

**COMMUNITY PROGRAMMING BOARD
REGIONAL COUNCIL OF GOVERNMENTS**

HAMILTON COUNTY



REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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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, 2022 through December 31, 2023. 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.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

June 28, 2024

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**COMMUNITY PROGRAMMING BOARD REGIONAL COUNCIL OF GOVERNMENTS
HAMILTON COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Programming Board Regional Council of Governments

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 8, 2024, 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 solely 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 the effectiveness of the Board's 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 8, 2024

Community Programming Board Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2023
(Unaudited)

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, 2023. 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 \$587,164 in fiscal year 2023, a decrease of \$7,455 from the previous year.
- Total assets were \$910,765 in fiscal year 2023.
- The operating revenue for fiscal year 2023 was \$464,520 and the operating expenses for fiscal year 2023 were \$474,323.

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.

Community Programming Board Regional Council of Governments
Management’s Discussion and Analysis
For the Fiscal Year Ended December 31, 2023
(Unaudited)

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 2023 and 2022.

Table 1
Net Position

	2023	2022
Assets:		
Current and Other Assets	\$742,590	\$779,804
Capital Assets, Net	168,175	165,751
Net OPEB Asset	0	46,857
Total Assets	910,765	992,412
Deferred Outflows of Resources:		
Pension	180,828	55,981
OPEB	26,545	0
Total Outflows	207,373	55,981
Liabilities:		
Other Liabilities	17,510	13,576
Long-Term Liabilities	500,770	216,566
Total Liabilities	518,280	230,142
Deferred Inflows of Resources:		
Pension	9,546	173,915
OPEB	3,148	49,717
Total Inflows	12,694	223,632
Net Position:		
Net Investment in Capital Assets	168,175	165,751
Unrestricted	418,989	428,868
Total Net Position	\$587,164	\$594,619

Over time, net position can serve as a useful indicator of a government’s financial position. At December 31, 2023, the Board’s assets and deferred outflows exceeded liabilities and deferred inflows by \$587,164.

At year end, capital assets represented 18.5% of total assets. Capital assets include land, buildings and improvements, and equipment. The amount of net investment in capital assets at December 31, 2023, was \$168,175. Net Capital Assets decreased mainly due to the Board’s disposal of assets. Total liabilities increased mainly due to the increase in net pension liability from 2022 to 2023.

Community Programming Board Regional Council of Governments
Management’s Discussion and Analysis
For the Fiscal Year Ended December 31, 2023
(Unaudited)

Table 2 shows the changes in net position for the fiscal year ended December 31, 2023.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Charges for Services	\$457,885	\$415,157
Other Revenues	<u>6,635</u>	<u>8,385</u>
Total Operating Revenues	<u>464,520</u>	<u>423,542</u>
Operating Expenses:		
Personnel Services	332,903	227,363
Contractual Services	81,812	131,031
Materials and Supplies	18,107	16,238
Depreciation	32,408	30,866
Other	<u>9,093</u>	<u>11,007</u>
Total Operating Expenses	<u>474,323</u>	<u>416,505</u>
Operating Income (Loss)	<u>(9,803)</u>	<u>7,037</u>
Non-Operating Revenues (Expenses):		
Investment Earnings	<u>2,348</u>	<u>(27,089)</u>
Total Non-Operating Revenues (Expenses)	<u>2,348</u>	<u>(27,089)</u>
Change in Net Position	(7,455)	(20,052)
Net Position - Beginning of Year	<u>594,619</u>	<u>614,671</u>
Net Position - End of Year	<u><u>\$587,164</u></u>	<u><u>\$594,619</u></u>

The increase in operating expenses is due to the increase in personnel services related expenses. Operating revenues increased due to an increase in charges from services from 2022 to 2023.

Capital Assets

At December 31, 2023, the Board had \$168,175 in net capital assets.

Debt

At December 31, 2023, the Board did not have any outstanding debt obligations.

**Community Programming Board Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2023
(Unaudited)**

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 Dana Gagnon, 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, 2023

Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	\$643,075
Receivables:	
Interest	728
Franchise Fee	<u>98,787</u>
Total Current Assets	<u>742,590</u>
Noncurrent Assets:	
Nondepreciable Capital Assets	75,164
Depreciable Capital Assets, Net	<u>93,011</u>
Total Noncurrent Assets	<u>168,175</u>
Total Assets	<u>910,765</u>
Deferred Outflows of Resources:	
Pension	180,828
OPEB	<u>26,545</u>
Total Deferred Outflows of Resources	<u>207,373</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	2,409
Accrued Wages and Benefits	<u>15,101</u>
Total Current Liabilities	<u>17,510</u>
Long-Term Liabilities:	
Compensated Absences	41,029
Net Pension Liability	450,781
Net OPEB Liability	<u>8,960</u>
Total Long-Term Liabilities	<u>500,770</u>
Total Liabilities	<u>518,280</u>
Deferred Inflows of Resources:	
Pension	9,546
OPEB	<u>3,148</u>
Total Deferred Inflows of Resources	<u>12,694</u>
Net Position:	
Investment in Capital Assets	168,175
Unrestricted	<u>418,989</u>
Total Net Position	<u><u>\$587,164</u></u>

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, 2023

Operating Revenues:	
Charges for Services	\$457,885
Other Operating Revenues	<u>6,635</u>
Total Operating Revenues	<u>464,520</u>
Operating Expenses:	
Personnel Services	332,903
Contractual Services	81,812
Materials and Supplies	18,107
Depreciation	32,408
Other	<u>9,093</u>
Total Operating Expenses	<u>474,323</u>
Operating Income (Loss)	<u>(9,803)</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	<u>2,348</u>
Total Non-Operating Revenues (Expenses)	<u>2,348</u>
Change in Net Position	(7,455)
Net Position - Beginning of Year	<u>594,619</u>
Net Position - End of Year	<u><u>\$587,164</u></u>

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, 2023

Cash Flows from Operating Activities:	
Cash Received from Contractual Services and Franchise Fees	\$432,884
Other Operating Cash Receipts	6,635
Cash Payments to Employees for Salaries and Benefits	(358,500)
Cash Payments to Contractual Services	(69,249)
Cash Payments for Materials, Supplies and Other Services	(32,408)
Cash Payments for Other Expenses	<u>(9,093)</u>
Net Cash Provided (Used) by Operating Activities	<u>(29,731)</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(34,832)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(34,832)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>2,501</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>2,501</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(62,062)
Cash and Cash Equivalents - Beginning of Year	<u>705,137</u>
Cash and Cash Equivalents - End of Year	<u><u>643,075</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(9,803)
Adjustments:	
Depreciation	32,408
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	(25,001)
(Increase) Decrease in Deferred Outflows of Resources	(151,392)
Increase (Decrease) in Accrued Liabilities	(29,962)
Increase (Decrease) in Payables	(1,738)
Increase (Decrease) in Deferred Inflows of Resources	(210,938)
Increase (Decrease) in Net Pension Liability	310,878
Increase (Decrease) in Net OPEB Liability/Asset	<u>55,817</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$29,731)</u></u>

See accompanying notes to the basic financial statements.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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 \$2,348.

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

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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, 2023, \$0 of the Board's bank balance of \$97,343 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, 2023, the Board had the following investments:

Investment Type	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Funds	\$137,934	N/A	0.00
Negotiable CD's	410,191	Level 2	2.11
Total Investments	\$548,125		
Portfolio Weighted Average Maturity			1.58

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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 25.2% in Money Market Funds and 74.8% 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, 2023 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	1,157,894	34,832	0	1,192,726
Totals at Historical Cost	1,542,894	34,832	0	1,577,726
Less Accumulated Depreciation:				
Buildings and Improvements	268,525	10,327	0	278,852
Equipment	1,108,618	22,081	0	1,130,699
Total Accumulated Depreciation	1,377,143	32,408	0	1,409,551
Capital Assets, Net	\$165,751	\$2,424	\$0	\$168,175

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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, 2023 are summarized below:

Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
\$76,663	\$0	\$35,634	\$41,029	\$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

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net 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/OPEB liability represents 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

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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 proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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

Ohio Public Employees Retirement System (OPERS)

Plan Description

Board employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<u>Group A</u>	<u>Group B</u>	<u>Group C</u>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<u>State and Local</u>	<u>State and Local</u>	<u>State and Local</u>
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
<u>Public Safety</u>	<u>Public Safety</u>	<u>Public Safety</u>
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Law Enforcement</u>	<u>Law Enforcement</u>	<u>Law Enforcement</u>
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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. The amount of a member’s pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). 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 on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7,

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2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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 retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. 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 members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy

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

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	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2023 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2023 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

***** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2023, the Board's contractually required contribution was \$32,606.

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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. 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:

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	OPERS Traditional Plan
Proportionate Share of the:	
Net Pension Liability	\$450,781
Proportion of the Net Pension Liability:	
Current Measurement Date	0.00152600%
Prior Measurement Date	<u>0.00160800%</u>
Change in Proportionate Share	<u><u>-0.00008200%</u></u>
Pension Expense	\$54,268

At December 31 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan
<u>Deferred Outflows of Resources</u>	
Differences between expected and actual experience	\$14,973
Changes in assumptions	4,762
Net difference between projected and actual earnings on pension plan investments	128,487
Contributions subsequent to the measurement date	<u>32,606</u>
Total Deferred Outflows of Resources	<u><u>\$180,828</u></u>
<u>Deferred Inflows of Resources</u>	
Changes in employer proportionate share of net pension liability	<u>9,546</u>
Total Deferred Inflows of Resources	<u><u>\$9,546</u></u>

\$32,606 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. 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 Traditional Plan
2024	\$10,695
2025	27,220
2026	37,820
2027	62,942
2028	<u>0</u>
Total	<u><u>\$138,676</u></u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include

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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, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

During 2022, 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 12.1 percent for 2022.

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 long-term expected rate of return on defined benefit investment

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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. Best estimates of geometric rates of return were provided by the Board’s investment consultant. For each major class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability for the current year was 6.9 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 for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 6.9 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 (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$675,255	\$450,781	\$264,059

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Note 9 – Postemployment Benefits

Net OPEB Liability

See Note 8 for a description of the net OPEB liability.

Ohio Public Employees Retirement System (OPERS)

Plan Description

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees - Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees - Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A - 30 years of qualifying service credit at any age;

Group B - 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C - 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

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Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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 allowing 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, 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

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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. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$0 for 2023.

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. 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 <u>Traditional Plan</u>
Proportionate Share of the:	
Net OPEB Liability	\$8,960
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00142100%
Prior Measurement Date	<u>0.00149600%</u>
Change in Proportionate Share	<u><u>-0.00007500%</u></u>
OPEB Expense	(\$17,298)

At December 31 2023, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	OPERS Traditional Plan
<u>Deferred Outflows of Resources</u>	
Changes in assumptions	\$8,751
Net difference between projected and actual earnings on pension plan investments	17,794
Total Deferred Outflows of Resources	<u>\$26,545</u>
<u>Deferred Inflows of Resources</u>	
Differences between expected and actual experience	\$2,235
Changes in assumptions	720
Changes in employer proportionate share of net OPEB liability	193
Total Deferred Inflows of Resources	<u>\$3,148</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS Traditional Plan
2024	\$2,763
2025	6,489
2026	5,549
2027	8,596
2028	0
Thereafter	0
Total	<u>\$23,398</u>

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 health care costs 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 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, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

During 2022, 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within 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 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	100.00%	

Discount Rate

A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. 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 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the 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 5.22 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 (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Proportionate share of the net OPEB Liability	\$30,495	\$8,960	(\$8,810)

Sensitivity of the 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 liability or asset 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.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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 2023 is 5.50 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 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 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability	\$8,398	\$8,960	\$9,592

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

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 Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Board's Proportion of the Net Pension Liability	0.15260000%	0.00160800%	0.00163300%	0.00166200%	0.00170100%	0.00161000%	0.00163900%	0.00164700%	0.00123500%	0.00123500%
Board's Proportionate Share of the Net Pension Liability	\$450,781	\$139,903	\$241,812	\$328,506	\$465,869	\$252,578	\$372,189	\$285,281	\$148,955	\$145,590
Board's Covered Payroll	\$223,957	\$233,321	\$229,979	\$233,893	\$203,929	\$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	201.28%	59.96%	105.15%	140.45%	228.45%	118.70%	175.66%	119.29%	65.17%	70.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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 Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$32,606	\$31,354	\$32,665	\$32,197	\$32,745	\$28,550	\$27,663	\$25,426	\$28,698	\$27,426
Contributions in Relation to the Contractually Required Contribution	(32,606)	(31,354)	(32,665)	(32,197)	(32,745)	(28,550)	(27,663)	(25,426)	(28,698)	(27,426)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Board Covered Payroll	\$232,900	\$223,957	\$233,321	\$229,979	\$233,893	\$203,929	\$212,792	\$211,883	\$239,150	\$228,550
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

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 Seven Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017
Board's Proportion of the Net OPEB Liability	0.00142100%	0.00149600%	0.00152100%	0.00154800%	0.00158400%	0.00150000%	0.00153323%
Board's Proportionate Share of the Net OPEB Liability (Asset)	\$8,960	(\$46,857)	(\$27,098)	\$213,819	\$206,516	\$162,889	\$154,861
Board's Covered Payroll	\$223,957	\$233,321	\$229,979	\$233,893	\$203,929	\$212,792	\$211,883
Board's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	4.00%	-20.08%	-11.78%	91.42%	101.27%	76.55%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	115.57%	115.57%	47.80%	46.33%	54.14%	0.00%

(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 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 Eight Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$0	\$0	\$0	\$0	\$0	\$2,128	\$4,238
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	0	0	0	0	(2,128)	(4,238)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Board Covered Payroll	\$232,900	\$223,957	\$233,321	\$229,979	\$233,893	\$203,929	\$212,792	\$211,883
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	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.

Community Programming Board Regional Council of Governments
Notes to the Required Supplementary Information
For The Year Ended December 31, 2023

Note 1 – Net Pension Liability

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

Changes in assumptions:

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

2022: 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 7.20% to 6.90%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%

2021-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

2018: 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%

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

Changes in benefit terms:

2023-2014: There were no changes in benefit terms for this period.

Note 2 – Net OPEB Liability (Asset)

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

Changes in assumptions:

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 6.00% to 5.22%.
- The municipal bond rate increased from 1.84% to 4.05%.

Community Programming Board Regional Council of Governments
Notes to the Required Supplementary Information
For The Year Ended December 31, 2023

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.50% to 5.50%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.50% to 8.50%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.00% to 10.50%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.50% to 6.00%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.50% to 10.00%.

2018: The single discount rate changed from 4.23% to 3.85%.

Changes in Benefit Terms:

2023: There were no changes in benefit terms for the period.

2022: Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

2021: There were no changes in benefit terms for the period.

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2019-2018: There were no changes in benefit terms for the period.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY 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, 2023, 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 8, 2024.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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*.

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 8, 2024

**COMMUNITY PROGRAMMING BOARD
REGIONAL COUNCIL OF GOVERNMENTS**

HAMILTON COUNTY



REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

**COMMUNITY PROGRAMMING BOARD REGIONAL COUNCIL OF GOVERNMENTS
HAMILTON COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Programming Board Regional Council of Governments

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 8, 2024, 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 solely 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 the effectiveness of the Board's 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 8, 2024

Community Programming Board Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

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, 2022. 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 \$594,619 in fiscal year 2022, a decrease of \$20,052 from the previous year.
- Total assets were \$992,412 in fiscal year 2022.
- The operating revenue for fiscal year 2022 was \$423,542 and the operating expenses for fiscal year 2022 were \$416,505.

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.

Community Programming Board Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

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 2022 and 2021.

Table 1
Net Position

	<u>2022</u>	<u>2021</u>
Assets:		
Current and Other Assets	\$779,804	\$872,118
Capital Assets, Net	165,751	188,625
Net OPEB Asset	<u>46,857</u>	<u>27,098</u>
Total Assets	992,412	1,087,841
Deferred Outflows of Resources:		
Pension	55,981	32,665
OPEB	<u>0</u>	<u>13,413</u>
Total Outflows	55,981	46,078
Liabilities:		
Other Liabilities	13,576	5,099
Long-Term Liabilities	<u>216,566</u>	<u>317,772</u>
Total Liabilities	230,142	322,871
Deferred Inflows of Resources:		
Pension	173,915	110,194
OPEB	<u>49,717</u>	<u>86,183</u>
Total Inflows	223,632	196,377
Net Position:		
Net Investment in Capital Assets	165,751	188,625
Unrestricted	<u>428,868</u>	<u>426,046</u>
Total Net Position	<u><u>\$594,619</u></u>	<u><u>\$614,671</u></u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the Board's assets and deferred outflows exceeded liabilities and deferred inflows by \$594,619.

At year end, capital assets represented 16.7% of total assets. Capital assets include land, buildings and improvements, and equipment. The amount of net investment in capital assets at December 31, 2022, was \$165,751. Net Capital Assets decreased mainly due to the Board's disposal of assets. Total liabilities decreased mainly due to the decrease in net pension liability from 2021 to 2022.

Community Programming Board Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

Table 2 shows the changes in net position for the fiscal year ended December 31, 2022.

Table 2
Changes in Net Position

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Charges for Services	\$415,157	\$420,390
Other Revenues	<u>8,385</u>	<u>6,501</u>
Total Operating Revenues	<u>423,542</u>	<u>426,891</u>
Operating Expenses:		
Personnel Services	227,363	155,387
Contractual Services	131,031	107,984
Materials and Supplies	16,238	16,830
Depreciation	30,866	34,686
Other	<u>11,007</u>	<u>8,512</u>
Total Operating Expenses	<u>416,505</u>	<u>323,399</u>
Operating Income (Loss)	<u>7,037</u>	<u>103,492</u>
Non-Operating Revenues (Expenses):		
Investment Earnings	<u>(27,089)</u>	<u>10,800</u>
Total Non-Operating Revenues (Expenses)	<u>(27,089)</u>	<u>10,800</u>
Change in Net Position	(20,052)	114,292
Net Position - Beginning of Year	<u>614,671</u>	<u>500,379</u>
Net Position - End of Year	<u>\$594,619</u>	<u>\$614,671</u>

The increase in operating expenses is due to the increase in personnel services related expenses, while operating revenues decreased due to a decrease in charges from services from 2021 to 2022

Capital Assets

At December 31, 2022, the Board had \$165,751 in net investment in capital assets.

Debt

At December 31, 2022, the Board did not have any outstanding debt obligations.

**Community Programming Board Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)**

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 Dana Gagnon, 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, 2022

Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	\$705,137
Receivables:	
Interest	881
Franchise Fee	<u>73,786</u>
Total Current Assets	<u>779,804</u>
Noncurrent Assets:	
Nondepreciable Capital Assets	75,164
Depreciable Capital Assets, Net	90,587
Net OPEB Asset	<u>46,857</u>
Total Noncurrent Assets	<u>212,608</u>
Total Assets	<u>992,412</u>
Deferred Outflows of Resources:	
Pension	<u>55,981</u>
Total Deferred Outflows of Resources	<u>55,981</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	4,147
Accrued Wages and Benefits	<u>9,429</u>
Total Current Liabilities	<u>13,576</u>
Long-Term Liabilities:	
Compensated Absences	76,663
Net Pension Liability	<u>139,903</u>
Total Long-Term Liabilities	<u>216,566</u>
Total Liabilities	<u>230,142</u>
Deferred Inflows of Resources:	
Pension	173,915
OPEB	<u>49,717</u>
Total Deferred Inflows of Resources	<u>223,632</u>
Net Position:	
Investment in Capital Assets	165,751
Unrestricted	<u>428,868</u>
Total Net Position	<u><u>\$594,619</u></u>

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, 2022

Operating Revenues:	
Charges for Services	\$415,157
Other Operating Revenues	<u>8,385</u>
Total Operating Revenues	<u>423,542</u>
Operating Expenses:	
Personnel Services	227,363
Contractual Services	131,031
Materials and Supplies	16,238
Depreciation	30,866
Other	<u>11,007</u>
Total Operating Expenses	<u>416,505</u>
Operating Income (Loss)	<u>7,037</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	<u>(27,089)</u>
Total Non-Operating Revenues (Expenses)	<u>(27,089)</u>
Change in Net Position	(20,052)
Net Position - Beginning of Year	<u>614,671</u>
Net Position - End of Year	<u><u>\$594,619</u></u>

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, 2022

Cash Flows from Operating Activities:	
Cash Received from Contractual Services and Franchise Fees	\$420,504
Other Operating Cash Receipts	8,385
Cash Payments to Employees for Salaries and Benefits	(326,646)
Cash Payments to Contractual Services	(126,884)
Cash Payments for Materials, Supplies and Other Services	(16,238)
Cash Payments for Other Expenses	<u>(11,007)</u>
Net Cash Provided (Used) by Operating Activities	<u>(51,886)</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(7,992)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,992)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>(27,047)</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>(27,047)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(86,925)
Cash and Cash Equivalents - Beginning of Year	<u>792,062</u>
Cash and Cash Equivalents - End of Year	<u><u>705,137</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	7,037
Adjustments:	
Depreciation	30,866
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	5,347
(Increase) Decrease in Deferred Outflows of Resources	(9,903)
Increase (Decrease) in Accrued Liabilities	5,033
Increase (Decrease) in Payables	4,147
Increase (Decrease) in Deferred Inflows of Resources	27,255
Increase (Decrease) in Net Pension Liability	(101,909)
Increase (Decrease) in Net OPEB Liability/Asset	<u>(19,759)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$51,886)</u></u>

See accompanying notes to the basic financial statements.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

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.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

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 (\$27,089).

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

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

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.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

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, 2022, \$0 of the Board's bank balance of \$213,184 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, 2022, the Board had the following investments:

Investment Type	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Funds	\$4,023	N/A	0.00
Negotiable CD's	509,567	Level 2	2.65
Total Investments	\$513,590		
Portfolio Weighted Average Maturity			2.63

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

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 0.8% in Money Market Funds and 99.2% 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, 2022 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	1,151,201	7,992	(1,299)	1,157,894
Totals at Historical Cost	1,536,201	7,992	(1,299)	1,542,894
Less Accumulated Depreciation:				
Buildings and Improvements	258,198	10,327	0	268,525
Equipment	1,089,378	20,539	(1,299)	1,108,618
Total Accumulated Depreciation	1,347,576	30,866	(1,299)	1,377,143
Capital Assets, Net	\$188,625	(\$22,874)	\$0	\$165,751

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

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, 2022 are summarized below:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$75,960	\$703	\$0	\$76,663	\$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

The Statewide retirement systems provide both pension and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

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 (asset) represent the City'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 (asset) 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 City'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.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

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 may 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 (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

Board employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. While employees may elect the member-directed plan or the combined plan, substantially all employees are in the traditional plan; therefore, the following disclosure focuses on the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting 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 traditional 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

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<u>Group A</u> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<u>Group B</u> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<u>Group C</u> Members not in other Groups and members hired on or after January 7, 2013
<u>State and Local</u>	<u>State and Local</u>	<u>State and Local</u>
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
<u>Public Safety</u>	<u>Public Safety</u>	<u>Public Safety</u>
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Law Enforcement</u>	<u>Law Enforcement</u>	<u>Law Enforcement</u>
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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 retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. 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 members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Funding Policy

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2022 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- *** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- **** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2022, the Board’s contractually required contribution was \$31,354.

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

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, 2021, 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 <u>Traditional Plan</u>
Proportionate Share of the:	
Net Pension Liability	\$139,903
Proportion of the Net Pension Liability:	
Current Measurement Date	0.00160800%
Prior Measurement Date	<u>0.00163300%</u>
Change in Proportionate Share	<u><u>-0.00002500%</u></u>
Pension Expense	(\$30,150)

At December 31 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS <u>Traditional Plan</u>
<u>Deferred Outflows of Resources</u>	
Differences between expected and actual experience	\$7,132
Changes of assumptions	17,495
Contributions subsequent to the measurement date	<u>31,354</u>
Total Deferred Outflows of Resources	<u><u>\$55,981</u></u>
<u>Deferred Inflows of Resources</u>	
Differences between expected and actual experience	\$3,068
Net difference between projected and actual earnings on pension plan investments	166,409
Changes in employer proportionate share of net pension liability	<u>4,438</u>
Total Deferred Inflows of Resources	<u><u>\$173,915</u></u>

\$31,354 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS Traditional Plan
2023	(\$25,560)
2024	(58,127)
2025	(39,129)
2026	(26,472)
2027	<u>0</u>
Total	<u>(\$149,288)</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

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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	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, 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, 2020.

During 2021, 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 15.3 percent for 2021.

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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 long-term expected 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. Best estimates of geometric rates of return were provided by the Board’s investment consultant. For each major class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

Discount Rate

The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan. The discount rate for the prior year was 7.2 percent. 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 for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$368,859	\$139,903	(\$50,620)

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Note 9 – Postemployment Benefits

See Note 8 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more

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years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report 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 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 allowing 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, 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. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$0 for 2022.

Net OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability (asset) for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest

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accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The Board's proportion of the net OPEB liability (asset) 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:

	<u>OPERS Traditional Plan</u>
Proportionate Share of the:	
Net OPEB (Asset)	(\$46,857)
Proportion of the Net OPEB Liability/Asset:	
Current Measurement Date	0.00149600%
Prior Measurement Date	<u>0.00152100%</u>
Change in Proportionate Share	<u>-0.00002500%</u>
OPEB Expense	(\$42,812)

At December 31 2022, reported deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS Traditional Plan</u>
<u>Deferred Inflows of Resources</u>	
Differences between expected and actual experience	\$7,107
Changes in assumptions	18,967
Net difference between projected and actual earnings on OPEB plan investments	22,338
Changes in employer proportionate share of net OPEB liability (asset)	<u>1,304</u>
Total Deferred Inflows of Resources	<u>\$49,716</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31:</u>	<u>OPERS Traditional Plan</u>
2023	(\$31,100)
2024	(10,528)
2025	(4,881)
2026	(3,208)
2027	0
Thereafter	<u>0</u>
Total	<u>(\$49,717)</u>

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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 health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, 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

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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, 2020. During 2021, 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within 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 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00%	3.45%

Discount Rate

A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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

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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 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate

	1% Decrease <u>(5.00%)</u>	Current Discount Rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Proportionate share of the net OPEB (asset)	(\$27,556)	(\$46,857)	(\$62,877)

Sensitivity of the Proportionate Share of the Net OPEB Asset 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 asset calculated using the assumed trend rates, and the expected net OPEB asset 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 2022 is 5.50 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 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 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Proportionate share of the net OPEB (asset)	(\$47,363)	(\$46,857)	(\$46,256)

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Changes Between Measurement Date and Report Date

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Covid-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Board. The impact on the Board's future operating costs, revenues, and additional 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 Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Board's Proportion of the Net Pension Liability	0.00160800%	0.00163300%	0.00166200%	0.00170100%	0.00161000%	0.00163900%	0.00164700%	0.00123500%	0.00123500%
Board's Proportionate Share of the Net Pension Liability	\$139,903	\$241,812	\$328,506	\$465,869	\$252,578	\$372,189	\$285,281	\$148,955	\$145,590
Board's Covered Payroll	\$233,321	\$229,979	\$233,893	\$203,929	\$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	59.96%	105.15%	140.45%	228.45%	118.70%	175.66%	119.29%	65.17%	70.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	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 Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$31,354	\$32,665	\$32,197	\$32,745	\$28,550	\$27,663	\$25,426	\$28,698	\$27,426
Contributions in Relation to the Contractually Required Contribution	<u>(31,354)</u>	<u>(32,665)</u>	<u>(32,197)</u>	<u>(32,745)</u>	<u>(28,550)</u>	<u>(27,663)</u>	<u>(25,426)</u>	<u>(28,698)</u>	<u>(27,426)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Board Covered Payroll	\$223,957	\$233,321	\$229,979	\$233,893	\$203,929	\$212,792	\$211,883	\$239,150	\$228,550
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	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 Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
Board's Proportion of the Net OPEB Liability	0.00149600%	0.00152100%	0.00154800%	0.00158400%	0.00150000%	0.00153323%
Board's Proportionate Share of the Net OPEB Liability (Asset)	(\$46,857)	(\$27,098)	\$213,819	\$206,516	\$162,889	\$154,861
Board's Covered Payroll	\$233,321	\$229,979	\$233,893	\$203,929	\$212,792	\$211,883
Board's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-20.08%	-11.78%	91.42%	101.27%	76.55%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	115.57%	47.80%	46.33%	54.14%	0.00%

(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 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 Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$0	\$0	\$0	\$0	\$2,128	\$4,238
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	0	0	0	(2,128)	(4,238)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Board Covered Payroll	\$223,957	\$233,321	\$229,979	\$233,893	\$203,929	\$212,792	\$211,883
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	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.

Community Programming Board Regional Council of Governments
Notes to the Required Supplementary Information
For The Year Ended December 31, 2022

Note 1 – Net Pension Liability

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

Changes in assumptions:

2022: 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 7.20% to 6.90%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%

2021-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

2018: 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%

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

Changes in benefit terms:

2022-2014: There were no changes in benefit terms for this period.

Note 2 - Net OPEB Liability (Asset)

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.50% to 5.50%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%.

Community Programming Board Regional Council of Governments
Notes to the Required Supplementary Information
For The Year Ended December 31, 2022

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.50% to 8.50%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.00% to 10.50%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.50% to 6.00%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.50% to 10.00%.

2018: The single discount rate changed from 4.23% to 3.85%.

Changes in Benefit Terms:

2022: Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

2021: There were no changes in benefit terms for the period.

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2019-2018: There were no changes in benefit terms for the period.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY 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, 2022, 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 8, 2024.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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*.

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 8, 2024

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 7/11/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov