

Community Programming Board
Regional Council of Governments



Basic Financial Statements

December 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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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, 2019 through December 31, 2019. 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

July 29, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Programming Board Regional Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of Community Programming Board Regional Council of Governments (the Board) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Programming Board Regional Council of Governments, as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

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

**Community Programming Board Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019
(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, 2019. 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 \$562,863 in fiscal year 2019, a decrease of \$79,811 from the previous year.
- Total assets were \$1,134,726 in fiscal year 2019.
- The operating revenue for fiscal year 2019 was \$446,263 and the operating expenses for fiscal year 2019 were \$548,454.

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, 2019
(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 2019 and 2018.

Table 1
Net Position

	2019	2018
Assets:		
Current and Other Assets	\$909,670	\$883,909
Capital Assets, Net	225,056	234,860
Total Assets	1,134,726	1,118,769
Deferred Outflows of Resources:		
Pension	146,960	61,524
OPEB	22,313	11,987
Total Outflows	169,273	73,511
Liabilities:		
Other Liabilities	5,296	5,702
Long-Term Liabilities	726,467	466,909
Total Liabilities	731,763	472,611
Deferred Inflows of Resources:		
Pension	7,628	62,593
OPEB	1,745	14,405
Total Inflows	9,373	76,998
Net Position:		
Investment in Capital Assets	225,056	234,863
Unrestricted	337,807	407,811
Total Net Position	\$562,863	\$642,674

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the Board's assets and deferred outflows exceeded liabilities and deferred inflows by \$562,863.

At year end, capital assets represented 20% of total assets. Capital assets include land, buildings and improvements, and equipment. The amount of net investment in capital assets at December 31, 2019, was \$225,056. Net Capital Assets decreased mainly due to the Board's depreciation expense exceeding current year additions. Total liabilities increased mainly due to the increase in net pension liability from 2018 to 2019.

Community Programming Board Regional Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019
(Unaudited)

Table 2 shows the changes in net position for the fiscal year ended December 31, 2019.

Table 2
Changes in Net Position

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Charges for Services	\$425,682	\$460,597
Other Revenues	<u>20,581</u>	<u>15,788</u>
Total Operating Revenues	<u>446,263</u>	<u>476,385</u>
Operating Expenses:		
Personnel Services	419,276	379,216
Contractual Services	73,854	106,908
Materials and Supplies	11,897	16,504
Depreciation	32,984	30,031
Other	<u>10,443</u>	<u>10,287</u>
Total Operating Expenses	<u>548,454</u>	<u>542,946</u>
Operating Income (Loss)	<u>(102,191)</u>	<u>(66,561)</u>
Non-Operating Revenues (Expenses):		
Investment Earnings	<u>22,380</u>	<u>1,822</u>
Total Non-Operating Revenues (Expenses)	<u>22,380</u>	<u>1,822</u>
Change in Net Position	(79,811)	(64,739)
Net Position - Beginning of Year	<u>642,674</u>	<u>707,413</u>
Net Position - End of Year	<u><u>\$562,863</u></u>	<u><u>\$642,674</u></u>

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

Capital Assets

At December 31, 2019, the Board had \$225,056 in net capital assets.

Debt

At December 31, 2019, 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, 2019
(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 Chip Bergquist, Executive Director, at the Community Programming Board, 2086 Waycross Road, Forest Park, OH 45240.

Community Programming Board Regional Council of Governments
Statement of Net Position
December 31, 2019

Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	\$827,610
Receivables:	
Interest	1,000
Franchise Fee	81,060
	<hr/>
Total Current Assets	909,670
Noncurrent Assets:	
Nondepreciable Capital Assets	75,164
Depreciable Capital Assets, Net	149,892
	<hr/>
Total Noncurrent Assets	225,056
	<hr/>
Total Assets	1,134,726
Deferred Outflows of Resources:	
Pension	146,960
OPEB	22,313
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Total Deferred Outflows of Resources	169,273
Liabilities:	
Current Liabilities:	
Accounts Payable	2,870
Accrued Wages and Benefits	2,426
	<hr/>
Total Current Liabilities	5,296
Long-Term Liabilities:	
Compensated Absences	54,082
Net Pension Liability	465,869
Net OPEB Liability	206,516
	<hr/>
Total Long-Term Liabilities	726,467
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Total Liabilities	731,763
Deferred Inflows of Resources:	
Pension	7,628
OPEB	1,745
	<hr/>
Total Deferred Inflows of Resources	9,373
Net Position:	
Investment in Capital Assets	225,056
Unrestricted	337,807
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Total Net Position	\$562,863
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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, 2019

Operating Revenues:	
Charges for Services	\$425,682
Other Operating Revenues	<u>20,581</u>
Total Operating Revenues	<u>446,263</u>
Operating Expenses:	
Personnel Services	419,276
Contractual Services	73,854
Materials and Supplies	11,897
Depreciation	32,984
Other	<u>10,443</u>
Total Operating Expenses	<u>548,454</u>
Operating Income (Loss)	<u>(102,191)</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	<u>22,380</u>
Total Non-Operating Revenues (Expenses)	<u>22,380</u>
Change in Net Position	(79,811)
Net Position - Beginning of Year	<u>642,674</u>
Net Position - End of Year	<u><u>\$562,863</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, 2019

Cash Flows from Operating Activities:	
Cash Received from Contractual Services and Franchise Fees	\$433,152
Other Operating Cash Receipts	20,581
Cash Payments to Employees for Salaries and Benefits	(325,244)
Cash Payments to Contractual Services	(72,670)
Cash Payments for Materials, Supplies and Other Services	(11,348)
Cash Payments for Other Expenses	<u>(10,443)</u>
Net Cash Provided (Used) by Operating Activities	<u>34,028</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(23,177)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(23,177)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>22,621</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>22,621</u>
Net Increase (Decrease) in Cash and Cash Equivalents	33,472
Cash and Cash Equivalents - Beginning of Year	<u>794,138</u>
Cash and Cash Equivalents - End of Year	<u><u>827,610</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(102,191)
Adjustments:	
Depreciation	32,984
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	7,470
(Increase) Decrease in Deferred Outflows of Resources	(95,762)
Increase (Decrease) in Accrued Liabilities	501
Increase (Decrease) in Payables	1,733
Increase (Decrease) in Deferred Inflows of Resources	(67,625)
Increase (Decrease) in Net Pension Liability	213,291
Increase (Decrease) in Net OPEB Liability	<u>43,627</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$34,028</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 Years Ended December 31, 2019

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 Years Ended December 31, 2019

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 \$22,380.

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

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Years Ended December 31, 2019

furniture and equipment over a ten year period with one-half year depreciation taken in the year of purchase and disposal. Computers are depreciated over a three year period beginning in the month of purchase. Video production equipment is depreciated over a seven year period. Buildings and improvements are depreciated over a thirty year period.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

Income Taxes

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

Franchise Fees Receivable

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

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

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

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Years Ended December 31, 2019

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, 2019, \$30,896 of the Board's bank balance of \$280,896 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, 2019, the Board had the following investments:

Investment Type	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Funds	\$2,188	N/A	0.00
Negotiable CD's	548,572	Level 2	3.08
Total Investments	\$550,760		
Portfolio Weighted Average Maturity			3.07

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Years Ended December 31, 2019

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 0.4% in Money Market Funds and 99.6% 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, 2019 are summarized below:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Historical Cost:				
Land	\$75,164	\$0	\$0	\$75,164
Building and Improvements	309,836	0	0	309,836
Equipment	1,239,628	23,177	0	1,262,805
Totals at Historical Cost	<u>1,624,628</u>	<u>23,177</u>	<u>0</u>	<u>1,647,805</u>
Less Accumulated Depreciation:				
Buildings and Improvements	227,214	10,328	0	237,542
Equipment	1,162,551	22,656	0	1,185,207
Total Accumulated Depreciation	<u>1,389,765</u>	<u>32,984</u>	<u>0</u>	<u>1,422,749</u>
Capital Assets, Net	<u>\$234,863</u>	<u>(\$9,807)</u>	<u>\$0</u>	<u>\$225,056</u>

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Years Ended December 31, 2019

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, 2019 are summarized below:

Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
\$51,442	\$2,640	\$0	\$54,082	\$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

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

Community Programming Board Regional Council of Governments
Notes to the Basic Financial Statements
For The Years Ended December 31, 2019

Board does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees 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. 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 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 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. 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 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

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three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR 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.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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>
2019 Statutory Maximum Contribution Rates			
Employer	14.00%	18.10%	18.10%
Employee (a)	10.00%	(b)	(c)
2019 Actual Contribution Rates			
Employer:			
Pension (d)	14.00%	18.10%	18.10%
Post-employment Health Care Benefits (d)	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Employer	<u>14.00%</u>	<u>18.10%</u>	<u>18.10%</u>
Employee	<u>10.00%</u>	<u>12.00%</u>	<u>13.00%</u>

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

(b) This rate is determined by OPERS' Board and has no maximum rate established by ORC.

(c) This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2% greater than the Public Safety rate.

(d) 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% 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 2019, the Board's contractually required contribution was \$32,745.

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, 2018, 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:

	<u>OPERS Traditional Plan</u>
Proportionate Share of the Net Pension Liability	\$465,869
Proportion of the Net Pension Liability:	
Current Measurement Date	0.00170100%
Prior Measurement Date	<u>0.00161000%</u>
Change in Proportionate Share	<u>0.00009100%</u>
Pension Expense	\$105,635

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At December 31, 2019, 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	\$21
Changes of assumptions	40,555
Net difference between projected and actual earnings on pension plan investments	63,232
Changes in employer proportionate share of net pension liability	10,407
Contributions subsequent to the measurement date	<u>32,745</u>
Total Deferred Outflows of Resources	<u>\$146,960</u>
<u>Deferred Inflows of Resources</u>	
Differences between expected and actual experience	\$6,117
Changes in employer proportionate share of net pension liability	<u>1,511</u>
Total Deferred Inflows of Resources	<u>\$7,628</u>

\$32,745 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, 2020. 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
2020	\$46,005
2021	25,309
2022	5,866
2023	<u>29,407</u>
Total	<u>\$106,587</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 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, 2018, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest

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actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below.

	OPERS <u>Traditional Plan</u>
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (includes wage inflation at 3.25%)
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00% Simple
Post-January 7, 2013 Retirees	3.00% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.20%
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2018, 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 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 a loss of 2.94% for 2018.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term

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objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other Investments	18.00%	5.50%
Total	100.00%	5.95%

Discount Rate

The discount rate used to measure the total pension liability was 7.20% for the Traditional Pension 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments 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 net pension liability calculated using the discount rate of 7.20%, and the expected net pension liability if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	\$688,225	\$465,869	\$281,090

Changes since the prior Measurement Date on to Report Date

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

Note 9 – Post Employment Benefits

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Health Care Plan Description

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

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deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. During 2019, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.00% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

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

The Board's contractually required contribution was \$0 for 2019.

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Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS Traditional Plan</u>
Proportionate Share of the Net OPEB Liability	\$206,516
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00158400%
Prior Measurement Date	<u>0.00150000%</u>
Change in Proportionate Share	<u>0.00008400%</u>
OPEB Expense	\$20,641

At December 31, 2019, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS Traditional Plan</u>
<u>Deferred Outflows of Resources</u>	
Differences between expected and actual experience	\$70
Changes of assumptions	6,658
Net difference between projected and actual earnings on pension plan investments	9,468
Changes in employer proportionate share of net OPEB liability	<u>6,117</u>
Total Deferred Outflows of Resources	<u>\$22,313</u>
<u>Deferred Inflows of Resources</u>	
Differences between expected and actual experience	\$560
Changes in employer proportionate share of net OPEB liability	<u>1,185</u>
Total Deferred Inflows of Resources	<u>\$1,745</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:	OPERS Traditional Plan
2020	\$9,330
2021	4,818
2022	1,651
2023	4,769
Total	<u>\$20,568</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 benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary	3.25% to 10.75% (including wage inflation)
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Health Care Cost Trend Rate	10.00% initial, 3.25% ultimate in 2029
Actuarial Cost Method	Individual Entry Age, Normal

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

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improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and healthcare 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 a loss of 5.60% for 2018.

The allocation of investment assets within the OPERS Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table on the following page displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34%	2.42%
Domestic Equities	21%	6.21%
Real Estate Investment Trust	6%	5.98%
International Equities	22%	7.83%
Other investments	17%	5.57%
Total	100%	5.16%

Discount Rate

A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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% and a

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municipal bond rate of 3.71%. 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 OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2031. As a result, the long term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the OPEB liability calculated using the single discount rate of 3.96%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Proportionate share of the net OPEB liability	\$264,211	\$206,516	\$160,633

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 OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% 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 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Proportionate share of the net OPEB liability	\$198,507	\$206,516	\$215,741

Changes since prior Measurement Date and to Report Date

OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time.

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Note 10 – Implementation of New Accounting Principles

For fiscal year 2019, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, GASB No. 84, *Fiduciary Activities*, GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and GASB No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*.

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

GASB Statement No. 84 clarifies the criteria for identifying fiduciary activities, with the focus on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Activities meeting certain criteria should be reported in a fiduciary fund in the financial statements. The implementation of GASB Statement No. 84 did not have an effect on the financial statements.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

GASB Statement No. 90 sets out to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of GASB Statement No. 90 did not have an effect on the financial statements.

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For The Years Ended December 31, 2019

Note 11 – Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION



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

	2019	2018	2017	2016	2015	2014
Board's Proportion of the Net Pension Liability	0.00170100%	0.00161000%	0.00163900%	0.00164700%	0.00123500%	0.00123500%
Board's Proportionate Share of the Net Pension Liability	\$465,869	\$252,578	\$372,189	\$285,281	\$148,955	\$145,590
Board's Covered Payroll	\$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	228.45%	118.70%	175.66%	119.29%	65.17%	70.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$32,745	\$28,550	\$27,663	\$25,426	\$28,698	\$27,426
Contributions in Relation to the Contractually Required Contribution	(32,745)	(28,550)	(27,663)	(25,426)	(28,698)	(27,426)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0
Board Covered Payroll	\$233,893	\$203,929	\$212,792	\$211,883	\$239,150	\$228,550
Contributions as a Percentage of Covered Payroll	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 Three Fiscal Years (1)

	2019	2018	2017
Board's Proportion of the Net OPEB Liability	0.00158400%	0.00150000%	0.00153323%
Board's Proportionate Share of the Net OPEB Liability	\$206,516	\$162,889	\$154,861
Board's Covered Payroll	\$203,929	\$212,792	\$211,883
Board's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	101.27%	76.55%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 Four Fiscal Years (1)

	2019	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$0	\$2,128	\$4,238
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>(2,128)</u>	<u>(4,238)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Board Covered Payroll	\$233,893	\$203,929	\$212,792	\$211,883
Contributions to OPEB as a Percentage of Covered Payroll	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, 2019

Note 1 - Net Pension Liability

Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms

Changes in assumptions:

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%

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

Changes in benefit terms:

2019-2014: There were no changes in benefit terms for the period.

Note 2 - Net OPEB Liability

Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms

Changes in assumptions:

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time.

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

Changes in benefit terms:

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

Community Programming Board
Regional Council of Governments



Yellow Book Report

December 31, 2019

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

Board of Trustees
Community Programming Board Regional Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Programming Board Regional Council of Governments (the Board), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated June 25, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

June 25, 2020

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OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY PROGRAMMING BOARD REGIONAL COUNCIL OF GOVERNMENTS

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/11/2020

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

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