Community Programming Board

Regional Council of Governments

WAYCROSS

BUILDING COMMUNITY THROUGH COMMUNICATIONS

Basic Financial Statements

December 31, 2018

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Community Programming Board Regional Council of Governments
2086 Waycross Road
Forest Park, Ohio 45240

We have reviewed the *Independent Auditor's Report* of the Community Programming Board Regional Council of Governments, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Community Programming Board Regional Council of Governments is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 29, 2020

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Programming Board Regional Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of Community Programming Board Regional Council of Governments (the Board) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Programming Board Regional Council of Governments, as of December 31, 2018, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

8230 MONTGOMERY ROAD, SUITE 150 / CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760
TWO PRESTIGE PLACE, SUITE 240 / DAYTON, OH 45342 • (937) 433-0400 • FAX (937) 433-0429
www.plattenburg.com

Emphasis of Matters

As discussed in Note 10 to the financial statements, during the year ended December 31, 2018, the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. We did not modify our opinion regarding this matter.

As discussed in Note 11 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. 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 that the management's discussion and analysis and schedules of pension information and other postemployment information to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of the Board'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 Board's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 25, 2020

The discussion and analysis of Community Programming Board's (the Board) financial performance provides an overall review of the financial activities for the fiscal year ended December 31, 2018. The intent of this discussion and analysis is to look at the Board'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 Board's financial performance.

Financial Highlights

- Total net position was $642,674 in fiscal year 2018, a decrease of $64,739 from the previous year.

- Total assets were $1,118,772 in fiscal year 2018.

- The operating revenue for fiscal year 2018 was $476,385 and the operating expenses for fiscal year 2018 were $542,946.

Using this Annual Financial Report

This financial report contains the basic financial statements of the Board, as well as the management's discussion and analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Board reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity-wide and the fund presentation are the same.

Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net position

The statement of net position and the statement of revenues, expenses and changes in net position answer the question, "How did we do financially during the fiscal year?" The statement of net position includes all assets and deferred outflows of resources, and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement 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.

The statement of revenues, expenses and changes in net position reports the changes in net position. This change in net position is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

These statements report the Board's net position, however, in evaluating the overall position and financial viability of the Board, non-financial information such as the condition of the Board's building and potential changes in the laws governing council of governments in the State of Ohio will also need to be evaluated.

The Board as a Whole

As stated previously, the statement of net position provides the perspective of the Board as a whole. Table 1 provides a summary of the Board's net position for 2018 and 2017.

Table 1
Net Position

	2018	2017-Restated
Assets:		
Current and Other Assets	$883,909	$911,958
Capital Assets, Net	234,863	217,221
Total Assets	1,118,772	1,129,179
Deferred Outflows of Resources:		
Pension	61,524	160,287
OPEB	11,987	2,128
Total Outflows	73,511	162,415
Liabilities:		
Other Liabilities	5,702	4,215
Long-Term Liabilities	466,909	577,072
Total Liabilities	472,611	581,287
Deferred Inflows of Resources:		
Pension	62,593	2,894
OPEB	14,405	0
Total Inflows	76,998	2,894
Net Position:		
Investment in Capital Assets	234,863	217,221
Unrestricted	407,811	490,192
Total Net Position	$642,674	$707,413

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the Board is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $860,146 to $707,413.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the Board's assets and deferred outflows exceeded liabilities and deferred inflows by $642,674.

At year end, capital assets represented 21% of total assets. Capital assets include land, buildings and improvements, and equipment. The amount of net investment in capital assets at December 31, 2018, was $234,863. Net Capital Assets increased mainly due the Board's current year additions exceeding depreciation expense. Total liabilities decreased mainly due to the decrease in net pension liability from 2017 to 2018.

Table 2 shows the changes in net position for the fiscal year ended December 31, 2018.

This Space Intentionally Left Blank

Table 2
Changes in Net Position

	2018	2017
Operating Revenues:		
Charges for Services	$460,597	$390,351
Other Revenues	15,788	15,120
Total Operating Revenues	476,385	405,471
Operating Expenses:		
Personnel Services	379,216	363,563
Contractual Services	106,908	95,298
Materials and Supplies	16,504	6,896
Depreciation	30,031	23,221
Other	10,287	9,896
Total Operating Expenses	542,946	498,874
Operating Income (Loss)	(66,561)	(93,403)
Non-Operating Revenues (Expenses):		
Investment Earnings	1,822	8,407
Total Non-Operating Revenues (Expenses)	1,822	8,407
Change in Net Position	(64,739)	(84,996)
Net Position - Beginning of Year, Restated	707,413	N/A
Net Position - End of Year	$642,674	$707,413

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $2,128 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $12,574. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 operating expenses under GASB 75	$542,946
OPEB expense under GASB 75	12,574
2018 contractually required contribution	0
Adjusted 2018 operating expenses	555,520
Total 2017 operating expenses under GASB 45	498,874
Change in operating expenses not related to OPEB	$56,646

The increase in operating expenses is due to the increase in pension expense from net pension liability (personnel services), while operating revenues increased due to an increase in contractual income and franchise fee income.

Capital Assets

At December 31, 2018, the Board had $234,863 in net capital assets.

Debt

At December 31, 2018, the Board did not have any outstanding debt obligations.

Contacting the Board

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it. If you have any questions about this report or need additional financial information, contact Chip Bergquist, Executive Director, at the Community Programming Board, 2086 Waycross Road, Forest Park, OH 45240.

Community Programming Board Regional Council of Governments
Statement of Net Position
December 31, 2018

Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	$794,138
Receivables:	
Interest	1,241
Franchise Fee	88,530
Total Current Assets	883,909
Noncurrent Assets:	
Nondepreciable Capital Assets	75,164
Depreciable Capital Assets, Net	159,699
Total Noncurrent Assets	234,863
Total Assets	1,118,772
Deferred Outflows of Resources:	
Pension	61,524
OPEB	11,987
Total Deferred Outflows of Resources	73,511
Liabilities:	
Current Liabilities:	
Accounts Payable	1,137
Accrued Wages and Benefits	4,565
Total Current Liabilities	5,702
Long-Term Liabilities:	
Compensated Absences	51,442
Net Pension Liability	252,578
Net OPEB Liability	162,889
Total Long-Term Liabilities	466,909
Total Liabilities	472,611
Deferred Inflows of Resources:	
Pension	62,593
OPEB	14,405
Total Deferred Inflows of Resources	76,998
Net Position:	
Investment in Capital Assets	234,863
Unrestricted	407,811
Total Net Position	$642,674

See accompanying notes to the basic financial statements.

Community Programming Board Regional Council of Governments
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended December 31, 2018

Operating Revenues:	
Charges for Services	$460,597
Other Operating Revenues	15,788
Total Operating Revenues	476,385
Operating Expenses:	
Personnel Services	379,216
Contractual Services	106,908
Materials and Supplies	16,504
Depreciation	30,031
Other	10,287
Total Operating Expenses	542,946
Operating Income (Loss)	(66,561)
Non-Operating Revenues (Expenses):	
Investment Earnings	1,822
Total Non-Operating Revenues (Expenses)	1,822
Change in Net Position	(64,739)
Net Position - Beginning of Year, Restated	707,413
Net Position - End of Year	$642,674

See accompanying notes to the basic financial statements.

Community Programming Board Regional Council of Governments
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2018

Cash Flows from Operating Activities:	
Cash Received from Contractual Services and Franchise Fees	$454,716
Other Operating Cash Receipts	15,788
Cash Payments to Employees for Salaries and Benefits	(326,021)
Cash Payments to Contractual Services	(105,823)
Cash Payments for Materials, Supplies and Other Services	(16,452)
Cash Payments for Other Expenses	(10,287)
Net Cash Provided (Used) by Operating Activities	11,921
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(47,673)
Net Cash Provided (Used) by Capital and Related Financing Activities	(47,673)
Cash Flows from Investing Activities:	
Earnings on Investments	1,767
Net Cash Provided (Used) by Cash Flows from Investing Activities	1,767
Net Increase (Decrease) in Cash and Cash Equivalents	(33,985)
Cash and Cash Equivalents - Beginning of Year	828,123
Cash and Cash Equivalents - End of Year	794,138
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(66,561)
Adjustments:	
Depreciation	30,031
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	(5,881)
(Increase) Decrease in Deferred Outflows of Resources	86,776
Increase (Decrease) in Accrued Liabilities	1,770
Increase (Decrease) in Payables	1,137
Increase (Decrease) in Deferred Inflows of Resources	74,104
Increase (Decrease) in Net Pension Liability	(119,611)
Increase (Decrease) in Net OPEB Liability	10,156
Net Cash Provided (Used) by Operating Activities	$11,921

See accompanying notes to the basic financial statements.

Note 1 – Description of the Board and Reporting Entity

Organization

The Community Programming Board Regional Council of Governments ("Board") was formed in 2014 by the City of Forest Park and the Village of Greenhills. Prior to 2014, the CPB operated as a jointly governed operating board among the City of Forest Park, Village of Greenhills and Springfield Township that was formed during 1982. The jointly governed organization was formed for the purpose of providing community programming and cable regulatory services for their citizens. The Board of Directors is comprised of a chairman and ten individuals drawn from local residents of the two communities. Each community has five members on the Board. The degree of control exercised by any participating city or township is limited to its representation by their citizens. Elected officials of the two communities appoint individuals to serve on the Community Programming Board of Directors – one appointed member from each community must be an elected council person. The Chairman is jointly appointed by the communities. The Board of Directors' responsibilities include establishment and review of programming policies, resolution of policy disputes and questions of equal treatment for access users, fiscal controls and the creation and promotion of the media center and Community Access channels. In addition, the Community Programming Board coordinates regulatory efforts for member communities and provides expertise on other matters regarding the local cable system(s) and other forms of electronic communications.

The Community Programming Board Regional Council of Governments is not locked into services for these two entities alone. Communities may leave the joint effort or other communities could join. The Board also provides services to Colerain Township and Springfield Township via Memorandums of Understanding between the board and these local governments.

The Communities involved have directed Spectrum (formerly Time Warner Cable) and Cincinnati Bell Fioptics Cable to pay franchise fees for the use of the streets and other facilities in the operation of the Cable Television System a sum equal to five percent of the Gross Revenues for each and every quarter year, pursuant to the state Video Service Provider law.

It should be noted that the franchise costs are obligations of the cable companies, but are collected from subscribers via a separate line item on their cable bills. The fees are paid by Spectrum (formerly Time Warner Cable) and Cincinnati Bell Fioptics Cable and they have been directed by the two participating communities to pay these franchise fees (which would otherwise go to the participating communities) to the Community Programming Board.

The City of Forest Park serves as the fiscal agent for the Community Programming Board Regional Council of Governments.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Board uses the accrual basis of accounting to prepare its financial statements and maintains subsidiary ledgers to identify revenues and expenses by detailed program. Activities not specifically related to a program are classified as general and administrative transactions. The Statement of Revenues, Expenses and Changes in Net Position reflects activities by major program category.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 Board, deferred outflows of resources have been reported for the following two items related the Board's net pension/OPEB liability: (1) the difference between expected and actual experience of the pension systems, and (2) the Board's contributions to the pension/OPEB systems subsequent to the measurement date. The deferred outflows of resources related to the pension is reported on the governmental-wide statements of net position, see notes 8 and 9.

In addition to liabilities, the statements of net 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 as an inflow of resources (revenue) until that time. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows related to the pension/OPEB is reported on the government-wide statement of net position, see notes 8 and 9.

Operating Revenues and Expenses

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Equity in Pooled Cash and Investments

To improve cash management the Board's cash and investments are pooled. Monies for all funds, except cash and investments held in segregated accounts, are maintained in this pool. Individual fund integrity is maintained through Board records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the statement of net position. For presentation on the statement of net position, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

For purposes of the Statement of Cash Flows, the Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investment earnings credited amounted to $1,822.

Capital Assets

Capital assets with a cost of $1,000 or greater are capitalized at cost and are depreciated on the straight-line method over the asset's estimated useful life. The Board's capital assets consist primarily of office furniture, computers, television production equipment and vehicles. The Board depreciates office furniture and equipment over a ten year period with one-half year depreciation taken in the year of purchase and disposal. Computers are depreciated over a three year period beginning in the month of purchase. Video production equipment is depreciated over a seven year period. Buildings and improvements are depreciated over a thirty year period.

Compensated Absences

The Board reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the statement of net position.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the statement of net position.

Income Taxes

The Board is exempt from federal income taxes as a Council of Governments, political subdivision of the State of Ohio.

Franchise Fees Receivable

The franchise fees are received from two major franchisees. Per the franchise agreement with the cable company providing services in the area, the participating communities receive five percent (5%) of the franchisee's gross receipts, which is allocated to fund the Board. The Board recognizes receipts when received.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. 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 Board or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

The Board applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. None of the restricted net position was restricted by enabling legislation.

Estimates

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

Note 3 - Equity in Pooled Cash and Investments

Statutes authorize the Board to invest in obligations of the U.S. Treasury and U.S. agencies, the State Treasurer's (Ohio) investment pool, repurchase agreements, certificates of deposit, and other instruments authorized by Section 135 of the Ohio Revised Code.

Deposits

Custodial credit risk is the risk that in the event of a bank failure the Board's deposits may not be returned. Protection of the Board's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledges by the institutions holding the assets.

Ohio law requires that deposits either be insured or protected by: Eligible securities pledged to the Board and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

As of December 31, 2018, none of the Board's bank balance of $277,691 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Board's name.

Investments

As of December 31, 2018, the Board had the following investments:

Investment Type	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Funds	$3,214	N/A	0.00
Negotiable CD's	515,770	Level 2	2.81
Total Investments	$518,984		
Portfolio Weighted Average Maturity			2.79

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Board's recurring fair value measurements as of year-end. All investments of the Board are valued using quoted market prices.

Interest Rate Risk - In accordance with the investment policy, the Board manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit and Concentration Risk – It is the Board's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The Board's investments are 0.6% in Money Market Funds and 99.4% in Negotiable CDs and are not rated.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Board's securities are either insured and registered in the name of the Board or at least registered in the name of the Board.

Note 4 – Capital Assets

Changes in capital assets for the year that ended December 31, 2018 are summarized below:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Historical Cost:				
Land	$75,164	$0	$0	$75,164
Building and Improvements	309,836	0	0	309,836
Equipment	1,191,955	47,673	0	1,239,628
Totals at Historical Cost	1,576,955	47,673	0	1,624,628
Less Accumulated Depreciation:				
Buildings and Improvements	216,886	10,328	0	227,214
Equipment	1,142,848	19,703	0	1,162,551
Total Accumulated Depreciation	1,359,734	30,031	0	1,389,765
Capital Assets, Net	$217,221	$17,642	$0	$234,863

Note 5 – Risk Management

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Broadcast Liability
- Directors and Officers

Note 6 – Compensated Absences

Changes in compensated absences for the year that ended December 31, 2018 are summarized below:

Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
$50,022	$1,420	$0	$51,442	$0

Note 7 – Contingent Liabilities

Project work performed under grants and contracts is subject to final acceptance by the grantor and contracting agencies. Costs claimed for work performed under grants and contracts which are not acceptable to the grantor or contracting agency may be subject to recovery by the grantor or contracting agency. The management of the Board believes that project work has been satisfactorily performed.

Note 8 – Defined Benefit Pension Plans

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the tradition and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

This Space Intentionally Left Blank

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

Final average Salary (FAS) 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 the 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 benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2018, The Board's contractually required contribution was $28,550 for the traditional plan.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the Board's defined benefit pension plans:

	OPERS
Proportionate Share of the:	
Net Pension Liability	$252,578
Proportion of the Net Pension Liability:	
Current Measurement Date	0.00161000%
Prior Measurement Date	0.00163900%
Change in Proportionate Share	-0.00002900%
Pension Expense	$67,401

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

	OPERS
Deferred Outflows of Resources:	
Differences between expected and actual experience	$258
Changes in assumptions	30,185
Changes in employer proportionate share of net pension liability	2,531
Contributions subsequent to the measurement date	28,550
Total Deferred Outflows of Resources	$61,524
Deferred Inflows of Resources:	
Differences between expected and actual experience	$4,978
Net difference between projected and actual earnings on pension plan investments	54,225
Changes in employer proportionate share of net pension liability	3,390
Total Deferred Inflows of Resources	$62,593

$28,550 reported as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2019	$23,276
2020	(6,735)
2021	(23,878)
2022	(22,282)
2023	0
Thereafter	0
Total	($29,619)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

OPERS Traditional Plan	
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

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

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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

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 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other investments	18.00%	5.26%
Total	100.00%	5.66%

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share			
of the net pension liability:			
OPERS	$400,214	$252,578	$89,226

Changes between Measurement Date and Report Date In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the Board's net pension liability is not known.

Note 9 – Post Employment Benefits

Net Other Postemployment Benefits (OPEB) Liability

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The net OPEB liability represents the Board's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Board's obligation for this liability to annually required payments. The Board cannot control benefit terms or the manner in which OPEB are financed; however, the Board does receive the benefit of employees' services in exchange for compensation including OPEB. GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included as a liability on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care. Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was $0 for 2018.

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportionate Share of the:	
Net OPEB Liability	$162,889
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00150000%
Prior Measurement Date	0.00153323%
Change in Proportionate Share	-0.00003323%
OPEB Expense	$12,574

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

	OPERS
Deferred Outflows of Resources:	
Differences between expected and actual experience	$127
Changes in assumptions	11,860
Total Deferred Outflows of Resources	$11,987
Deferred Inflows of Resources:	
Net difference between projected and actual earnings on OPEB plan investments	$12,135
Changes in employer proportionate share of net OPEB liability	2,270
Total Deferred Inflows of Resources	$14,405

$0 reported as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2019	$1,612
2020	1,612
2021	(2,608)
2022	(3,034)
2023	0
Thereafter	0
Total	($2,418)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

This Space Intentionally Left Blank

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	1.88%
Domestic Equities	21.00%	6.37%
Real Estate Investment Trust	6.00%	5.91%
International Equities	22.00%	7.88%
Other investments	17.00%	5.39%
Total	100.00%	4.98%

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Board's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Board's proportionate share of the net OPEB liability:			
OPERS	$216,405	$162,889	$119,595

Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Board's proportionate share of the net OPEB liability			
OPERS	$155,850	$162,889	$170,160

Changes between Measurement Date and Report Date In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of impact to the Board's net OPEB liability is not known.

Note 10 – Implementation of New Accounting Principles and Restatement of Net Position

For fiscal year 2018, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishments.* GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in notes to the basic financial statements, and added required supplementary information which can be found following these notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the Board.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Board.

A net position restatement is required in order to implement GASB Statement No. 75. The Net Position at December 31, 2017 has been restated as follows:

Net position as previously reported	$860,146
Adjustments:	
Net OPEB Liabililty	(154,861)
Deferred Outflow	
Payments Subsequent to Measurement Date	2,128
Restated Net Position December 31, 2017	$707,413

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

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. The investments of the pension and other employee benefit plan in which the Board participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Board’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

Community Programming Board Regional Council of Governments
Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
Board's Proportion of the Net Pension Liability	0.00161000%	0.00163900%	0.00164700%	0.00123500%	0.00123500%
Board's Proportionate Share of the Net Pension Liability	$252,578	$372,189	$285,281	$148,955	$145,590
Board's Covered Payroll	$212,792	$211,883	$239,150	$228,550	$207,779
Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.70%	175.66%	119.29%	65.17%	70.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

Community Programming Board Regional Council of Governments
Required Supplementary Information
Schedule of Board Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
Contractually Required Contribution	$28,550	$27,663	$25,426	$28,698	$27,426
Contributions in Relation to the Contractually Required Contribution	(28,550)	(27,663)	(25,426)	(28,698)	(27,426)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Board Covered Payroll	$203,929	$212,792	$211,883	$239,150	$228,550
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

Community Programming Board Regional Council of Governments
Required Supplementary Information
Schedule of the Board's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Two Fiscal Years (1)

	2018	2017
Board's Proportion of the Net OPEB Liability	0.00150000%	0.00153323%
Board's Proportionate Share of the Net OPEB Liability	$162,889	$154,861
Board's Covered Payroll	$212,792	$211,883
Board's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.55%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Community Programming Board Regional Council of Governments
Required Supplementary Information
Schedule of Board Contributions to
Postemployment Benefits Other Than Pension (OPEB)
Ohio Public Employees Retirement System - Traditional Plan
Last Three Fiscal Years (1)

	2018	2017	2016
Contractually Required Contribution to OPEB	$0	$2,128	$4,238
Contributions to OPEB in Relation to the Contractually Required Contribution	0	(2,128)	(4,238)
Contribution Deficiency (Excess)	$0	$0	$0
Board Covered Payroll	$203,929	$212,792	$211,883
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	1.00%	2.00%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Note 1 – Net Pension Liability

Ohio Public Employees Retirement System

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:
2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Changes between Measurement Date and Report Date: In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the Board's net pension liability is not known.

Note 2 – Net OPEB Liability

Ohio Public Employees Retirement System

Changes in benefit terms: There were no changes in benefit terms for 2018.

Changes in assumptions: The single discount rate changed from 4.23% to 3.85% for 2018.

Community Programming Board

Regional Council of Governments

WAYCROSS

BUILDING COMMUNITY THROUGH COMMUNICATIONS

Yellow Book Report

December 31, 2018

PLATTENBURG

Certified Public Accountants

PLATTENBURG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Community Programming Board Regional Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Programming Board Regional Council of Governments (the Board), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated June 25, 2020, wherein we noted the Board adopted GASB No. 75 as disclosed in Note 10.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

8230 MONTGOMERY ROAD, SUITE 150 / CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760
TWO PRESTIGE PLACE, SUITE 240 / DAYTON, OH 45342 • (937) 433-0400 • FAX (937) 433-0429
www.plattenburg.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
June 25, 2020

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

COMMUNITY PROGRAMMING BOARD REGIONAL COUNCIL OF GOVERNMENTS

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 8/11/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370