COMMUNITY PARTNERSHIP ON AGING
CUYAHOGA COUNTY
DECEMBER 31, 2018 AND 2017

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Community Partnership on Aging
Cuyahoga County
1370 Victory Drive
South Euclid, Ohio 44121

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities**,** each major fund, and the aggregate remaining fund information of the Community Partnership on Aging, Cuyahoga County, Ohio (the Partnership), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities**,** each major fund, and the aggregate remaining fund information of the Community Partnership on Aging, Cuyahoga County, Ohio, as of December 31, 2018 and 2017, and the respective changes in financial position for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements for the year ended December 31, 2018, during 2018, the Partnership adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019, on our consideration of the Partnership'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 Partnership's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2019

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The following discussion provides a summary overview of the financial activities of the Community Partnership on Aging (the "Partnership") for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the Partnership's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Partnership's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- For the year ended December 31, 2018, the Partnership implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The implementation of this statement resulted in the restatement of net position as of December 31, 2017 for the governmental activities. See Note 3 for additional information regarding the restatement.

- Net position of governmental activities decreased by $111,494 from 2017. The Partnership has no business-type activities.

- The liabilities and deferred inflows of resources of the Partnership exceeded its assets and deferred outflows of resources at December 31, 2018 by $263,915.

- Total assets decreased by $14,960 in 2018, which represents a decrease of 1.96% from 2017. Cash and cash equivalents and capital assets experienced decreases in 2018 of $18,718 and $3,067, respectively, accounts receivable and prepaid items experienced increases of $5,525 and $1,300, respectively.

- Total liabilities decreased by $233,740 in 2018, which represents a decrease of 18.71% from 2017. Current liabilities increased $8,631 due to an increase in accounts payable and accrued wages in the current year. Long-term liabilities decreased $242,371, due to decreases in the net pension liability.

- The deferred outflows of resources decreased by $165,810 and the deferred inflows of resources increased by $164,464 from 2017. These accounts are related to GASB Statement No. 68 and GASB Statement No. 75 reporting.

- The fund balance of the General fund, the Partnership's operating fund, decreased by $25,700 from 2017. The decrease was primarily due to internal transfers to other funds. The purpose of the transfers was to cover fund balance deficits in other funds.

- The Community Partnership Foundation (the "Foundation") completed its third year of active service in 2018. The Foundation is a 501(C)(3), type I supporting organization under section 509(a)(3). The sole mission of the Foundation is to enhance and expand the service capabilities of the Partnership. The Foundation received contributions of $5,000 in 2018.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Partnership's basic financial statements. The Partnership's financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

***Government-wide Financial Statements* -** The government-wide financial statements are designed to provide the reader with a broad overview of the Partnership's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Partnership's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Partnership is improving or deteriorating.

The *statement of activities* presents information showing how the Partnership's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Partnership that are principally supported by user fees and charges and the program expenses used to operate during the fiscal year.

The government-wide financial statements can be found on pages 14 and 15 of this report.

***Fund Financial Statements* -** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Partnership, like State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Partnership can be divided into two categories: governmental and fiduciary funds.

Governmental funds – The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Partnership, including its blended component unit, Community Partnership Foundation, maintains six governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for which the General Fund, Special Accounts Fund, Cuyahoga County Division of Senior & Adult Services fund, Title IIIB & IIIC fund and Community Partnership Foundation fund are considered to be the major funds.

The governmental fund financial statements can be found on pages 16-19 of this report.

Fiduciary Funds - The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Partnership's own programs. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trusts funds and agency funds. Trust funds are used to account for assets held by the Partnership under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Partnership's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Partnership's only fiduciary fund is an agency fund.

The fiduciary fund financial statement can be found on page 20 of this report.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Partnership's financial position. In the case of the Partnership, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $263,915, resulting in a negative net position at the close of the fiscal year. GASB Statement No. 68 and GASB Statement No. 75 related pension and postemployment benefit liabilities ($561,162 and $362,699, respectively) were major factors in the Partnership's negative net position at year end.

Included in the Partnership's year-end net position are restricted funds of $20,386 and investments in capital assets of $8,365. Restricted funds are limited in use to only those programs/activities for which they have been earmarked. The Partnership uses the capital assets to provide services to senior adults; consequently, investments in capital assets are not available for future spending.

At the end of the current fiscal year, the Partnership reported a negative balance in the unrestricted portion of the net position in the governmental activities. The same situation held true for the prior fiscal year. The following table shows net position for the year 2018 compared to year 2017.

Table 1
Net Position

	2018	2017 (Restated)	Variance
Assets:			
Current Assets	$ 741,842	$ 753,735	$ (11,893)
Capital Assets, Net	8,365	11,432	(3,067)
Total Assets	750,207	765,167	(14,960)
Deferred Outflows of Resources			
Pensions	144,190	331,964	(187,774)
Postemployment Benefits	26,691	4,727	21,964
Total Deferred Outflows of Resources	170,881	336,691	(165,810)
Liabilities:			
Current Liabilities	57,173	48,542	8,631
Noncurrent Liabilities:			
Other	34,591	31,630	2,961
Pensions	561,162	825,674	(264,512)
Postemployment Benefits	362,699	343,519	19,180
Total Liabilities	1,015,625	1,249,365	(233,740)
Deferred Inflows of Resources			
Pensions	137,827	4,914	132,913
Postemployment Benefits	31,551	-	31,551
Total Deferred Inflows of Resources	169,378	4,914	164,464
Net Position:			
Investment in Capital Assets	8,365	11,432	(3067)
Restricted for:			
Support Services	20,386	22,348	(1,962)
Unrestricted	(292,666)	(186,201)	(106,465)
Total Net Position	$ (263,915)	$ (152,421)	$ (111,494)

As noted above, the Partnership's net position decreased by $111,494. This decrease is mainly due to an increase in transportation and materials and supplies, overall expenses outpaced revenues. Wages and benefits expense attributable to GASB 68 and GASB 75 related pension/postemployment benefits expense were also a major contributing factor.

The net pension liability (NPL) is the largest single liability reported by the Partnership at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Partnership adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Partnership's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

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

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

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

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

As a result of implementing GASB 75, the Partnership is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $186,371 to $(152,421).

Table 2 reflects the changes in net position in 2018 and 2017 for governmental activities.

Table 2
Changes in Net Position

	2018	2017	Variance
Program Revenues:			
Charges for Services	$ 30,963	$ 38,421	$ (7,458)
Operating Grants and Contributions	269,970	175,468	94,502
Total Program Revenues	300,933	213,889	87,044
General Revenues:			
Intergovernmental	661,993	690,450	(28,457)
Earnings on Investments	972	980	(8)
Miscellaneous	249	273	(24)
Total General Revenues	663,214	691,703	(28,489)
Total Revenues	964,147	905,592	58,555
Program Expenses:			
Wages and Benefits	709,086	722,803	(13,717)
Building Rent and Maintenance	7,596	7,596	-
Materials and Supplies	30,330	21,835	8,495
Utilities	11,211	11,068	143
Transportation	246,738	207,085	39,653
Technical Services	8,529	7,414	1,115
Liability services	11,292	11,139	153
Other	50,859	55,228	(4,369)
Total Program Expenses	1,075,641	1,044,168	31,473
Change in Net Position	(111,494)	(138,576)	27,082
Net Position, Beginning of Year, Restated (See Note 3)	(152,421)	N/A	N/A
Net Position, End of Year	$ (263,915)	$ (152,421)	$ (111,494)

Governmental Activities

Program revenues of governmental activities represent 31.21% in 2018 and 23.62% in 2017 of total revenues. They consisted of monies received from clients, Western Reserve Area Agency on Aging, Cuyahoga County Division of Senior & Adult Services, and the Partnership's member municipalities for services performed as defined by the Partnership Board and the contractual agreements with these agencies.

General revenues of governmental activities represent 68.79% in 2018 and 76.38% in 2017 of total revenues. Of the Partnership's 2018 total general revenues, 99.82% relates to unrestricted local grants and entitlements. Investment income and miscellaneous revenues constitute less than one percent of the Partnership's general revenues during 2018.

Expenses for governmental net position include program expenditures, which represent the overhead costs of running the Partnership and the support services provided for senior activities. These include the costs of internal services such as payroll and purchasing.

The first column of the statement on page 15 indicates that the major program expenses for governmental activities are for wages and benefits and transportation, which account for 65.92% and 22.94%, respectively, of all governmental expenses in 2018. The next two columns of the Statement entitled Program Revenues identify amounts paid by people who are directly charged for the service and grants or contributions received by the Partnership that must be used to provide a specific service. The Net Revenues (Expenses) column compares the program revenues to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from unrestricted funds within the Partnership. These net costs are paid from the general revenues which are presented at the bottom of the Statement.

Capital Assets

At the end of 2018, the Partnership had $8,365 invested in appliances, furniture, fixtures and equipment. Table 3 shows 2018 balances of capital assets as compared to 2017.

Table 3 – Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities	
	2018	2017
Appliances	$ 5,746	$ 5,746
Furniture, Fixtures and Equipment	43,834	43,569
Accumulated Depreciation	(41,215)	(37,883)
Total capital assets, net	$ 8,365	$ 11,432

Capital assets decreased by $3,067 in 2018. The 2018 depreciation expense was the main cause of this decrease. See Note 8 for further discussion on capital assets.

Long-Term Obligations

At December 31, 2018, the Partnership had $34,591 in compensated absences liability, which is considered a long-term obligation, $561,162 in net pension liability and $362,699 in net postemployment benefit liability. Compensated absences increased by $2,961 from the 2017 compensated absences liability balance of $31,630, pension liability decreased by $264,512 from the 2017 pension liability balance of $825,674 and postemployment benefits liability increased by $19,180 from the 2017 postemployment benefits liability of $343,519. See Note 6 for further discussion on compensated absences, Note 7 for detailed information regarding long-term obligations, Note 9 for further discussion on the net pension liability, and Note 10 for further discussion on the net postemployment benefits liability.

Current Issues Affecting Financial Condition

2018 was another year of significant activity for the Community Partnership on Aging. Over 13,050 one-way rides were provided through transportation services; over 7,800 meals were served through congregate meal and café lunch programs; social workers engaged in over 700 hours of face to face supportive service related home and office visits and provided countless hours of phone consultation; homemaker services made over 488 visits providing approximately 971 total hours of service; agency social, educational and health related programs/activities received over 9,225 episodes of participation; an average of 150 totes of produce/fresh food were given out every month; over 670 40-pound boxes of nonperishable foods were distributed and 33 households received necessary durable medical equipment or safety updates through the Safe At Home program. As always, our goal for 2019 is to increase these numbers.

While we anticipate that the demand and the need for our services will increase in 2019, as will the expenses associated with providing these services, our outlook for 2019 is very positive. Our member communities of South Euclid, Lyndhurst, Highland Heights, Mayfield Heights and Mayfield Village remain dedicated to the older adults who reside in their communities. We believe that the funding we receive from our member communities, the Cuyahoga County Health and Human Service Levy, Western Reserve Area Agency on Aging, along with other various grants and donations received through other agencies, foundations and individuals will prove to be adequate to meet the needs of 2019.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Partnership's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Chief Financial Officer, Community Partnership on Aging, 1370 Victory Drive, South Euclid, Ohio 44121.

Community Partnership on Aging

Statement of Net Position

December 31, 2018

Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 695,083
Accounts Receivable	33,390
Prepaid Items	13,369
Depreciable Capital Assets, Net	8,365
Total Assets	750,207
Deferred Outflows of Resources:	
Pension	144,190
Postemployment Benefits	26,691
Total Deferred Outflows of Resources	170,881
Liabilities:	
Accounts Payable	54,090
Accrued Payables	372
Accrued Wages	2,120
Insurance Premiums Payable	591
Long-Term Liabilities:	
Due Within One Year	30,334
Due In More Than One Year:	
Net Pension Liability (See Note 9)	561,162
Net Postemployment Benefits Liability (See Note 10)	362,699
Other Amounts Due In More Than One Year	4,257
Total Liabilities	1,015,625
Deferred Inflows of Resources:	
Pension	137,827
Postemployment Benefits	31,551
Total Deferred Inflows of Resources	169,378
Net Position:	
Investment In Capital Assets	8,365
Restricted For:	
Support Services	20,386
Unrestricted (Deficit)	(292,666)
Total Net Position	$ (263,915)

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

Statement of Activities

For the Year Ended December 31, 2018

	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position – Primary Government: Governmental Activities
Primary Government				
Governmental Activities:				
Wages and Benefits	$ 709,086	$ 11,461	$ 183,082	$ (514,543)
Building Rent and Maintenance	7,596	-	-	(7,596)
Materials and Supplies	30,330	6,110	20,793	(3,427)
Utilities	11,211	86	1,892	(9,233)
Transportation	246,738	-	26,885	(219,853)
Technical Services	8,529	212	4,676	(3,641)
Liability Services	11,292	-	-	(11,292)
Other	50,859	13,094	32,642	(5,123)
Total Program Expenses	$ 1,075,641	$ 30,963	$ 269,970	(774,708)

General Revenues	
Intergovernmental	661,993
Earnings on Investments	972
Miscellaneous	249
Total General Revenues	663,214
Change in Net Position	(111,494)
Net Position Beginning of Year, Restated	(152,421)
Net Position End of Year	$ (263,915)

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Special Accounts Fund	Cuyahoga County Division of Senior & Adult Services Fund	Title IIIB & IIIC Funds	Community Partnership Foundation	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	$ 495,034	$ 173,999	$ -	$ -	$ 16,232	$ 9,818	$ 695,083
Accounts Receivable	25,076	220	2,554	4,890	-	650	33,390
Prepaid Items	12,522	-	23	385	-	439	13,369
Total Assets	$ 532,632	$ 174,219	$ 2,577	$ 5,275	$ 16,232	$ 10,907	$ 741,842
Liabilities							
Accounts Payable	$ 30,639	$ 823	$ 11,617	$ 6,410	$ -	$ 4,601	$ 54,090
Accrued Payables	82	238	-	17	-	35	372
Accrued Wages	1,651	-	-	309	-	160	2,120
Insurance Premiums Payable	471	-	-	81	-	39	591
Total Liabilities	32,843	1,061	11,617	6,817	-	4,835	57,173
Fund Balances							
Nonspendable	12,522	-	23	385		439	13,369
Restricted	-	20,386	-	-	5,000	5,633	31,019
Committed	-	152,772	-	-	11,232	-	164,004
Unassigned	487,267	-	(9,063)	(1,927)	-	-	476,277
Total Fund Balances (Deficits)	499,789	173,158	(9,040)	(1,542)	16,232	6,072	684,669
Total Liabilities & Fund Balances	$ 532,632	$ 174,219	$ 2,577	$ 5,275	$ 16,232	$ 10,907	$ 741,842

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018

Total Governmental Funds Balances	$	684,669
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		8,365
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds		(34,591)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred outflows/inflows are not reported in the funds:		
Deferred Outflows - Pension		144,190
Deferred Inflows - Pension		(137,827)
Net Pension Liability		(561,162)
The postemployment benefits liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in Government Funds:		
Deferred Outflows - Postemployment Benefits		26,691
Deferred Inflows - Postemployment Benefits		(31,551)
Net Postemployment Benefits		(362,699)
Net Position of Governmental Activities	$	(263,915)

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Special Accounts Fund	Cuyahoga County Division of Senior & Adult Services Fund	Title IIIB & IIIC Fund	Community Partnership Foundation	Other Governmental Funds	Total Governmental Funds
Revenues							
Intergovernmental	$ 661,994	$ -	$ 29,118	$ 131,307	$ -	$ 51,412	$ 873,831
Charges For Services	15,389	12,899	-	-	-	2,675	30,963
Earnings on Investments	179	793	-	-	-	-	972
Contributions and Donations	18,370	19,548	-	6,320	5,000	8,894	58,132
Other	249	-	-	-	-	-	249
Total Revenue	696,181	33,240	29,118	137,627	5,000	62,981	964,147
Expenditures							
Current:							
Wages and Benefits	338,534	-	65,029	161,146	-	56,474	621,183
Building Rent and Maintenance	-	-	-	7,596	-	-	7,596
Materials and Supplies	7,827	13,988	3,648	4,718	-	149	30,330
Utilities	4,821	-	1,528	2,619	-	2,243	11,211
Transportation	76,840	-	157,123	12,775	-	-	246,738
Technical Services	1,712	-	970	958	-	4,889	8,529
Liability Services	5,055	-	3,089	3,148	-	-	11,292
Other	15,127	11,454	6,769	7,939	50	6,453	47,792
Total Expenditures	449,916	25,442	238,156	200,899	50	70,208	984,671
Excess of Revenues Over (Under) Expenses	246,265	7,798	(209,038)	(63,272)	4,950	(7,227)	(20,524)
Other Financial Sources (Uses)							
Transfers In	-	-	209,666	61,216	-	1,083	271,965
Transfers Out	(271,965)	-	-	-	-	-	(271,965)
Total Other Financial Sources (Uses)	(271,965)	-	209,666	61,216	-	1,083	-
Net Change in Fund Balances	(25,700)	7,798	628	(2,056)	4,950	(6,144)	(20,524)
Fund Balances (Deficits) Beginning of Year	525,489	165,360	(9,668)	514	11,282	12,216	705,193
Fund Balances (Deficits) End of Year	$ 499,789	$ 173,158	$ (9,040)	$ (1,542)	$ 16,232	$ 6,072	$ 684,669

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net Change in Fund Balances - Total Government Funds	$ (20,524)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation exceeded capital outlays in the current period.	(3,067)
Some expenses reported in the statement of activities do not require the use of current fiscal resources and therefore are not reported as expenditures in Governmental Funds.	
Compensated Absences	(2,961)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Deferred Outflows - Pension	69,907
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and net postemployment benefit liability are reported as pension expense/postemployment benefit expense in the statement of activities.	
Pension Expense	(126,082)
Postemployment Benefit Expense	(28,767)
Change in Net Position of Governmental Activities	$ (111,494)

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

Statement of Fiduciary Assets and Liabilities

December 31, 2018

		Agency
Assets		
Equity Pooled in Cash and Cash Equivalents	$	41,670
Prepaids		663
Total Assets	$	42,333
Liabilities		
Deposits Held and Due to Others	$	42,333
Total Liabilities	$	42,333

The accompanying notes are an integral part of these basic financial statements.

Note 1: Reporting Entity

The Community Partnership on Aging, Cuyahoga County, (the "Partnership"), is a Council of Governments. The Partnership consists of five member communities: Mayfield Village and the cities of Highland Heights, Lyndhurst, Mayfield Heights, and South Euclid.

The mayors of each of these five communities comprise the Partnership's Board of Directors. Each mayor appoints a certain number of commission board members to serve as representatives to the Partnership. The Partnership's function is to help older persons maintain independence and dignity in a home environment, remove barriers to independence for older persons, and provide a continuum for the vulnerable elderly.

The Community Partnership Foundation, (the "Foundation"), is a recently developed 501(c)(3), type I supporting organization under section 509(a)(3). The sole mission of the Foundation is to enhance and expand the service capabilities of the Partnership.

The Foundation's bylaws and articles of incorporation identify the Partnership as the sole member of the Foundation and, therefore, the Foundation is considered to be a component unit of the Partnership. Based on this relationship, GASB Statement No. 80 requires the Partnership and the Foundation to present blended financial statements wherein the two organizations combine their financial information.

Financial Information for the Foundation can be obtained by submitting a request to the Financial Administrator, Community Partnership Foundation, 1370 Victory Drive, South Euclid, Ohio 44121.

The Partnership's management believes these financial statements present all activities for which the Partnership is financially accountable.

Note 2: Summary of Significant Accounting Policies

The financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Partnership's accounting policies are described below.

A. Basis of Presentation

The Partnership's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Partnership as a whole. These statements include the financial activities of the primary government.

Note 2: Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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

The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Partnership.

Fund Financial Statements

During the year, the Partnership segregates transactions related to certain Partnership functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Partnership at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Partnership uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Partnership classifies its funds into two categories: governmental and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the Partnership's major governmental funds:

> *General Fund* – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Partnership for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> *Special Accounts Fund* – The special accounts fund includes money received from donations, special program income, and funds derived from fundraisers to benefit senior adults.

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Cuyahoga County Division of Senior & Adult Services Fund – This fund accounts for social services that are intended to strengthen and maintain the well-being of seniors and at-risk adults. Grant services include congregate meals and transportation.

Title IIIB/IIIC Fund – This fund accounts for social services which inform the local population of available services and/or assist potential participants in accessing services. Grant services include congregate meals, supportive services, and transportation.

Community Partnership Foundation – This fund accounts for the financial activities of the Community Partnership Foundation. The sole mission of the Foundation is to enhance and expand the service capabilities of the Partnership and their future financial activities will reflect this purpose. As required by GASB 80, this fund is blended with the primary government.

Fiduciary Fund – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Partnership under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Partnership's own programs. The Partnership has no trust funds.

Agency funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The Partnership's agency funds hold resources for individuals, organizations or other governments. The Partnership disburses these funds as directed by the individual, organization or other government. The Partnership's agency fund is used to account for funds held for senior adult trips.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Partnership are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Available period for the Partnership is sixty days after year-end.

Non-exchange transactions, in which the Partnership receives value without directly giving equal value in return, include grants, contributions and donations.

Revenue from grants, contributions and donations is recognized in the 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 year when use is first permitted, matching requirements, in which the Partnership must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Partnership on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: contributions and donations, earnings on investments, grants and charges for services.

Expenses/Expenditures

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

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements that report financial position may include a section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Partnership, deferred outflows of resources include a deferred charge for future pension and other postemployment benefit (OPEB) obligations. The deferred outflows of resources related to pensions and OPEB plans are further explained in Note 9 and Note 10, respectively.

In addition to liabilities, the financial statements that report financial position may include a section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Partnership, deferred inflows of resources include amounts for pension and OPEB. The deferred inflows of resources related to pensions and OPEB are further explained in Note 9 and Note 10, respectively.

E. Cash and Cash Equivalents

Cash received by the Partnership is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Partnership's records.

During fiscal year 2018, the Partnership’s investments were limited to certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

For presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Partnership are considered to be cash equivalents. Instruments with an initial maturity of more than three months are reported as investments.

F. Budgetary Process

The Partnership is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board passes an annual budget prior to the beginning of the fiscal year.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Note 2: Summary of Significant Accounting Policies (continued)

H. Capital Assets and Depreciation

All capital assets are recorded at historical cost and updated for additions and retirements during the year. The Partnership maintains a capitalization threshold of $100. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Appliances	5 years
Furniture, Fixtures and Equipment	5 – 15 years
Vehicles	5 years

I. Compensated Absences

The Partnership reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation 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 the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the Partnership has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the Partnership's termination policy. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "accrued wages" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

J. Payables, Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Note 2: Summary of Significant Accounting Policies (continued)

K. Net Position

Net position represents the difference between all other elements in a statement of financial position. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Partnership or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Partnership and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2018.

M. Use of Estimates

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

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Partnership must 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 legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Partnership's Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. 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.

Note 2: Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Partnership for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Partnership Board or a Partnership official delegated that authority by resolution, or by state statute.

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

The Partnership 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.

O. Pensions / OPEB Liabilities

For purposes of measuring net pension/OPEB liability, deferred outflow of resources and deferred inflow of resources related to pension/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the state pension/OPEB 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/OPEB systems report investments at fair value. Additional details on the pension/OPEB systems are provided in Note 9 and Note 10, respectively.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Note 3: Changes in Accounting Principles and Restatement of Net Position

For 2018, the Partnership implemented the Governmental Accounting Standards Board (GASB) Statement No. 85, “Omnibus 2017”, GASB Statement No. 86, “Certain Debt Extinguishment Issues” and GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.”

Note 3: Changes in Accounting Principles and Restatement of Net Position (Continued)

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

GASB 86, seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions involved in the extinguishment of debt including, prepaid insurance and note disclosures for in-substance defeasance of debt. Implementation of this standard has had no effect on the Partnership's financial statements or disclosures.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

		Governmental Activities
Net Position December 31, 2017	$	186,371
Adjustments:		
Net Postemployment Benefits Liability		(343,519)
Deferred Outflows – Payments Subsequent to Measurement Date		4,727
Restated Net Position December 31, 2017	$	(152,421)

Note 4: Deposits and Investments

The Partnership follows State statute and classifies held monies into three categories.

Active deposits are amounts necessary to meet current cash needs. Such monies are maintained either in commercial accounts payable or withdrawable on demand accounts, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following securities:

Note 4: Deposits and Investments (Continued)

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest therein.
2. Bonds, notes, debentures or other obligations or securities issued by any federal government agency.
3. Deposits with financial institutions and savings and loan associations, collateralized, as required by law.
4. State Treasurer's investment pool (STAR Ohio).
5. Bonds and other obligations of the State of Ohio.
6. Repurchase agreements fully collateralized with securities listed in 1 and 2 above.

Custodial credit risk is the risk that, in the event of bank failure, the Partnership's deposits may be lost.

At December 31, 2018, the carrying amount of the Partnership's deposits was $736,651 and the bank balance was $758,982. Of the bank balance, $361,384 was covered by FDIC insurance and $397,598 was collateralized with securities held by the pledging institution's trust department, via the Ohio Pooled Collateral System (OPCS), not in the Partnership's name. At year-end, the Partnership had $102 of un-deposited cash on hand.

The Partnership has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Partnership or a qualified trustee by the financial institution as security for repayment, or by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor. The total market value of the securities pledged must meet either of the following:

1. One hundred two percent of the total amount of all uninsured public deposits
2. An amount determined by rules adopted by the treasurer of state that set forth the criteria for determining the aggregate market value of the pool of eligible securities pledged by a public depository

Note 5: Receivables

Accounts receivable included on the statement of net position at December 31, 2018 consists primarily of fees receivable and miscellaneous service receivables due from grantors, clients and member municipalities. Management considers all receivables fully collectible.

Note 6: Compensated Absences

Accumulated unpaid vacation is accrued when earned and is to be used within the subsequent calendar year. In accordance with the Partnership vacation leave policy, unused vacation pay cannot be carried over from year to year. Accordingly, all accrued vacation pay is considered to be due within one year.

Partnership employees are paid for any unused vacation, earned and accrued for from the prior year, plus one-twelfth of their current year's anticipated annual vacation for every month worked up to the time of termination.

Note 6: Compensated Absences (Continued)

Sick leave is earned for full and regular part-time employees at the rate of 3.75 hours for each completed 75 hours of normal service. Upon retirement or death, employees hired before October 1, 2007 with ten or more active years of service are to be paid one-fourth of their accumulated sick leave, not to exceed 960 hours. Sick leave in excess of the 960 hour maximum is not paid upon retirement or death. There is no sick leave lump-sum pay-out benefit available to those employees hired after October 1, 2007.

Note 7: Long-Term Obligations

The changes in the Partnership's long-term obligations during 2018 were as follows:

	Principal Outstanding 12/31/2017	Additions	Deductions	Principal Outstanding 12/31/2018	Amounts Due in One Year
Governmental Activities:					
Compensated Absences	$ 31,630	$ 30,359	$ 27,398	$ 34,591	$ 30,334
Net Pension Liability:					
OPERS	825,674	-	264,512	561,162	-
Net Postemployment Benefit Liability:					
OPERS	343,519	19,180	-	362,699	-
Total Governmental Activities	$ 1,200,823	$ 49,539	$ 291,910	$ 958,452	$ 30,334

The Partnership pays obligations related to employee compensation from the fund benefiting from their service.

Note 8: Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Retirements	Balance 12/31/2018
Capital Assets being Depreciated:				
Appliances	$ 5,746	$ -	$ -	$ 5,746
Furniture, Fixtures and Equipment	43,569	265	-	43,834
Total Capital Assets being Depreciated	49,315	265	-	49,580
Less Accumulated Depreciation and Amortization for:				
Appliances	(5,746)	-	-	(5,746)
Furniture, Fixtures and Equipment	(32,137)	(3,332)	-	(35,469)
Total Accumulated Depreciation and Amortization	(37,883)	(3,332)	-	(41,215)
Total Capital Assets, Net	$ 11,432	$ (3,067)	$ -	$ 8,365

Depreciation expense was fully charged to the other function.

Note 9: Defined Benefit Pension Plans

A. Net Pension/Other Postemployment Benefits (OPEB) Liability

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

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

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

GASB 68 and 75 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). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

State statute requires the retirement systems to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the state legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required contribution outstanding at the end of the year is included as an accrued liability. The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Note 9: Defined Benefit Pension Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Partnership employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., Partnership employees) may elect any of these plans, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on this plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Partnership to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earning over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

The traditional plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and FAS. Pension benefits are funded by both member and employer contributions and investment earnings on those contributions.

The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the traditional plan per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information including requirements for reduced and unreduced benefits):

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

Note 9: Defined Benefit Pension Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

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

When a benefit recipient retiring under the traditional plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's base benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%. Additionally, a death benefit of $500 – $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a decreased retiree or disability benefit recipient under the traditional plan.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll for members in the state and local classifications.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 1% for 2017 and 0% for 2018. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Partnership's contractually required contribution for the traditional plan net of postemployment health care benefits, for 2018 were $69,907. Of this amount, $255 is reported as accrued wages and $8,018 is reported as accounts payable at December 31, 2018.

C. Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The active member population which consists of members in the traditional and combined plans is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

The total pension liability for the measurement periods December 31, 2017 were determined using the following actuarial assumptions that follow and as applied to all periods included in the measurement:

Note 9: Defined Benefit Pension Plans (Continued)

C. Actuarial Assumptions – OPERS (Continued)

Key Methods and Assumptions Used in Valuation of Total Pension Liability - 2017 Measurement

	OPERS Traditional Plan
Valuation Date	December 31, 2017
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA or Ad Hoc COLA:	3% Simple
Pre-Jan 7, 2013 Retirees	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple

OPERS conducts an experience study every five years in accordance with Ohio Revised Code Section 145.22. The study for the five-year period ended December 31, 2015 and methods and assumptions were approved and adopted by the OPERS Board of Trustees.

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 Mortality Improvement Scale to the above described tables.

For 2016 and prior actuarial valuations, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for males and females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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

Note 9: Defined Benefit Pension Plans (Continued)

C. Actuarial Assumptions – OPERS (Continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. The money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for changing amounts actually invested for the Defined Benefit portfolio was 16.82% for 2017.

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

Asset Class	2017 Target Allocation	2017 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.0%	2.20%
Domestic Equities	19.0%	6.37%
Real Estate	10.0%	5.26%
Private Equity	10.0%	8.97%
International Equities	20.0%	7.88%
Other investments	18.0%	5.26%
Total	100.0%	5.66%

Discount Rate The discount rate used to measure the total pension liability for measurement year 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Partnership's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Partnership's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5%, as well as what the Partnership's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5%) or one-percentage-point higher (8.5%) than the current rate:

Note 9: Defined Benefit Pension Plans (Continued)

C. Actuarial Assumptions – OPERS (Continued)

Partnership's proportionate share of net pension at December 31, 2018:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Partnership's proportionate share of the net pension liability – traditional	$ 996,481	$ 561,162	$ 198,237

Changes between Measurement Date and Report Date In October 2018, the OPERS Board voted to lower the investment return assumption for its defined benefit fund from 7.5% to 7.2%. This assumption change will impact OPERS annual actuarial valuation prepared as of December 31, 2018.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - OPERS

The net pension liability for OPERS as of December 31, 2018 was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Partnership's proportion of the net pension liability was based on the Partnership's share of contributions to the pension plan relative to the contributions of all participating entities. Subsequent payments made during the current fiscal year are accounted for as deferred outflows. Where previously we presented year to year comparison of changes in pension liabilities and pension expense by plan, the following table reflects the proportionate share of pension expense for the current and prior years for all plans and thus the Partnership, in total.

2018 net pension liabilities:

	OPERS Traditional
Proportion of the net pension liability prior measurement date	0.003636%
Proportion of the net pension liability current measurement date	0.003577%
Change in Proportionate Share	(0.000059%)
Proportionate share of the net pension liabilities	$ 561,162
Pension expense	$ 126,082

At December 31, 2018, the Partnership reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 9: Defined Benefit Pension Plans (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - OPERS (Continued)

		OPERS Traditional
Deferred outflow of resources		
Partnership contributions subsequent to the measurement date	$	69,907
Differences in employer contributions and change in proportionate share		6,647
Difference between expected and actual experience		573
Change in assumptions		67,063
Total deferred outflow of resources	$	144,190

		OPERS Traditional
Deferred inflow of resources		
Differences in employer contributions and change in proportionate share	$	6,295
Differences between projected and actual earnings on pension plan investments		120,474
Difference between expected and actual experience		11,058
Total deferred inflow of resources	$	137,827

The $69,907 reported as deferred outflows of resources related to pension resulting from the Partnership's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

		OPERS Traditional
Fiscal Year Ending December 31:		
2019	$	53,208
2020		(14,198)
2021		(53,050)
2022		(49,504)
	$	(63,544)

Note 10: Defined Benefit, Postemployment Benefits Other Than Pensions

A. Plan Description – Ohio Public Employees Retirement System (OPERS)

The Partnership has one specific plan, OPERS that qualify as OPEB according to guidelines presented within GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS, when funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Note 10: Defined Benefit, Postemployment Benefits Other Than Pensions (Continued)

A. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the traditional plan and combined plan was 1% in 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2018 was 4%.

The OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Partnership's proportion of the net OPEB liability was based on the Partnership's share of contributions to the respective retirement systems relative to the contributions of all participating entities. The Partnership's proportionate share of the OPERS net OPEB liability as of December 31, 2018 was $362,699. As this is the first year of implementation, prior year information was not available to provide comparative analysis of changes.

Changes in actuarial valuation of the net OPEB liability, changes in deferred outflows and deferred inflows, subsequent plan contributions and amortization of changes in proportionate share from year to year may have either a positive or negative effect to the Partnership's recognition of OPEB expense for the period. As this is the first year of implementing the change in financial reporting as required under GASB Statement No. 75, prior year comparable data is unavailable. In 2018, the Partnership's recognition of its proportionate share of OPEB expense with respect to OPERS Ohio's health benefit plans resulted in OPEB expense of $28,767.

Deferred outflows and deferred inflows represent the effect of changes in the net OPEB liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions, changes in plan design and changes in the employers' proportion of the collective net OPEB liability. The deferred outflows and deferred inflows are to be included in OPEB expense over current and future periods. The difference between projected and actual investment earnings is recognized in OPEB expense using a straight-line method over five years beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over a 3.0916 years using a straight line method which represents the average expected remaining service lives of all members (both active and inactive). Employer contributions to the OPEB plan subsequent to the measurement date are required to be reported as a deferred outflow of resources. Deferred outflows were $26,691 while deferred inflows were $31,551 related to the Partnership's share of OPERS OPEB deferred resources for 2018.

B. Actuarial Assumptions – OPERS

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

Note 10: Defined Benefit, Postemployment Benefits Other Than Pensions (Continued)

B. Actuarial Assumptions – OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	Assumptions
Valuation date	December 31, 2016
Rolled-Forward Measurement Date	December 31, 2017
Experience Study	5-year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
Projected payroll/active member increase	3.25% per year
Investment Rate of Return	6.50%
Municipal bond rate	3.31%
Single discount rate of return	3.85%
Healthcare cost trend	Initial 7.5% to 3.25% ultimate in 2028

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible

Note 10: Defined Benefit, Postemployment Benefits Other Than Pensions (Continued)

B. Actuarial Assumptions – OPERS (Continued)

members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.2% for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit.

The table below displays the System's Board-approved asset allocation policy and the long-term expected rate of return for each major asset class.

Asset Class	Target Allocation	Expected Real Rate of Return*
Fixed Income	34.0%	1.88%
Domestic Equities	21.0%	6.37%
Real Estate Investments	6.0%	5.91%
International Equities	22.0%	7.88%
Other investments	17.0%	5.39%
Total	100.0%	4.98%

* Building block method whereby best-estimate ranges of expected future returns are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

Note 10: Defined Benefit, Postemployment Benefits Other Than Pensions (Continued)

B. Actuarial Assumptions – OPERS (Continued)

Sensitivity of the Partnership's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Partnership's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85%, and the expected net OPEB liability if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
Partnership's proportionate share of the net OPEB liability	$ 481,862	$ 362,699	$ 266,298

Sensitivity of the Partnership's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1% lower or 1% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Health Care Cost Current Discount Rate	1% Increase
Partnership's proportionate share of the net OPEB liability	$ 347,026	$ 362,699	$ 378,890

Changes between Measurement Date and Report Date In October 2018, the OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.5% to 6%. This assumption change will impact OPERS annual actuarial valuation prepared as of December 31, 2018.

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – OPERS

At December 31, 2018, the Partnership reported its proportionate share of net OPEB liabilities and OPEB expense from OPERS, based on December 31, 2017 measurement, as displayed in the subsequent table.

Note 10: Defined Benefit, Postemployment Benefits Other Than Pensions (Continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – OPERS (Continued)

		OPERS
Proportion of the net OPEB liability prior measurement date		0.003401%
Proportion of the net OPEB liability current measurement date		0.003340%
Change in Proportionate Share		(0.000061%)
Proportionate share of the net OPEB liability	$	362,699
OPEB expense	$	28,767

At December 31, 2018, the Partnership reported deferred outflow and inflow of resources related to OPEB liabilities from OPERS OPEB plan, based on December 31, 2017 measurement, as indicated in the table below:

		OPERS
Deferred outflow of resources		
Change in assumptions	$	26,408
Difference between expected and actual experience		283
Total deferred outflow of resources	$	26,691
Deferred inflow of resources		
Differences in employer contributions and change in proportionate share	$	4,532
Difference between projected and actual earnings on plan investments		27,019
Total deferred inflow of resources	$	31,551

Employer contributions as a percent of covered payroll towards OPEB plans were 1% for the 2017, 0% percent thereafter. OPERS' employer healthcare contributions for the 2017 were 1% of covered payroll or $4,727. No portion of the required 14% was allocated to healthcare in 2018.

Amounts reported as deferred outflow of resources and deferred inflow of resources, including change in proportionate share, difference between expected and actual experience, changes in assumptions and difference in projected versus actual earnings on investments are amortized as OPEB expense over subsequent periods. The unamortized portion of deferred outflows and deferred inflows are presented below.

Note 10: Defined Benefit, Postemployment Benefits Other Than Pensions (Continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – OPERS (Continued)

	Total
Fiscal Year Ending December 31:	
2019	$ 3,839
2020	3,839
2021	(5,784)
2022	(6,754)
	$ (4,860)

Note 11: Risk Management

Commercial Insurance

The Partnership has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Abuse act liability;
- Employment practices liability;
- Professional liability;
- Stop gap liability; and
- Non-profit directors and officers coverage.

Settlements have not exceeded commercial insurance coverages in any of the past three fiscal years.

The Partnership also offers health insurance to employees who work at least 25 hours a week. The Partnership pays 85% of employee and 50% of employee dependent health insurance premiums.

Note 12: Related Party Transactions

A Partnership Council member is also a Board member of the Senior Transportation Connection, from which the Partnership acquired senior transportation services during 2018. The Partnership paid $244,010 for these services in 2018.

Note 13: Fund Balance

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

Note 13: Fund Balance (continued)

Fund Balances	General	Special Accounts	Cuyahoga County Division of Senior & Adult Services	Title IIIB & IIIC	Community Partnership Foundation	Other Governmental	Total Governmental
Nonspendable for:							
Prepaids	$ 12,522	$ -	$ 23	$ 385	$ -	$ 439	$ 13,369
Total nonspendable	12,522	-	23	385	-	439	13,369
Restricted for:							
Senior support services	-	20,386	-	-	5,000	5,633	31,019
Total restricted	-	20,386	-	-	5,000	5,633	31,019
Committed to:							
Senior support services	-	152,772	-	-	11,232	-	164,004
Total committed	-	152,772	-	-	11,232	-	164,004
Unassigned (deficit)	487,267	-	(9,063)	(1,927)	-	-	476,277
Total Fund Balance	$ 499,789	$ 173,158	$ (9,040)	$ (1,542)	$ 16,232	$ 6,072	$ 684,669

Note 14: Interfund Activity

Interfund activity for the year ended December 31, 2018, consists of the following:

Transfers from:	Amount	Transfers to:	Amount
General Fund	$ 271,965	Cuyahoga County Division of Senior & Adult Services Fund	$ 209,666
Total Transfers out	$ 271,965	Title IIIB & IIIC Fund	61,216
		Other Governmental Funds	1,083
		Total Transfers in	$ 271,965

The transfers were made to provide resources for current operations.

Community Partnership on Aging

Required Supplementary Information
Schedule of the Partnership's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System – Traditional Plan
Last Five Years

	2018	2017	2016	2015	2014
Partnership's Portion of the Net Pension Liability	0.0035770%	0.0036360%	0.0034820%	0.0033950%	0.0033950%
Partnerships Proportionate Share of the Net Pension Liability	$ 561,162	$ 825,674	$ 603,126	$ 409,474	$ 400,226
Partnership's Covered Payroll	$ 472,700	$ 455,157	$ 434,836	$ 418,707	$ 429,043
Partnership's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.71%	181.40%	138.70%	97.79%	93.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available

Amounts presented as of the Partnership's measurement date which is the prior fiscal year end.

The accompanying notes are an integral part of the required supplementary information

Community Partnership on Aging

Required Supplementary Information
Schedule of Partnership's Pension Contributions
Ohio Public Employees Retirement System – Traditional Plan
Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$ 69,907	$ 61,451	$ 54,619	$ 52,180	$ 50,245	$ 55,776	$ 41,771	$ 39,889	$ 32,792	$ 32,693
Contribution in Relation to the Contractually Required Contributions	(69,907)	(61,451)	(54,619)	(52,180)	(50,245)	(55,776)	(41,771)	(39,889)	(32,792)	(32,693)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Partnership Covered Payroll	$ 499,336	$ 472,700	$ 455,157	$ 434,836	$ 418,707	$ 429,043	$ 417,707	$ 398,893	$ 364,350	$ 384,621
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%

The accompanying notes are an integral part of the required supplementary information

Community Partnership on Aging

Required Supplementary Information

Schedule of the Partnership's Proportionate Share of the Net OPEB Liability

Ohio Public Employees Retirement System

Last Two Years

	2018	2017
Partnership's Portion of the Net OPEB Liability	0.0033400%	0.0034011%
Partnerships Proportionate Share of the Net OPEB Liability	$ 362,699	$ 343,519
Partnership's Covered Payroll	$ 472,700	$ 455,157
Partnership's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.73%	75.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the Partnership's measurement date which is December 31 of the prior year.

The accompanying notes are an integral part of the required supplementary information

Community Partnership on Aging

Required Supplementary Information
Schedule of Partnership's OPEB Contributions
Ohio Public Employees Retirement System – Traditional Plan
Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$ -	$ 4,727	$ 9,103	$ 8,697	$ 8,374	$ 4,290	$ 16,708	$ 15,956	$ 14,574	$ 15,385
Contribution in Relation to the Contractually Required Contributions	-	(4,727)	(9,103)	(8,697)	(8,374)	(4,290)	(16,708)	(15,956)	(14,574)	(15,385)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Partnership Covered-Employee Payroll	$ 499,336	$ 472,700	$ 455,157	$ 434,836	$ 418,707	$ 429,043	$ 417,707	$ 398,893	$ 364,350	$ 384,621
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%	4.00%	4.00%	4.00%

The accompanying notes are an integral part of the required supplementary information

Community Partnership on Aging

Note to Required Supplementary Information

For the Year Ended December 31, 2018

Note 1: Change in Assumptions – OPERS Pension Traditional Plan

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	2017	2016 and Prior
Wage Inflation	3.25%	3.75%
Future Salary Increases, Including Inflation	3.25-10.75% (including wage inflation at 3.25%)	4.25-10.05% (including wage inflation)
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.15% Simple	3.00% Simple through 2018 then 2.8% Simple
Investment Rate of Return	7.50%	8.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For the current valuation, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For the prior valuation, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2015. The prior experience study was completed for the five-year period ended December 31, 2010.

Note 2: Change in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

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The following discussion provides a summary overview of the financial activities of the Community Partnership on Aging (the "Partnership") for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Partnership's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Partnership's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position of governmental activities decreased by $138,576 from 2016. The Partnership has no business-type activities.

- The assets and deferred outflows of resources of the Partnership exceeded its liabilities and deferred inflows of resources at December 31, 2017 by $186,371.

- Total assets decreased by $19,858 in 2017, which represents a decrease of 2.53% from 2016. Cash and Cash Equivalents, Accounts Receivable, Prepaid Items and Capital Assets all experienced decreases in 2017; $11,581, $3,208, $1,407 and $3,662, respectively.

- Total liabilities increased by $218,602 in 2017, which represents an increase of 31.81% from 2016. Current liabilities increased $1,252 due to an increase in accounts payable in the current year. Long-term liabilities increased $217,350, due to increases in the net pension liability.

- The deferred outflows of resources increased by $93,144 and the deferred inflows of resources decreased by $6,740 from 2016. These accounts are related to Governmental Accounting Standards Board (GASB) Statement No. 68 reporting.

- The fund balance of the General fund, the Partnership's operating fund, decreased by $33,644 from 2016. The decrease was primarily due to internal transfers to other funds. The purpose of the transfers was to cover fund balance deficits in other funds.

- The Community Partnership Foundation (the "Foundation") completed its second year of active service in 2017. The Foundation is a 501(C)(3), type I supporting organization under section 509(a)(3). The sole mission of the Foundation is to enhance and expand the service capabilities of the Partnership. The Foundation received donations of $1,282 in 2017.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Partnership's basic financial statements. The Partnership's financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

***Government-wide Financial Statements* -** The government-wide financial statements are designed to provide the reader with a broad overview of the Partnership's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Partnership's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Partnership is improving or deteriorating.

The *statement of activities* presents information showing how the Partnership's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Partnership that are principally supported by user fees and charges and the program expenses used to operate during the fiscal year.

The government-wide financial statements can be found on pages 61 and 62 of this report.

***Fund Financial Statements* -** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Partnership, like State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Partnership can be divided into two categories: governmental and fiduciary funds.

Governmental funds – The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Partnership, including its blended component unit, Community Partnership Foundation, maintains six governmental funds. Information is presented separately in the governmental fund balances sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for which the General Fund, Special Accounts Fund, Cuyahoga County Division of Senior & Adult Services fund, Title IIIB & IIIC fund and Community Partnership Foundation fund are considered to be the major funds.

The governmental fund financial statements can be found on pages 63-66 of this report.

Fiduciary Funds - The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Partnership's own programs. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trusts funds and agency funds. Trust funds are used to account for assets held by the Partnership under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Partnership's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Partnership's only fiduciary fund is an agency fund.

The fiduciary fund financial statement can be found on page 67 of this report.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 68 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Partnership's financial position. In the case of the Partnership, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $186,371 at the close of the most recent fiscal year.

81.87% of the Partnership's net position reflects its unrestricted net position. The Partnership uses unrestricted net position to maintain services provided to seniors and associated operating costs. The investments in capital assets (e.g., equipment and furniture) comprise 6.13% of the net position. The Partnership uses these capital assets to provide services to senior adults; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the Partnership is able to report positive balances in both categories of net position in the governmental activities. The same situation held true for the prior fiscal year. The following table shows net position for the year 2017 compared to year 2016.

Table 1
Net Position

	2017	2016	Variance
Assets:			
Current Assets	$ 753,735	$ 769,931	$ (16,196)
Capital Assets, Net	11,432	15,094	(3,662)
Total Assets	765,167	785,025	(19,858)
Deferred Outflows of Resources			
Pensions	331,964	238,820	93,144
Liabilities:			
Current Liabilities	48,542	47,290	1,252
Noncurrent Liabilities:			
Other	31,630	36,828	(5,198)
Pensions	825,674	603,126	222,548
Total Liabilities	905,846	687,244	218,602
Deferred Inflows of Resources			
Pensions	4,914	11,654	(6,740)
Net Position:			
Investment in Capital Assets	11,432	15,094	(3,662)
Restricted for:			
Support Services	22,348	24,740	(2,392)
Unrestricted	152,591	285,113	(132,522)
Total Net Position	$ 186,371	$ 324,947	$ (138,576)

As noted above, the Partnership's net position decreased by $138,576. This decrease is mainly due to an increase in transportation and an increase in wages and benefits attributable to GASB 68 related pension expense.

The Partnership's statements are presented in compliance with GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27". The net pension liability is the largest liability reported by the Partnership at December 31, 2017. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Partnership'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. Prior 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 GASB 68, the net pension liability equals the Partnership'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, the Partnership 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 separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Partnership'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 GASB 68, the Partnership is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Table 2 reflects the changes in net position in 2017 and 2016 for governmental activities.

Table 2
Changes in Net Position

	2017	2016	Variance
Program Revenues:			
Charges for Services	$ 38,421	$ 32,389	$ 6,032
Operating Grants and Contributions	175,468	120,518	54,950
Total Program Revenues	213,889	152,907	60,982
General Revenues:			
Intergovernmental	690,450	717,093	(26,643)
Earnings on Investments	980	1,704	(724)
Miscellaneous	273	201	72
Total General Revenues	691,703	718,998	(27,295)
Total Revenues	905,592	871,905	33,687
Program Expenses:			
Wages and Benefits	722,803	615,546	107,257
Building Rent and Maintenance	7,596	7,596	-
Materials and Supplies	21,835	23,752	(1,917)
Utilities	11,068	10,599	469
Transportation	207,085	177,645	29,440
Technical Services	7,414	8,104	(690)
Liability services	11,139	10,976	163
Other	55,228	44,219	11,009
Total Program Expenses	1,044,168	898,437	145,731
Change in Net Position	(138,576)	(26,532)	(112,044)
Net Position, Beginning of Year	324,947	351,479	(26,532)
Net Position, End of Year	$ 186,371	$ 324,947	$ (138,576)

Governmental Activities

Program revenues of governmental activities represent 23.62% in 2017 and 17.54% in 2016 of total revenues. They consisted of monies received from clients, Western Reserve Area Agency on Aging, Cuyahoga County Division of Senior & Adult Services, and the Partnership’s member municipalities for services performed as defined by the Partnership Board and the contractual agreements with these agencies.

General revenues of governmental activities represent 76.38% in 2017 and 82.46% in 2016 of total revenues. Of the Partnership's 2017 total general revenues, 99.82% relates to unrestricted local grants and entitlements. Investment income and miscellaneous revenues constitute less than one percent of the Partnership's general revenues during 2017.

Expenses for governmental net position include program expenditures, which represent the overhead costs of running the Partnership and the support services provided for senior activities. These include the costs of internal services such as payroll and purchasing.

The first column of the statement on page 62 indicates that the major program expenses for governmental activities are for wages and benefits and transportation, which account for 69.22% and 19.83%, respectively, of all governmental expenses in 2017. The next two columns of the Statement entitled Program Revenues identify amounts paid by people who are directly charged for the service and grants or contributions received by the Partnership that must be used to provide a specific service. The Net Revenues (Expenses) column compares the program revenues to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from unrestricted funds within the Partnership. These net costs are paid from the general revenues which are presented at the bottom of the Statement.

Capital Assets

At the end of 2017, the Partnership had $11,432 invested in appliances, furniture, fixtures and equipment, and vehicles. Table 3 shows 2017 balances of capital assets as compared to 2016.

Table 3 – Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities	
	2017	2016
Appliances	$ 5,746	$ 5,746
Furniture, Fixtures and Equipment	43,569	42,817
Vehicles	0	13,458
Accumulated Depreciation	(37,883)	(46,927)
Total capital assets, net	$ 11,432	$ 15,094

Capital assets decreased by $3,662 in 2017. The 2017 depreciation expense was the main cause of this decrease. While vehicles were disposed of and written-off in 2017, the vehicles were fully depreciated and had no residual value and, therefore, had no impact on the change in net capital assets. See Note 8 for further discussion on capital assets.

Long-Term Obligations

At December 31, 2017, the Partnership had $31,630 in compensated absences liability, which is considered a long-term obligation and $825,674 in net pension liability. Compensated absences decreased by $5,198 from the 2016 compensated absences liability balance of $36,828 and pension liability increased by $222,548 from the 2016 pension liability balance of $603,126. See Note 6 for further discussion on compensated absences, Note 7 for detailed information regarding long-term obligations, and Note 9 for further discussion on the net pension liability.

Current Issues Affecting Financial Condition

2017 was another year of significant activity for the Community Partnership on Aging. Over 11,290 one-way rides were provided through transportation services; over 8,790 meals were served through congregate meal and café lunch programs; social workers engaged in over 680 hours of face to face supportive service related home and office visits and provided countless hours of phone consultation; homemaker services made over 839 visits providing approximately 1,730 total hours of service; agency social, educational and health related programs/activities received over 10,260 episodes of participation; an average of 90 totes of fresh food were given out every month; over 650 40-pound boxes of nonperishable foods were distributed and 47 households received necessary durable medical equipment or safety updates through the Safe At Home program. Our goal for 2018 is to increase these numbers.

While we anticipate that the demand and the need for our services will increase in 2018, as will the expenses associated with providing these services, our outlook for 2018 is very positive. Our member communities of South Euclid, Lyndhurst, Highland Heights, Mayfield Heights and Mayfield Village remain dedicated to the older adults who reside in their communities. We believe that the funding we receive from our member communities, the Cuyahoga County Health and Human Service Levy, Western Reserve Area Agency on Aging, along with other various grants and donations received through other agencies, foundations and individuals will prove to be adequate to meet the needs of 2018.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Partnership's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Chief Financial Officer, Community Partnership on Aging, 1370 Victory Drive, South Euclid, Ohio 44121.

Community Partnership on Aging

Statement of Net Position
December 31, 2017

Assets:		
Equity in Pooled Cash and Cash Equivalents	$	713,801
Accounts Receivable		27,865
Prepaid Items		12,069
Depreciable Capital Assets, Net		11,432
Total Assets		765,167
Deferred Outflows of Resources:		
Pension		331,964
Liabilities:		
Accounts Payable		47,500
Accrued Payables		317
Accrued Workers Compensation		159
Insurance Premiums Payable		566
Long-Term Liabilities:		
Due Within One Year		27,398
Due In More Than One Year:		
Net Pension Liability (See Note 9)		825,674
Other Amounts Due In More Than One Year		4,232
Total Liabilities		905,846
Deferred Inflows of Resources:		
Pension		4,914
Net Position:		
Investment In Capital Assets		11,432
Restricted For:		
Support Services		22,348
Unrestricted		152,591
Total Net Position	$	186,371

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

Statement of Activities

For the Year Ended December 31, 2017

		Program Revenues		Net Revenue (Expense) and Changes in Net Position
				Primary Government
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental Activities:				
Wages and Benefits	$ 722,803	$ 19,036	$ 93,744	$ (610,023)
Building Rent and Maintenance	7,596	-	-	(7,596)
Materials and Supplies	21,835	5,790	9,643	(6,402)
Utilities	11,068	118	1,568	(9,382)
Transportation	207,085	-	24,885	(182,200)
Technical Services	7,414	55	730	(6,629)
Liability Services	11,139	-	-	(11,139)
Other	55,228	13,422	44,898	3,092
Total Program Expenses	$ 1,044,168	$ 38,421	$ 175,468	(830,279)

General Revenues	
Intergovernmental	690,450
Earnings on Investments	980
Miscellaneous	273
Total General Revenues	691,703
Change in Net Position	(138,576)
Net Position Beginning of Year	324,947
Net Position End of Year	$ 186,371

The accompanying notes are an integral part of these basic financial statement

Community Partnership on Aging

Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Special Accounts Fund	Cuyahoga County Division of Senior & Adult Services Fund	Title IIIB & IIIC Funds	Community Partnership Foundation	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	$ 524,045	$ 165,970	$ -	$ -	$ 11,282	$ 12,504	$ 713,801
Accounts Receivable	20,558	401	-	6,665	-	241	27,865
Prepaid Items	11,491	-	24	375	-	179	12,069
Total Assets	$ 556,094	$ 166,371	$ 24	$ 7,040	$ 11,282	$ 12,924	$ 753,735
Liabilities							
Accounts Payable	$ 29,851	$ 875	$ 9,692	$ 6,409	$ -	$ 673	$ 47,500
Accrued Payables	135	136	-	19	-	27	317
Accrued Workers' Compensation	128	-	-	23	-	8	159
Insurance Premiums Payable	491	-	-	75	-	-	566
Total Liabilities	30,605	1,011	9,692	6,526	-	708	48,542
Fund Balances							
Nonspendable	11,491	-	24	375		179	12,069
Restricted	-	22,348	-	139	-	12,037	34,524
Committed	-	143,012	-	-	11,282	-	154,294
Unassigned	513,998	-	(9,692)	-	-	-	504,306
Total Fund Balances (Deficits)	525,489	165,360	(9,668)	514	11,282	12,216	705,193
Total Liabilities & Fund Balances	$ 556,094	$ 166,371	$ 24	$ 7,040	$ 11,282	$ 12,924	$ 753,735

The accompanying notes are an integral part of these basic financial statement

Community Partnership on Aging

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2017

Total Governmental Funds Balances	$	705,193
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		11,432
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds		(31,630)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred outflows/inflows are not reported in the funds:		
Deferred Outflows - Pension		331,964
Deferred Inflows - Pension		(4,914)
Net Pension Liability		(825,674)
Net Position of Governmental Activities	$	186,371

The accompanying notes are an integral part of these basic financial statement

Community Partnership on Aging

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Special Accounts Fund	Cuyahoga County Division of Senior & Adult Services Fund	Title IIIB & IIIC Fund	Community Partnership Foundation	Other Governmental Funds	Total Governmental Funds
Revenues							
Intergovernmental	$ 690,450	$ -	$ 27,375	$ 74,445	$ -	$ 51,605	$ 843,875
Charges For Services	21,778	12,743	-	-	-	3,900	38,421
Earnings on Investments	381	599	-	-	-	-	980
Contributions and Donations	478	11,158	-	7,229	1,282	1,896	22,043
Other	273	-	-	-	-	-	273
Total Revenue	713,360	24,500	27,375	81,674	1,282	57,401	905,592
Expenditures							
Current:							
Wages and Benefits	366,376	-	47,796	156,029	-	35,136	605,337
Building Rent and Maintenance	-	-	-	7,596	-	-	7,596
Materials and Supplies	5,683	7,520	4,022	3,928	-	682	21,835
Utilities	5,577	-	1,191	2,615	-	1,685	11,068
Transportation	73,059	-	121,401	12,625	-	-	207,085
Technical Services	3,496	-	1,337	1,796	-	785	7,414
Liability Services	6,220	-	2,212	2,707	-	-	11,139
Other	18,573	11,679	6,290	8,913	-	6,111	51,566
Total Expenditures	478,984	19,199	184,249	196,209	-	44,399	923,040
Excess of Revenues Over (Under) Expenses	234,376	5,301	(156,874)	(114,535)	1,282	13,002	(17,448)
Other Financial Sources (Uses)							
Transfers In	-	-	152,838	115,111	-	71	268,020
Transfers Out	(268,020)	-	-	-	-	-	(268,020)
Total Other Financial Sources (Uses)	(268,020)	-	152,838	115,111	-	71	-
Net Change in Fund Balances	(33,644)	5,301	(4,036)	576	1,282	13,073	(17,448)
Fund Balances (Deficits) Beginning of Year	559,133	160,059	(5,632)	(62)	10,000	(857)	722,641
Fund Balances (Deficits) End of Year	$ 525,489	$ 165,360	$ (9,668)	$ 514	$ 11,282	$ 12,216	$ 705,193

The accompanying notes are an integral part of these basic financial statement

Community Partnership on Aging

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Government Funds	$ (17,448)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation exceeded capital outlays in the current period.	(3,662)
Some expenses reported in the statement of activities do not require the use of current fiscal resources and therefore are not reported as expenditures in Governmental Funds.	
Compensated Absences	5,198
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	61,451
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(184,115)
Change in Net Position of Governmental Activities	$ (138,576)

The accompanying notes are an integral part of these basic financial statement

Community Partnership on Aging

Statement of Fiduciary Assets and Liabilities

December 31, 2017

		Agency
Assets		
Equity Pooled in Cash and Cash Equivalents	$	42,209
Prepaids		537
Total Assets	$	42,746
Liabilities		
Deposits Held and Due to Others	$	42,746
Total Liabilities	$	42,746

The accompanying notes are an integral part of these basic financial statement

Note 1: Reporting Entity

The Community Partnership on Aging, Cuyahoga County, (the "Partnership"), is a Council of Governments. The Partnership consists of five member communities: Mayfield Village and the cities of Highland Heights, Lyndhurst, Mayfield Heights, and South Euclid.

The mayors of each of these five communities comprise the Partnership's Board of Directors. Each mayor appoints a certain number of commission board members to serve as representatives to the Partnership. The Partnership's function is to help older persons maintain independence and dignity in a home environment, remove barriers to independence for older persons, and provide a continuum for the vulnerable elderly.

The Community Partnership Foundation, (the "Foundation"), is a recently developed 501(c)(3), type I supporting organization under section 509(a)(3). The sole mission of the Foundation is to enhance and expand the service capabilities of the Partnership.

The Foundation's bylaws and articles of incorporation identify the Partnership as the sole member of the Foundation and, therefore, the Foundation is considered to be a component unit of the Partnership. Based on this relationship, GASB Statement No. 80 requires the Partnership and the Foundation to present blended financial statements wherein the two organizations combine their financial information.

Financial Information for the Foundation can be obtained by submitting a request to the Financial Administrator, Community Partnership Foundation, 1370 Victory Drive, South Euclid, Ohio 44121.

The Partnership's management believes these financial statements present all activities for which the Partnership is financially accountable.

Note 2: Summary of Significant Accounting Policies

The financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Partnership's accounting policies are described below.

A. Basis of Presentation

The Partnership's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Partnership as a whole. These statements include the financial activities of the primary government.

Note 2: Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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

The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Partnership.

Fund Financial Statements

During the year, the Partnership segregates transactions related to certain Partnership functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Partnership at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Partnership uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Partnership classifies its funds into two categories: governmental and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the Partnership's major governmental funds:

> *General Fund* – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Partnership for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> *Special Accounts Fund* – The special accounts fund includes money received from donations, special program income, and funds derived from fund raisers to benefit senior adults.

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Cuyahoga County Division of Senior & Adult Services Fund – This fund accounts for social services that are intended to strengthen and maintain the well-being of seniors and at-risk adults. Grant services include congregate meals and transportation.

Title IIIB/IIIC Fund – This fund accounts for social services which inform the local population of available services and/or assist potential participants in accessing services. Grant services include congregate meals, supportive services, and transportation.

Community Partnership Foundation – This fund accounts for the financial activities of the Community Partnership Foundation, the new 501(c)(3). The sole mission of the Foundation is to enhance and expand the service capabilities of the Partnership and their future financial activities will reflect this purpose. As required by GASB 80, this fund is blended with the primary government.

Fiduciary Fund – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Partnership under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Partnership's own programs. The Partnership has no trust funds.

Agency funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The Partnership's agency funds hold resources for individuals, organizations or other governments. The Partnership disburses these funds as directed by the individual, organization or other government. The Partnership's agency fund is used to account for funds held for senior adult trips.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Partnership are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Available period for the Partnership is sixty days after year-end.

Non-exchange transactions, in which the Partnership receives value without directly giving equal value in return, include grants, contributions and donations.

Revenue from grants, contributions and donations is recognized in the 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 year when use is first permitted, matching requirements, in which the Partnership must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Partnership on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: contributions and donations, earnings on investments, grants and charges for services.

Expenses/Expenditures

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

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements that report financial position may include a section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Partnership has deferred outflows of resources for pension reported in the statement of net position.

In addition to liabilities, the financial statements that report financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Partnership, deferred inflows of resources include amounts for the pension. Deferred inflows of resources related to pension are reported in the statement of net position.

E. Cash and Cash Equivalents

Cash received by the Partnership is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Partnership's records.

During fiscal year 2017, the Partnership’s investments were limited to certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

For presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Partnership are considered to be cash equivalents. Instruments with an initial maturity of more than three months are reported as investments.

F. Budgetary Process

The Partnership is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board passes an annual budget prior to the beginning of the fiscal year.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Note 2: Summary of Significant Accounting Policies (continued)

H. Capital Assets and Depreciation

All capital assets are recorded at historical cost and updated for additions and retirements during the year. The Partnership maintains a capitalization threshold of $100. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Appliances	5 years
Furniture, Fixtures and Equipment	5 – 15 years
Vehicles	5 years

I. Compensated Absences

The Partnership reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation 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 the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the Partnership has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the Partnership's termination policy. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "accrued wages" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

J. Payables, Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Note 2: Summary of Significant Accounting Policies (continued)

K. Net Position

Net position represents the difference between all other elements in a statement of financial position. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Partnership or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Partnership and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2017.

M. Use of Estimates

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

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Partnership must 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 legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Partnership's Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. 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.

Note 2: Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Partnership for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Partnership Board or a Partnership official delegated that authority by resolution, or by state statute.

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

The Partnership 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.

O. 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.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Note 3: Change in Accounting Principles

For the year ended December 31, 2017, the Partnership implemented the Governmental Accounting Standards Board (GASB) Statement No. 81, “Irrevocable Split-Interest Agreements”.

Note 3: Change in Accounting Principles (continued)

GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of this GASB pronouncement did not result in any changes to the Partnership's financial statements.

Pronouncements Issued but Not Effective GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was issued in June 2015. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. This replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, *OPEB* "Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. The Partnership has not determined the impact, if any that this Statement will have on its financial statements or disclosures.

Note 4: Deposits and Investments

The Partnership follows State statute and classifies held monies into three categories.

Active deposits are amounts necessary to meet current cash needs. Such monies are maintained either in commercial accounts payable or withdrawable on demand accounts, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest therein.
2. Bonds, notes, debentures or other obligations or securities issued by any federal government agency.
3. Deposits with financial institutions and savings and loan associations, collateralized, as required by law.
4. State Treasurer's investment pool (STAR Ohio).
5. Bonds and other obligations of the State of Ohio.
6. Repurchase agreements fully collateralized with securities listed in 1 and 2 above.

Note 4: Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Partnership's deposits may be lost. Protection of the Partnership's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution.

At December 31, 2017, the carrying amount of the Partnership's deposits was $755,954 and the bank balance was $762,037. Of the bank balance, $355,728 was covered by FDIC insurance and $406,309 was collateralized with securities held by the pledging institution's trust department, not in the Partnership's name. At year-end, the Partnership had $56 of un-deposited cash on hand.

The Partnership has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Partnership or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5: Receivables

Accounts receivable included on the statement of net position at December 31, 2017 consists primarily of fees receivable and miscellaneous service receivables due from grantors, clients and member municipalities. Management considers all receivables fully collectible.

Note 6: Compensated Absences

Accumulated unpaid vacation is accrued when earned and is to be used within the subsequent calendar year. In accordance with the Partnership vacation leave policy, unused vacation pay cannot be carried over from year to year. Accordingly, all accrued vacation pay is considered to be due within one year.

Partnership employees are paid for any unused vacation, earned and accrued for from the prior year, plus one-twelfth of their current year's anticipated annual vacation for every month worked up to the time of termination.

Sick leave is earned for full and regular part-time employees at the rate of 3.75 hours for each completed 75 hours of normal service. Upon retirement or death, employees hired before October 1, 2007 with ten or more active years of service are to be paid one-fourth of their accumulated sick leave, not to exceed 960 hours. Sick leave in excess of the 960 hour maximum is not paid upon retirement or death. There is no sick leave lump-sum pay-out benefit available to those employees hired after October 1, 2007.

Note 7: Long-Term Obligations

The changes in the Partnership's long-term obligations during 2017 were as follows:

	Principal Outstanding 12/31/2016	Additions	Deductions	Principal Outstanding 12/31/2017	Amounts Due in One Year
Governmental Activities:					
Compensated Absences	$ 36,828	$ 27,467	$ 32,665	$ 31,630	$ 27,398
Net Pension Liability:					
OPERS	603,126	222,548	-	825,674	-
Total Governmental Activities	$ 639,954	$ 250,015	$ 32,665	$ 857,304	$ 27,398

The Partnership pays obligations related to employee compensation from the fund benefiting from their service.

Note 8: Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017
Capital Assets being Depreciated:				
Appliances	$ 5,746	$ -	$ -	$ 5,746
Furniture, Fixtures and Equipment	42,818	751	-	43,569
Vehicles	13,458	-	13,458	-
Total Capital Assets being Depreciated	62,022	751	13,458	49,315
Less Accumulated Depreciation and Amortization for:				
Appliances	(5,735)	(11)	-	(5,746)
Furniture, Fixtures and Equipment	(27,735)	(4,402)	-	(32,137)
Vehicles	(13,458)	-	(13,458)	-
Total Accumulated Depreciation and Amortization	(46,928)	(4,413)	(13,458)	(37,883)
Total Capital Assets, Net	$ 15,094	$ (3,662)	$ -	$ 11,432

Depreciation expense was fully charged to the other function.

Note 9: Defined Benefit Pension Plans

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each

Note 9: Defined Benefit Pension Plans (continued)

A. Net Pension Liability (continued)

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 the Partnership'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 the Partnership's obligation for this liability to annually required payments. The Partnership cannot control benefit terms or the manner in which pensions are financed; however, the Partnership 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 wages and benefits on both the accrual and modified accrual bases of accounting.

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Partnership employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan and the Combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Partnership employees) may elect any plan, all employee members are in OPERS' Traditional; therefore, the following disclosure focuses on the Traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Note 9: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earning over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

The Traditional plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and FAS. Pension benefits are funded by both member and employer contributions and investment earnings on those contributions.

The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Traditional plan per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information including requirements for reduced and unreduced benefits):

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

When a benefit recipient retiring under the Traditional pension plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member'. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%. Additionally, a death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a decreased retiree or disability benefit recipient under the Traditional pension plan.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Note 9: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	14.0 %
Employee	10.0 %

In 2017, the Partnership's contractually required contribution, net of post-employment health care benefits, was $61,451. Of this amount, $6,740 is reported as accounts payable at December 31, 2017.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Partnership's proportion of the net pension liability was based on the Partnership'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 Traditional
Proportion of the net pension liability prior measurement date		0.003482%
Proportion of the net pension liability current measurement date		0.003636%
Change in Proportionate Share		0.00154%
Proportionate share of the net pension liability	$	825,674
Pension expense	$	184,115

Note 9: Defined Benefit Pension Plans (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At December 31, 2017, the Partnership reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		OPERS Traditional
Deferred outflow of resources		
Partnership contributions subsequent to the measurement date	$	61,451
Differences in employer contributions and change in proportionate share		15,470
Difference between expected and actual experience		1,119
Change in assumptions		130,962
Net difference between projected and actual earnings on pension plan investments		122,962
Total deferred outflow of resources	$	331,964
Deferred inflow of resources		
Difference between expected and actual experience		4,914
Total deferred inflow of resources	$	4,914

The $61,451 reported as deferred outflows of resources related to pension resulting from the Partnership's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. 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 Traditional
Fiscal Year Ending December 31:		
2018	$	111,997
2019		113,013
2020		44,193
2021		(3,604)
	$	265,599

D. Actuarial Assumptions - OPERS

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

Note 9: Defined Benefit Pension Plans (continued)

D. Actuarial Assumptions – OPERS (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The active member population which consists of members in the Traditional plan is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

In 2016, OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporated both a historical review and forward-looking projection to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	OPERS Traditional Plan
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA	3% Simple
Pre-Jan 7, 2013 Retirees	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018

Mortality rates were based on the RP-2014 Health Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

Note 9: Defined Benefit Pension Plans (continued)

D. Actuarial Assumptions – OPERS (continued)

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional pension plan, the defined benefit component of the Combined plan and the annuitized accounts of the Member-Directed plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.75%
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00%	5.66%

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

Note 9: Defined Benefit Pension Plans (continued)

D. Actuarial Assumptions – OPERS (continued)

Sensitivity of the Partnership's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Partnership's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5%, as well as what the Partnership's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5%) or one-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Partnership's proportionate share of the net pension liability – Traditional	$ 1,261,401	$ 825,674	$ 462,572

Note 10: Post-Employment Benefits

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional pension and Combined plans. This trust is also used to fund health care for Member-Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be eligible for reimbursement for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Note 10: Post-Employment Benefits (continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional pension plan and Combined plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed plan participants for 2017 was 4.0%.

The Partnership's contributions for health care for the years ended December 31, 2017, 2016, and 2015 were $4,727, $9,403, and $8,666, respectively. The full amount has been contributed for 2016 and 2015. For 2017, 89% has been contributed, with the remainder being reported as a liability in accounts payable.

Note 11: Risk Management

Commercial Insurance

The Partnership has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Abuse act liability;
- Employment practices liability;
- Professional liability;
- Stop gap liability; and
- Non-profit directors and officers coverage.

Settlements have not exceeded commercial insurance coverages in any of the past three fiscal years.

The Partnership also offers health insurance to employees who work at least 25 hours a week. The Partnership pays 85% of employee and 50% of employee dependent health insurance premiums.

Note 12: Related Party Transactions

A Partnership Council member and the Partnership's former Executive Director, who resigned in April of 2017, were also Board members of the Senior Transportation Connection, from which the Partnership acquired senior transportation services during 2017. The Partnership paid $204,955 for these services in 2017.

Note 13: Fund Balance

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

Fund Balances	General	Special Accounts	Cuyahoga County Division of Senior & Adult Services	Title IIIB & IIIC	Community Partnership Foundation	Other Governmental	Total Governmental
Nonspendable for:							
Prepaids	$ 11,491	$ -	$ 24	$ 375	$ -	$ 179	$ 12,069
Total nonspendable	11,491	-	24	375	-	179	12,069
Restricted for:							
Senior support services	$ -	$ 22,348	$ -	$ 139	$ -	$ 12,037	$ 34,524
Total restricted	-	22,348	-	139	-	12,037	34,524
Committed to:							
Senior support services	-	143,012	-	-	11,282	-	154,294
Unassigned (deficit)	513,998	-	(9,692)	-	-	-	504,306
Total Fund Balance	$ 525,489	$ 165,360	$ (9,668)	$ 514	$ 11,282	$ 12,216	$ 705,193

Note 14: Interfund Activity

Interfund activity for the year ended December 31, 2017, consists of the following:

Transfers from:	Amount
General Fund	$ 268,020
Total Transfers out	$ 268,020

Transfers to:	Amount
Cuyahoga County Division of Senior & Adult Services Fund	$ 152,838
Title IIIB & IIIC Fund	115,111
Other Governmental Funds	71
Total Transfers in	$ 268,020

The transfers were made to provide resources for current operations.

Community Partnership on Aging

Required Supplementary Information

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

Ohio Public Employees Retirement System – Traditional Plan

Last Four Years

	2017	2016	2015	2014
Partnership's Portion of the Net Pension Liability	0.0036360%	0.0034820%	0.0033950%	0.0033950%
Partnerships Proportionate Share of the Net Pension Liability	$ 825,674	$ 603,126	$ 409,474	$ 400,226
Partnership's Covered Payroll	$ 455,157	$ 434,836	$ 418,707	$ 429,043
Partnership's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	181.40%	138.70%	97.79%	93.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available

Amounts presented as of the Partnership's measurement date which is the prior fiscal year end.

The accompanying notes are an integral part of the required supplementary information

Community Partnership on Aging

Required Supplementary Information
Schedule of Partnership Pension Contributions
Ohio Public Employees Retirement System – Traditional Plan
Last Ten Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$ 61,451	$ 54,619	$ 52,180	$ 50,245	$ 55,776	$ 41,771	$ 39,889	$ 32,792	$ 32,693	$ 28,417
Contribution in Relation to the Contractually Required Contributions	(61,451)	(54,619)	(52,180)	(50,245)	(55,776)	(41,771)	(39,889)	(32,792)	(32,693)	(28,417)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Partnership Covered-Employee Payroll	$ 472,700	$ 455,157	$ 434,836	$ 418,707	$ 429,043	$ 417,707	$ 398,893	$ 364,350	$ 384,621	$ 405,950
Contributions as a Percentage of Covered-Employee Payroll	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%	7.00%

The accompanying notes are an integral part of the required supplementary information

Community Partnership on Aging

Note to Required Supplementary Information

For the Year Ended December 31, 2017

Note 1: Change in Assumptions – OPERS Traditional Plan

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	2017	2016 and Prior
Wage Inflation	3.25%	3.75%
Future Salary Increases,		
Including Inflation	3.25-10.75%	4.25-10.05%
	(including wage inflation at 3.25%)	(including wage inflation)
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018	3.00% Simple through 2018
	then 2.15% Simple	then 2.8% Simple
Investment Rate of Return	7.50%	8.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For the current valuation, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For the prior valuation, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2015. The prior experience study was completed for the five-year period ended December 31, 2010.

OHIO AUDITOR OF STATE
KEITH FABER

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

Community Partnership on Aging
1370 Victory Drive
South Euclid, Ohio 44121

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Community Partnership on Aging, Cuyahoga County, (the Partnership) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements and have issued our report thereon dated October 25, 2019, wherein we noted that the Partnership adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2019

OHIO AUDITOR OF STATE
KEITH FABER

COMMUNITY PARTNERSHIP ON AGING

CUYAHOGA 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
NOVEMBER 12, 2019