



Dave Yost • Auditor of State



**MIAMI VALLEY COMMUNICATIONS COUNCIL  
MONTGOMERY COUNTY  
DECEMBER 31, 2015**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund .....	16
Statement of Assets and Liabilities Agency Fund .....	17
Notes to the Basic Financial Statements .....	18
Required Supplementary Information:	
Schedule of the Council’s Proportionate Share of the Net Pension Liability – Last Two Fiscal Years .....	36
Schedule of Council Contributions – Last Four Fiscal Years .....	37
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	39
Summary Schedule of Prior Audit Findings .....	41

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Miami Valley Communications Council  
Montgomery County  
1195 East Alex Bell Road  
Centerville, Ohio 45459

To the Council:

### ***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 Miami Valley Communications Council, Montgomery County, Ohio (the Council), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Council'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 Council'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 Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Valley Communications Council, Montgomery County, Ohio, as of December 31, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note C to the financial statements, during the year ended December 31, 2015, the Council adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, on our consideration of the Council'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 Council's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 26, 2016

**Miami Valley Communications Council  
Montgomery County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
(Unaudited)

This discussion and analysis of the Miami Valley Communications Council's (the Council) financial performance provides an overall review of the financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the Council'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 Council's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB). Certain comparative information between the current year and the prior year is required to be presented and is presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2015 are as follows:

- Total net position increased \$47,068 in 2015, which represents a 1.6% increase from 2014; this increase is \$153,109 less than the increase reported in the prior year.
- Total assets increased \$66,600 which represents a 1.7% increase from the prior year. The increase is primarily due to an increase in cash as a result of current year Council operations.
- The change in net position reported for 2015 was \$47,068 compared to the \$200,177 change in net position reported for 2014. The decrease in the change in net position was due to an increase in contractual costs paid to the Tactical Crime Suppression Unit (TSCU) and a slight increase in personnel related expenses. These increases were partially offset by a 1.0% increase franchise fee revenues.

### **Overview of the Financial Statements**

The Council's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Council's assets, deferred inflows of resources, liabilities, and deferred outflows of resources, with the difference between the four 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 Council is improving or deteriorating.

The statement of activities presents information showing how the Council'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 revenues and earned but unused vacation leave).

The government-wide financial statements can be found on pages 10-11 of this report.

**Miami Valley Communications Council**  
**Montgomery County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
(Unaudited)

**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 Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into two categories: governmental funds and fiduciary funds. The Council has no proprietary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike 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, readers 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 Council maintains two (2) individual 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 balances for the general and building improvement funds, both of which are considered to be major funds.

The Council adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 12-16 of this report.

**Fiduciary Funds** – 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 statements because the resources of those funds are not available to support the Council's own programs.

The fiduciary fund financial statement can be found on page 17 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-35 of this report.

**Miami Valley Communications Council**  
**Montgomery County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
(Unaudited)

**Government-wide Financial Analysis**

*Statement of Net Position*

The statement of net position answers the question, "How did we do financially during the year?" This statement includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term liabilities, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the Council's net position, however, in evaluating the overall position and financial viability of the Council, non-financial information such as the condition of the building and potential changes in the laws governing franchise fees in the state of Ohio will also need to be evaluated.

Table 1 provides a summary of the Council's statement of net position for 2015 compared with restated 2014 amounts.

**TABLE 1**  
**NET POSITION**

	2015	(Restated) 2014
<b>ASSETS</b>		
Current and other assets	\$ 3,161,196	\$ 3,037,814
Capital assets, net	<u>735,411</u>	<u>792,193</u>
Total assets	<u>3,896,607</u>	<u>3,830,007</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	<u>123,933</u>	<u>89,047</u>
Total deferred outflows of resources	<u>123,933</u>	<u>89,047</u>
<b>LIABILITIES</b>		
Current liabilities	300,730	279,999
Long-term liabilities:		
Due within one year	14,437	12,511
Due in more than one year		
Net pension liability	647,079	632,464
Other amounts	<u>43,310</u>	<u>37,532</u>
Total liabilities	<u>1,005,556</u>	<u>962,506</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	<u>11,368</u>	-
Total deferred inflows of resources	<u>11,368</u>	-
<b>NET POSITION</b>		
Net investment in capital assets	735,411	792,193
Unrestricted	<u>2,268,205</u>	<u>2,164,355</u>
Total net position	<u>\$ 3,003,616</u>	<u>\$ 2,956,548</u>

**Miami Valley Communications Council**  
**Montgomery County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
(Unaudited)

During 2015, the Council adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Council's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the Council'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 Council 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 Council'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.

**Miami Valley Communications Council**  
**Montgomery County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
(Unaudited)

As a result of implementing GASB 68, the Council is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$3,499,965 to \$2,956,548. The net position at December 31, 2014 has been restated as described in Note C. Table 2 shows the changes in net position for 2015 compared to restated 2014.

Total net position of the Council increased by \$47,068 or 1.6%. The increase in total net position from 2014 is a result of an increase in franchise fees and charges for services of 1.0% and 22.1%, respectively. Total liabilities reported at December 31, 2015 increased by \$43,050 from the amount reported at December 31, 2014 due to timing differences and an increase in the Council's proportionate share of each plan's collective net pension liability compared to the prior year.

As noted in Table 1 above, unrestricted net position increased by \$103,850 from amounts reported at December 31, 2014.

The decrease of \$56,782 in net position invested in capital assets results from recognizing current year acquisitions of \$70,360 less current year depreciation of \$127,142.

Table 2 shows the change in net position for the year ended December 31, 2015, as well as revenue and expense comparisons to restated 2014.

**TABLE 2**  
**STATEMENTS OF ACTIVITIES**

	2015	(Restated) 2014
Cable operations expenses:		
Personnel	\$ 750,057	\$ 745,407
Fringe benefits	209,176	235,431
Other purchased services	602,640	405,055
Material and supplies	34,563	35,258
Depreciation	127,142	123,680
Other expenses	62,601	66,467
Total Expenses	<u>1,786,179</u>	<u>1,611,298</u>
Program revenues:		
Charges for services	92,751	75,939
General revenues:		
Franchise fees	1,716,342	1,699,979
Other income	21,278	34,728
Interest income	2,876	829
Total general revenues	<u>1,740,496</u>	<u>1,735,536</u>
Total revenues	<u>1,833,247</u>	<u>1,811,475</u>
Change in net position	47,068	200,177
Net position, beginning of year	<u>2,956,548</u>	N/A
Net position, end of year, as restated	\$ <u>3,003,616</u>	\$ <u>2,956,548</u>

**Miami Valley Communications Council**  
**Montgomery County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
(Unaudited)

The increase in franchise fee revenue reported for 2015 was due to a 13.6% increase in the remittance amounts from AT&T. Over the past three years, AT&T remittance amounts have steadily increased as the company continually makes strong gains of market share in the various communities. In 2015, that trend continued as the number of customers utilizing AT&T's services over the internet increased along with the franchise fees received by the Council. This increase was offset by a 3.2% decrease in the amounts remitted by Time Warner to the Council.

Depreciation and salaries expense remained consistent with the amount from 2014. Fringe benefit expenses decreased 11.2% from the prior year due to a decrease in the Council's insurance premiums paid for the former executive director the prior year. Purchased services expense increased 48.8% as the Council increased its monetary support for TCSU.

### **Financial Analysis of the Government's Funds**

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

### **Governmental Funds**

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the Council's governmental funds reported combined ending fund balances of \$2,860,466, an increase of \$102,651 in comparison with the prior year. The unassigned general fund balance of \$2,120,981 is available for spending at the Council's discretion.

### **General Fund**

The general fund has a total fund balance of \$2,729,163. The general fund increased by \$101,883 in comparison to prior year due to increases in franchise fee revenue and interest income.

### **Building Improvement Fund**

The building improvement fund has a total fund balance of \$131,303. The building improvement fund increased by \$768 from the prior year due to interest earned on cash held at a financial institution.

### **General Fund Budget Information**

The Council's budget is prepared in accordance with its by-laws and is based on the modified accrual basis of accounting. The most significant budgeted fund is the General Fund.

The reported variance of personnel and fringe benefits under the budgeted amounts of \$32,975 and 40,321, respectively, was due to the Council replacing retirees with new employees earning at a lower rate and not replacing other retirees by allocating job duties to other employees. Additionally, the Council was able to negotiate a lower insurance premium for 2015 compared to 2014.

**Miami Valley Communications Council**  
**Montgomery County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
(Unaudited)

**Capital Assets**

At December 31, 2015, the capital assets of the Council of \$3,061,920 offset by \$2,326,509 in accumulated depreciation results in net capital assets of \$735,411. The \$56,782 decrease in total net capital assets is due to current year depreciation expense of \$127,142 combined with \$70,360 of equipment purchases made during 2015.

See Note B 6 of the notes to the basic financial statements for more detailed information on the Council's property and equipment.

**Contacting the Council**

This financial report is designed to provide a general overview of the finances of Miami Valley Communications Council and to show the Council's accountability for monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional information should be directed to:

Miami Valley Communications Council  
Attn: Executive Director  
1195 E. Alex Bell Road  
Centerville, Ohio 45459  
(937) 438-8887

Miami Valley Communications Council  
Montgomery County  
Statement of Net Position  
December 31, 2015

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,616,655
Accounts Receivable:	
Time Warner Cable Western Ohio	386,718
AT&T	149,601
Other	40
Prepaid Expenses	8,182
Capital Assets:	
Nondepreciable	123,170
Depreciable, Net of Accumulated Depreciation	<u>612,241</u>
 Total Assets	 <u>3,896,607</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	<u>123,933</u>
Total Deferred Outflows of Resources	<u>123,933</u>
 <b>LIABILITIES</b>	
Accounts Payable	57,261
Accrued Wages and Benefits	29,869
Due to Other Governments	213,600
Long-term Liabilities:	
Due Within One Year	14,437
Due in More Than One Year	
Net Pension Liability	647,079
Other	<u>43,310</u>
 Total Liabilities	 <u>1,005,556</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	<u>11,368</u>
Total Deferred Inflows of Resources	<u>11,368</u>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	735,411
Unrestricted	<u>2,268,205</u>
 Total Net Position	 \$ <u>3,003,616</u>

The notes to the basic financial statements are an integral part of this statement.

Miami Valley Communications Council  
Montgomery County  
Statement of Activities  
Year Ended December 31, 2015

	Expenses	Charges for Services	Net (Expense) Revenue And Changes in Governmental Activities
<b>OPERATING EXPENSES</b>			
Personnel	\$ (750,057)	\$ -	\$ (750,057)
Fringe Benefits	(209,176)	-	(209,176)
Supplies	(34,563)	-	(34,563)
Maintenance	(45,664)	-	(45,664)
Contractual	(522,760)	92,751	(430,009)
Depreciation	(127,142)	-	(127,142)
Utilities	(21,265)	-	(21,265)
Telephone	(8,323)	-	(8,323)
Training & Seminars	(4,628)	-	(4,628)
All Other Expenses	(62,601)	-	(62,601)
	(1,786,179)	92,751	(1,693,428)
 <b>GENERAL REVENUES</b>			
Franchise Fees			1,716,342
Interest Income			2,876
Other Income			21,278
			1,740,496
Change in Net Position			47,068
Net Position - Beginning, restated			2,956,548
Net Position - Ending			\$ 3,003,616

The notes to the basic financial statements are an integral part of this statement.

Miami Valley Communications Council  
Montgomery County  
Balance Sheet  
Governmental Funds  
December 31, 2015

	<u>General Fund</u>	<u>Building Improvement Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,485,352	131,303	2,616,655
Accounts Receivable:			
Time Warner Cable Western Ohio	386,718	-	386,718
AT&T	149,601	-	149,601
Other	40	-	40
Prepaid Expenses	<u>8,182</u>	<u>-</u>	<u>8,182</u>
 Total Assets	 \$ <u>3,029,893</u>	 <u>131,303</u>	 <u>3,161,196</u>
<b>Liabilities</b>			
Accounts Payable	\$ 57,261	-	57,261
Accrued Wages and Benefits	29,869	-	29,869
Due to Other Governments	<u>213,600</u>	<u>-</u>	<u>213,600</u>
	<u>300,730</u>	<u>-</u>	<u>300,730</u>
<b>Fund Balances</b>			
Nonspendable:			
Prepaid Expenses	8,182	-	8,182
Committed for:			
Building Improvements	-	131,303	131,303
Contingency Reserve	600,000	-	600,000
Unassigned	<u>2,120,981</u>	<u>-</u>	<u>2,120,981</u>
 Total Fund Balances	 <u>2,729,163</u>	 <u>131,303</u>	 <u>2,860,466</u>
 Total Liabilities and Fund Balances	 \$ <u>3,029,893</u>	 <u>131,303</u>	 <u>3,161,196</u>

The notes to the basic financial statements are an integral part of this statement.

Miami Valley Communications Council  
Montgomery County  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2015

Total Governmental Fund Balances	\$	2,860,466
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		735,411
<p>The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:</p>		
Deferred Outflows - Pension	123,933	
Deferred Inflows - Pension	(11,368)	
Net Pension Liability	(647,079)	(534,514)
<p>Compensated absences are not reported in the funds until they become due for payment as the result of an employee's resignation or retirement. However, on the full accrual basis of accounting, statement of net position, they are reported as long-term liabilities.</p>		
		(57,747)
Net Position of Governmental Activities	\$	3,003,616

The notes to the basic financial statements are an integral part of this statement.

Miami Valley Communications Council  
Montgomery County  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Year Ended December 31, 2015

	General Fund	Building Improvement Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues			
Franchise Fees	\$ 1,716,342	-	1,716,342
Training Income	5,830	-	5,830
Interest Income	2,108	768	2,876
Other Income	<u>108,199</u>	<u>-</u>	<u>108,199</u>
	1,832,479	768	1,833,247
Expenditures:			
Personnel	750,057	-	750,057
Fringe Benefits	210,375	-	210,375
Supplies	34,563	-	34,563
Maintenance	45,664	-	45,664
Contractual	522,760	-	522,760
Utilities	21,265	-	21,265
Telephone	8,323	-	8,323
Training & Services	4,628	-	4,628
All Other Expenses	62,601	-	62,601
Capital Outlay	<u>70,360</u>	<u>-</u>	<u>70,360</u>
	<u>1,730,596</u>	<u>-</u>	<u>1,730,596</u>
Net Change in Fund Balances	101,883	768	102,651
Fund Balances at January 1, 2015	<u>2,627,280</u>	<u>130,535</u>	<u>2,757,815</u>
Fund Balances at December 31, 2015	\$ <u><u>2,729,163</u></u>	<u><u>131,303</u></u>	<u><u>2,860,466</u></u>

The notes to the basic financial statements are an integral part of this statement.

Miami Valley Communications Council  
 Montgomery County  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds to the  
 Statement of Activities  
 Year ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 102,651

Amounts reported for governmental activities in the  
 statement of net position 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. This is the amount by which  
 depreciation exceeded capital outlay in the current  
 period.

Capital asset additions	\$	70,360	
Current year depreciation		<u>(127,142)</u>	(56,782)

Contractually required contributions are reported as expenditures  
 in governmental funds; however, the statement of net position  
 reports these amounts as deferred outflows. 89,407

Except for amounts reported as deferred inflows/outflows,  
 changes in the net pension liability are reported as pension  
 expense in the statement of activities. (80,504)

Some expenses reported in the statement of activities, such  
 as compensated absences payable, are not reported until  
 due for payment and therefore are not reported as  
 expenditures in governmental funds. (7,704)

Change in Net Position of Governmental Activities \$ 47,068

The notes to the basic financial statements are an integral part of this statement.

Miami Valley Communications Council  
Montgomery County  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund  
Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Franchise Fees	\$ 1,689,549	\$ 1,689,549	\$ 1,716,342	\$ 26,793
Training Income	3,000	3,000	5,830	2,830
Interest Income	580	580	2,108	1,528
Other Income	<u>90,000</u>	<u>90,000</u>	<u>108,199</u>	<u>18,199</u>
	1,783,129	1,783,129	1,832,479	49,350
<b>Expenditures</b>				
Personnel	783,032	783,032	750,057	32,975
Fringe Benefits	250,696	250,696	210,375	40,321
Supplies	36,450	36,450	34,563	1,887
Maintenance	53,650	53,650	45,664	7,986
Contractual	498,400	498,400	522,760	(24,360)
Utilities	23,700	23,700	21,265	2,435
Telephone	8,466	8,466	8,323	143
Training & Services	11,800	11,800	4,628	7,172
All Other Expenses	76,693	76,693	62,601	14,092
Capital Outlay	<u>80,000</u>	<u>80,000</u>	<u>70,360</u>	<u>9,640</u>
	<u>1,822,887</u>	<u>1,822,887</u>	<u>1,730,596</u>	<u>92,291</u>
Net Change in Fund Balances	(39,758)	(39,758)	101,883	141,641
Fund Balances at January 1, 2015	<u>2,627,280</u>	<u>2,627,280</u>	<u>2,627,280</u>	<u>-</u>
Fund Balances at December 31, 2015	\$ <u>2,587,522</u>	\$ <u>2,587,522</u>	\$ <u>2,729,163</u>	\$ <u>141,641</u>

The notes to the basic financial statements are an integral part of this statement.

Miami Valley Communications Council  
Montgomery County  
Statement of Assets and Liabilities  
Agency Fund  
December 31, 2015

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>81,416</u>
<b>LIABILITIES</b>	
Accrued Wages and Benefits	44,231
Due to Other Governments	<u>37,185</u>
	\$ <u><u>81,416</u></u>

The notes to the basic financial statements are an integral part of this statement.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements  
December 31, 2015

NOTE A – REPORTING ENTITY AND BASIS OF PRESENTATION

1. Description of the Entity

The Miami Valley Communications Council (the Council) is a consortium of municipalities providing a communications system for the southern suburbs of Dayton, Ohio. This consortium consists of the following municipalities: City of Oakwood, City of Moraine, City of Kettering, City of West Carrollton, City of Miamisburg, City of Centerville, City of Germantown (expansion member), and City of Springboro (expansion member).

In 1975, the first six members shown above awarded identical franchises to Time Warner (formerly Media One) and, shortly thereafter the Council was formally established to administer those franchises. The Council is funded by franchise fees which the communications companies pay to the cities for the privilege of using the public rights-of-way. Under the terms of the franchise agreements, channel capacity is to be set aside on the communications system for community use. Managing the Community Access facility is a large part of the Council's responsibility for franchise administration.

The Council is also the fiscal agent for the Tactical Crime Suppression Unit. The Tactical Crime Suppression Unit is a committee of member municipalities' police departments organized as a cooperative effort to deal more effectively with the present and projected crime levels in the municipalities. (Note D)

2. Reporting Entity

The reporting entity is comprised of the primary unit government, component units, and other organizations that are included to ensure that the financial statements of the Council are not misleading. The primary unit government consists of all funds, departments, boards, and agencies that are not legally separated from the Council.

Component units are legally separated organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the program or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; or (3) the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council to approve the budget, issue debt, or levy taxes for the organization. The Council does not have any component units included in its reporting entity.

The financial statements of the Council have been prepared in conformity with Generally Accepted Accounting Principles (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 more significant of the Council's accounting policies are described below.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Fund Accounting

The Council uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Council functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the funds of the Council are classified in the governmental fund type.

Governmental Funds:

General Fund – The General Fund is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

Building Improvement Fund – The Building Improvement Fund is used to account for financial resources committed to be used for the acquisition or construction of major building improvements.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the Council in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Council's only fiduciary fund is an agency fund used to account for the financial resources of the Tactical Crime Suppression Unit.

2. Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Basis of Presentation – Continued

Government-wide Financial Statements – Continued

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Council. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Council.

Fund Financial Statements

Fund financial statements report detailed information about the Council. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for fiduciary funds.

Revenues, Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the Council is sixty days after year-end.

Non-exchange transactions, in which the Council receives value without directly giving equal value in return, include franchise fees for use of public right of ways.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: franchise fees and interest income.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Basis of Presentation – Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate 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. For the Council, deferred outflows of resources are reported on the government-wide statement of net position for pension, which is further explained in Note F.

In addition to liabilities, the statements of financial position 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 until that time. For the Council, deferred inflows of resources are related to pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and explained in Note F.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on the flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they become due for payment upon the occurrence of employee resignations and retirements.

3. Budgetary Process

The budgetary process is prescribed by provisions of the Council By-Laws and entails the preparation of budgetary documents within an established timetable. Expenditures and expenses approved by the Executive Director must be within the approved budget and work program. The budget shall not include expenditures in excess of current revenues and available resources. The budget must be approved by the Council and may be amended during the year only with the approval of the Council. The Council is not required to certify the budget to the Montgomery County Budget Commission or other regulatory agencies.

4. Cash and Cash Equivalents

The Council's cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Council's investment activities are limited to certificates of deposits, savings or deposit accounts and STAR Ohio. STAR Ohio is recorded at the share value STAR Ohio reports. Investment earnings are reported in the fund which has made the investment.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

5. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which the services are consumed.

6. Property and Equipment and Depreciation

Capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their market values as of the date received. The Council has established a capitalization threshold of \$1,000 per unit cost. The Council does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciation of buildings, furniture and equipment, and vehicles is computed using the straight-line method over an established useful life of five years for furniture, equipment and vehicles and forty years for buildings. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets.

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015
Capital assets being depreciated				
Building and improvements	\$ 1,132,037	\$ -	\$ -	\$ 1,132,037
Vehicles	132,171	-	-	132,171
Furniture and equipment	<u>1,604,182</u>	<u>70,360</u>	<u>-</u>	<u>1,674,542</u>
Total capital assets being depreciated	2,868,390	70,360	-	2,938,750
Less accumulated depreciation				
Building and improvements	(703,929)	(47,906)	-	(751,835)
Vehicles	(115,113)	(4,265)	-	(119,378)
Furniture and equipment	<u>(1,380,325)</u>	<u>(74,971)</u>	<u>-</u>	<u>(1,455,296)</u>
Total accumulated depreciation	<u>(2,199,367)</u>	<u>(127,142)</u>	<u>-</u>	<u>(2,326,509)</u>
Total capital assets being depreciated, net	669,023	(56,782)	-	612,241
Land not being depreciated	<u>123,170</u>	<u>-</u>	<u>-</u>	<u>123,170</u>
Total net capital assets	<u>\$ 792,193</u>	<u>\$ (56,782)</u>	<u>\$ -</u>	<u>\$ 735,411</u>

Miami Valley Communications Council  
 Montgomery County  
 Notes to the Basic Financial Statements – Continued  
 December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Council will compensate the employees for the benefits through paid time off or some other means. The Council records a liability for accumulated unused vacation time when earned for all employees. The entire amount of the liability is reported in the fund from which the employee is paid.

Employees may accumulate up to 240 hours of vacation leave and up to 2,080 hours of sick leave. Upon retirement, an employee will be compensated for unused vacation time and one-third of their accrued sick leave in excess of 400 hours at the current rate of pay.

The entire compensated absences liability is reported on the entity-wide financial statements. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due upon the occurrence of employee resignations and retirements. The noncurrent portion of the liability is not reported.

	Balance 1/1/2015	Increase	Decrease	Balance 12/31/2015	Due within One Year
Compensated Absences	\$ 50,043	\$ 57,747	\$ 50,043	\$ 57,747	\$ 14,437

8. 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 position 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.

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made out of it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. For the statement of activities, interfund transfers within the governmental activities are netted and eliminated.

10. Advertising

The Council's policy is to expense advertising costs as incurred.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. Use of Estimates

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

12. Fund Balance

The Council has two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. At year end, the Council had \$8,182 in prepaid expenses related to the Council's insurance that were considered nonspendable.

In addition to the nonspendable fund balance, the Council has provided a hierarchy of spendable fund balances based spending constraints.

- Restricted: fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed: fund balance amounts that are obligated to a specific purpose which are internally imposed by the Council through formal action (Resolutions) at the highest level of decision making authority (the Council).
- Assigned: fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the Council for specific purposes through the budget process or agenda items.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Council's fund balances at year end were as follows:

Spendable: The Council's spendable fund balances at year-end were classified as Committed and Unassigned. The Council had no funds classified as Restricted or Assigned at year-end.

Committed to building improvements: The Council has set aside certain spendable fund balance for building improvements. At year end, the committed balance for building improvements was \$131,303.

Committed to contingency reserve: The Council has designated a certain balance within the General Fund to be used for a contingency reserve. The reserve was initially funded with a designation of \$420,000 by the Council. The purpose of this reserve was to provide a source of funding should the Council experience any significant decrease in its revenue sources. In 1997, the Council approved a limit for the Contingency Reserve at an amount not to exceed \$600,000 and that any cash in excess of that limit will be used for future building improvements. As such, all interest earned on the Contingency Reserve funds during 2015 (\$768) was allocated to the Building Improvement Fund. At year end, the committed balance for the contingency reserve was \$600,000.

Miami Valley Communications Council  
 Montgomery County  
 Notes to the Basic Financial Statements – Continued  
 December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Fund Balance – Continued

Unassigned: At year-end, the unassigned fund balance for the General Fund was \$2,120,981.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the General Fund, it is the Council's policy to use unassigned resources first, then assigned, and then committed as needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any other governmental fund, it is the Council's policy to use committed resources first, then assigned, and then unassigned as needed.

13. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Council applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE C – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATE OF NET POSITION

For 2015, the Council implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

Net Position December 31, 2014	\$3,499,965
Adjustments:	
Net Pension Liability	(632,464)
Deferred Outflow – Payments Subsequent to Measurement Date	<u>89,047</u>
Restated Net Position December 31, 2014	<u>\$2,956,548</u>

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

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE D – RELATED PARTY TRANSACTIONS

The Council provides substantial funding as well as administrative and clerical services to Tactical Crime Suppression Unit (TCSU). The Tactical Crime Suppression Unit is a committee of Police Chiefs of the Council's member cities which meet to discuss training, share information, and work on cooperative projects, including the sharing of specialized equipment (surveillance), services (polygraph), and training (Fire Arms Training System). During 2015, the Council acted as the fiscal agent for TCSU and provided approximately \$208,933 in funding to the group.

NOTE E – DEPOSITS AND INVESTMENTS

Protection of the Council's deposits is provided by the Federal Deposits Insurance Corporation (FDIC) or by a single collateral pool established by the financial institution to secure the repayment for all public monies deposited with the institution.

1. Deposits

At year-end, the carrying amount of the Council's deposits was \$1,932,931 including \$200 of petty cash maintained on hand. The bank balance was \$1,933,663. Of the bank balance, \$254,064 was covered by federal depository insurance and \$1,679,599 was covered by pooled collateral held in the pledging banks' trust departments in the Council's name.

Although the securities serving as collateral were held by the pledging financial institutions' trust departments in the Council's name, and all state statutory requirements for the deposits of money had been followed, noncompliance with federal requirements would potentially subject the Council to a successful claim by the Federal Deposit Insurance Corporation.

2. Investments

State statute classifies monies held by the Council into three categories, active deposits, inactive deposits, and interim deposits. Active deposits are public deposits determined to be necessary to meet current demands upon the Council's Treasury.

Active monies must be maintained either as cash in the Council Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE E – DEPOSITS AND INVESTMENTS – Continued

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Associate, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) and (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Council may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and,
3. Obligations of the Council.

Investments made by governmental entities are categorized to give an indication of the level of the risk assumed by the entity at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the Council or its agent in the Council's name. Category 2 includes uninsured or unregistered investments which are held by the counterparty's trust department or agent in the Council's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Council's name.

The Council's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified since they are not evidenced by securities that exist in physical or book entry form. The Council's investments at year end were limited to STAR Ohio. The carrying value and the market value of these investments at December 31, 2015, was \$765,140.

Miami Valley Communications Council  
 Montgomery County  
 Notes to the Basic Financial Statements – Continued  
 December 31, 2015

NOTE E – DEPOSITS AND INVESTMENTS – Continued

STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2015.

*Interest rate risk:* The Investment Policy of the Council limits the purchase of securities to those with a stated final maturity of no more than one (1) year from the date of purchase.

*Credit risk:* Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. The investment Policy of the Council permits investments to STAR Ohio.

*Concentration of credit risk:* One hundred percent is invested in STAR Ohio. There is no provision in the Council’s Investment Policy which addresses concentration of credit risk.

	<u>Demand Deposits</u>	<u>Investments</u>
Cash and Cash Equivalents per Financial Statements	\$ 2,698,071	\$ -
Investments Star Ohio	<u>(765,140)</u>	<u>765,140</u>
Total Demand Deposits and Investments	\$ <u>1,932,931</u>	\$ <u>765,140</u>
Cash and cash equivalents per Financial Statements		
Government Activities	\$ 2,616,655	
Agency Funds	<u>81,416</u>	
	<u>\$ 2,698,071</u>	

NOTE F – DEFINED BENEFIT PENSION PLANS

**Net Pension Liability**

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

The net pension liability represents the Council’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.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

Ohio Revised Code limits the Council’s obligation for this liability to annually required payments. The Council cannot control benefit terms or the manner in which pensions are financed; however, the Council 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.

**Plan Description and Plan Benefits - Ohio Public Employees Retirement System (OPERS)**

OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’s fiduciary net position. That report can be obtained by visiting <https://www.opers.org/about/finance/index.shtml>.

*The Traditional Pension Plan.* The Traditional Pension Plan is a defined benefit plan in which a member’s retirement benefits are calculated on a formula that considers years of service and final average salary. The pension benefits are funded by both member and employer contributions, and investment earnings on those contributions.

*The Combined Plan.* The Combined Plan is a defined benefit plan with elements of a defined contribution plan. Under the Combined Plan, members earn a formula benefit similar to, but at a factor less than, the Traditional Pension Plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member’s contributions to the plan and investment earnings (or losses) on those contributions. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

*The Member-Directed Plan.* The Member-Directed Plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The retirement distribution under this plan is equal to the sum of member and vested employer contributions, plus investment earnings (or losses) on those contributions. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20% per year. Upon retirement or termination, the member may choose a defined contribution retirement distribution, or may elect to use his/her defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Plan benefits, and any benefit increases, are established by legislature pursuant to Chapter 145 of the Ohio Revised Code. The Board of Trustees, pursuant to Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined plan retirees and survivors of members. Health care coverage does not vest and is not required under Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the Board.

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

*Age and Service Defined Benefits.* Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Members in transition Group C are eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. The final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on an average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age and service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's final average salary for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's final average salary for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions, plus or minus any investment gains or losses on those contributions.

Miami Valley Communications Council  
 Montgomery County  
 Notes to the Basic Financial Statements – Continued  
 December 31, 2015

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

*Defined Contribution Benefits.* Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan was discussed above. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the member-s contributions, vested employer contributions and investment gains and losses resulting from the member’s investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld or a combination of these options.

Additional information on other benefits available can be found in the OPERS CAFR.

**Funding Policy**

The OPERS funding policy provides for periodic employee and employer contributions to all three plans at rates established by the Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of OPERS’ external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2015. Plan members were required to contribute 10% of covered payroll. The Council’s contribution rate was 14% of covered payroll.

The Council’s contractually required contributions to OPERS for 2015 was \$104,308.

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

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council’s proportion of the net pension liability was based on the Council’s share of contributions to the pension plan relative to the contributions of all participating entities. For reporting purposes, the Council combined the amounts for both the Traditional and Combined plans, due to insignificance of the amounts that related to the Combined Plan. The Council reported a net pension liability of \$647,079 as its proportionate share. Following is information related to the proportionate share and pension expense for the Traditional Plan:

Proportionate Share of Net Pension Liability	\$	647,079
Proportion of the Net Pension Liability		0.005365%
Pension Expense	\$	80,504

Miami Valley Communications Council  
 Montgomery County  
 Notes to the Basic Financial Statements – Continued  
 December 31, 2015

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

At December 31, 2015, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Traditional Plan:

<b>Deferred Outflows of Resources</b>	
Differences between projected and actual earnings on investments	\$ 34,526
Council contributions subsequent to the measurement date	<u>89,407</u>
Total Deferred Outflows of Resources	<u>\$ 123,933</u>

<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	<u>\$ 11,368</u>

\$89,407 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows for the Traditional Plan:

Fiscal Year Ending June 30:	
2016	\$ 3,386
2017	3,386
2018	7,754
2019	8,632
2020	-
Thereafter	<u>-</u>
	<u>\$ 23,158</u>

**Actuarial Assumptions**

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 total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%
Wage inflation	3.75%
Projected salary increases	4.25% - 10.05% (includes wage inflation at 3.75%)
Cost-of-living adjustments	3.00% Simple
Actuarial cost method	Individual Entry Age

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

Mortality rates are the RP-2000 mortality table projected 20 years using Projected Scale AA. For males, 105% of the combined health male mortality rates were used. For females, 100% of the combined health 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% of the disable female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

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

**Long Term Expected Rate of Return**

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. OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long Term Expected Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	<u>18.00%</u>	4.59%
Total	<u>100.00%</u>	5.28%

**Discount Rate**

The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Miami Valley Communications Council  
 Montgomery County  
 Notes to the Basic Financial Statements – Continued  
 December 31, 2015

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following chart represents the Council’s proportionate share in thousands of the net pension liability at the 8% discount rate as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate (in thousands):

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Council's proportionate share of the net pension liability	\$ 1,190,440	\$ 647,079	\$ 189,438

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

**Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined 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 plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided 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/investments/cafr.shtml>, 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 post-retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Miami Valley Communications Council  
Montgomery County  
Notes to the Basic Financial Statements – Continued  
December 31, 2015

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. Effective January 1, 2016, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees 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 Council's contributions allocated to fund post-employment health care benefits for the fiscal years ended December 31, 2015, 2014 and 2013 were \$14,895, \$14,835 and \$8,156, respectively, which equaled the required contributions each year.

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

NOTE H – REVENUES

Under the franchise agreement between Time Warner Cable, AT&T and the eight (8) member cities the Council receives 5% of gross revenues from cable providers in membership cities. The Ohio SB117 superseded prior franchise agreements and redefined the definition of "gross revenues". The SB117 definition removed some services previously considered "gross revenues" and did away with monetary contributions by cable providers for vehicle and capital equipment replacement.

NOTE I – RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters. The Council maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicle. Vehicle policies include liability coverage for bodily injury and property damage. Settlement claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last year.

Miami Valley Communications Council  
 Montgomery County  
 Required Supplementary Information  
 Schedule of the Council's Proportionate Share of the Net Pension Liability  
 Last Two Fiscal Years (1)

<u>Ohio Public Employees Retirement System - Traditional Plan</u>	<u>2014</u>	<u>2013</u>
Council's Proportion of the Net Position Liability	0.005365%	0.005365%
Council's Proportionate Share of the Net Pension Liability	\$ 647,079	\$ 632,464
Council's Covered-Employee Payroll	\$ 742,058	\$ 815,592
Council's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	87.20%	77.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Miami Valley Communications Council  
 Montgomery County  
 Required Supplementary Information  
 Schedule of Council Contributions  
 Last Four Fiscal Years (1)

<u>Ohio Public Employees Retirement System - Traditional Plan</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 89,407	\$ 89,047	\$ 106,027	\$ 82,499
Contributions in Relation to the Contractually Required Contribution	<u>(89,407)</u>	<u>(89,047)</u>	<u>(106,027)</u>	<u>(82,499)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council Covered-Employee Payroll	\$ 745,058	\$ 742,058	\$ 815,592	\$ 824,990
Contributions as a Percentage of Council Covered-Employee Payroll	12.00%	12.00%	13.00%	10.00%

(1) - Information prior to 2012 is not available.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Miami Valley Communications Council  
Montgomery County  
1195 East Alex Bell Road  
Centerville, Ohio 45459

To the Council:

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 Miami Valley Communication Council, Montgomery County, (the Council) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated July 26, 2016, wherein we noted the Council adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Council'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 Council'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 Council'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 Council'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 Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 26, 2016

**MIAMI VALLEY COMMUNICATIONS COUNCIL  
MONTGOMERY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Council did not report a bank account on their Agency fund statement.	Corrective Action Taken and Finding is Fully Corrected	None

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**MIAMI VALLEY COMMUNICATIONS COUNCIL**

**MONTGOMERY 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  
AUGUST 9, 2016**