



Dave Yost • Auditor of State

**COMMUNITY PROGRAMMING BOARD REGIONAL COUNCIL OF GOVERNMENTS
HAMILTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Community Programming Board Regional Council of Governments, Hamilton County, Ohio (the Board), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Programming Board Regional Council of Governments, Hamilton County as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, during the year ended December 31, 2015, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 3, 2016

**Community Programming Board
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
(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, 2015. 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 \$998,580 in fiscal year 2015, a decrease of \$18,438 from the previous year.
- Total assets were \$1,163,946 in fiscal year 2015.
- The operating revenue for fiscal year 2015 was \$415,045 and the operating expenses for fiscal year 2015 were \$439,144.

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
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
(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 2015 and 2014.

**Table 1
Net Position**

	<u>2015</u>	<u>2014-Restated</u>
Assets:		
Current and Other Assets	\$900,581	\$965,574
Capital Assets, Net	<u>263,365</u>	<u>228,780</u>
Total Assets	<u>1,163,946</u>	<u>1,194,354</u>
Deferred Outflows of Resources:		
Pension	<u>36,646</u>	<u>18,229</u>
Liabilities:		
Other Liabilities	3,929	4,718
Long-Term Liabilities	<u>195,466</u>	<u>190,847</u>
Total Liabilities	<u>199,395</u>	<u>195,565</u>
Deferred Inflows of Resources:		
Pension	<u>2,617</u>	<u>0</u>
Net Position:		
Net Investment in Capital Assets	263,365	228,780
Unrestricted	<u>735,215</u>	<u>788,238</u>
Total Net Position	<u><u>\$998,580</u></u>	<u><u>\$1,017,018</u></u>

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

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

**Community Programming Board
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
(Unaudited)**

Under the new standards required by GASB 68, the net pension liability equals the Board's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Board is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the Board is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$1,144,379 to \$1,017,018.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2015, the Board's assets and deferred outflows exceeded liabilities and deferred inflows by \$988,580.

At year end, capital assets represented 22.6% of total assets. Capital assets include land, buildings and improvements, and equipment. The amount of net investment in capital assets at December 31, 2015,

**Community Programming Board
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
(Unaudited)**

was \$263,365. Net Capital Assets increased mainly due the Board's current year additions exceeding depreciation expense. Total liabilities remained relatively consistent from 2014 to 2015.

Table 2 shows the changes in net position for the fiscal year ended December 31, 2015. Table 1 provides a summary of the Board's net position for 2015 and 2014.

**Table 2
Changes in Net Position**

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Charges for Services	\$413,585	\$412,273
Other Revenues	<u>1,460</u>	<u>1,120</u>
Total Operating Revenues	<u>415,045</u>	<u>413,393</u>
Operating Expenses:		
Personnel Services	274,891	278,209
Contractual Services	95,748	105,013
Materials and Supplies	22,952	11,402
Depreciation	34,259	34,139
Other	<u>11,294</u>	<u>5,677</u>
Total Operating Expenses	<u>439,144</u>	<u>434,440</u>
Operating Income (Loss)	<u>(24,099)</u>	<u>(21,047)</u>
Non-Operating Revenues (Expenses):		
Investment Earnings	<u>5,661</u>	<u>(3,575)</u>
Total Non-Operating Revenues (Expenses)	<u>5,661</u>	<u>(3,575)</u>
Change in Net Position	(18,438)	(24,622)
Net Position - Beginning of Year, Restated	<u>1,017,018</u>	<u>N/A</u>
Net Position - End of Year	<u><u>\$998,580</u></u>	<u><u>\$1,017,018</u></u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$18,229 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$16,263.

**Community Programming Board
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
(Unaudited)**

Consequently, in order to compare 2015 total operating expenses to 2014, the following adjustments are needed:

Total 2015 operating expenses under GASB 68	\$439,144
Operating expenses under GASB 68	(7,948)
2015 contractually required contributions	28,698
Adjusted 2015 operating expenses	459,894
Total 2014 operating expenses under GASB 27	434,440
Increase in operating expenses not related to pension	<u>\$25,454</u>

The Board had a small decrease in net position of \$18,438.

Capital Assets

At December 31, 2015, the Board had \$263,365 in net capital assets.

Debt

At December 31, 2015, the Board did not have any outstanding debt obligations.

Contacting the Board

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

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Community Programming Board
Statement of Net Position
December 31, 2015

Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	\$824,543
Receivables:	
Franchise Fee	<u>76,038</u>
Total Current Assets	<u>900,581</u>
Noncurrent Assets:	
Nondepreciable Capital Assets	75,164
Depreciable Capital Assets, Net	<u>188,201</u>
Total Noncurrent Assets	<u>263,365</u>
Total Assets	<u>1,163,946</u>
Deferred Outflows of Resources:	
Pension	<u>36,646</u>
Liabilities:	
Current Liabilities:	
Accrued Wages and Benefits	<u>3,929</u>
Total Current Liabilities	<u>3,929</u>
Long-Term Liabilities:	
Compensated Absences	46,511
Net Pension Liability	<u>148,955</u>
Total Liabilities	<u>199,395</u>
Deferred Inflows of Resources:	
Pension	<u>2,617</u>
Net Position:	
Net Investment in Capital Assets	263,365
Unrestricted	<u>735,215</u>
Total Net Position	<u>\$998,580</u>

See accompanying notes to the basic financial statements.

Community Programming Board
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended December 31, 2015

Operating Revenues:	
Charges for Services	\$413,585
Other Operating Revenues	<u>1,460</u>
Total Operating Revenues	<u>415,045</u>
Operating Expenses:	
Personnel Services	274,891
Contractual Services	95,748
Materials and Supplies	22,952
Depreciation	34,259
Other	<u>11,294</u>
Total Operating Expenses	<u>439,144</u>
Operating Income (Loss)	<u>(24,099)</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	<u>5,661</u>
Total Non-Operating Revenues (Expenses)	<u>5,661</u>
Change in Net Position	(18,438)
Net Position - Beginning of Year, Restated	<u>1,017,018</u>
Net Position - End of Year	<u><u>\$998,580</u></u>

See accompanying notes to the basic financial statements.

Community Programming Board
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2015

Cash Flows from Operating Activities:	
Cash Received from Contractual Services and Franchise Fees	\$404,092
Other Operating Cash Receipts	1,460
Cash Payments to Employees for Salaries and Benefits	(287,049)
Cash Payments to Contractual Services	(95,748)
Cash Payments for Materials, Supplies and Other Services	(22,952)
Cash Payments for Other Expenses	<u>(11,294)</u>
Net Cash Provided (Used) by Operating Activities	<u>(11,491)</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(68,844)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(68,844)</u>
Cash Flows from Investing Activities:	
(Loss) on Investments	<u>5,661</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>5,661</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(74,674)
Cash and Cash Equivalents - Beginning of Year	<u>899,217</u>
Cash and Cash Equivalents - End of Year	<u><u>824,543</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(24,099)
Adjustments:	
Depreciation	34,259
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	(9,681)
(Increase) Decrease in Deferred Outflows of Resources	(18,417)
Increase (Decrease) in Accrued Liabilities	465
Increase (Decrease) in Deferred Inflows of Resources	2,617
Increase (Decrease) in Net Pension Liability	<u>3,365</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$11,491)</u></u>

See accompanying notes to the basic financial statements.

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**Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015**

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 CPBRCOG 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 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 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

Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015

related to a program are classified as general and administrative transactions. The Statement of Revenues, Expenses and Changes in Net Position reflects activities by major program category.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Board, deferred outflows of resources have been reported for the following two items related the Board's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the Board's contributions to the pension systems subsequent to the measurement date.

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.

The Board also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the Board's net pension liability. This deferred inflow of resources is only reported on the statement of net position.

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 \$5,661.

**Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015**

Capital Assets

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

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 franchisee's. 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

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

Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015

Net Position

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

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

Estimates

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

Note 3 - Equity in Pooled Cash and Investments

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure the Board's deposits may not be returned. Protection of the Board's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institutions holding the assets. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Board places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by FDIC. The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 105 percent of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligation of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

As of December 31, 2015, none of the Board's bank balance of \$327,373 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.

Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015

Investments

As of December 31, 2015, the Board had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CDs	\$501,855	2.74

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 100% 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, 2015 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	1,184,185	68,844	0	1,253,029
Totals at Historical Cost	<u>1,569,185</u>	<u>68,844</u>	<u>0</u>	<u>1,638,029</u>
Less Accumulated Depreciation:				
Buildings and Improvements	185,902	10,328	0	196,230
Equipment	1,154,503	23,931	0	1,178,434
Total Accumulated Depreciation	<u>1,340,405</u>	<u>34,259</u>	<u>0</u>	<u>1,374,664</u>
Capital Assets, Net	<u>\$228,780</u>	<u>\$34,585</u>	<u>\$0</u>	<u>\$263,365</u>

**Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015**

Note 5 – Risk Management

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

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

Note 6 – Compensated Absences

Changes in compensated absences for the year that ended December 31, 2015 are summarized below:

Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
\$45,257	\$1,254	\$0	\$46,511	\$0

Note 7 – Contingent Liabilities

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

Note 8 – Defined Benefit Pension Plans

Net Pension Liability

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

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

**Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015**

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 are financed; however, the Board does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Board employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015**

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
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
Law Enforcement	Law Enforcement	Law Enforcement
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
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
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	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	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 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 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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**Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015**

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>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</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>

* 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.

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

The Board's contractually required contribution was \$28,698 for 2015.

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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. 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 and pension expense:

	<u>OPERS</u>
Proportionate Share of the Net Pension Liability	\$148,955
Proportion of the Net Pension Liability	0.0012350%
Pension Expense	\$16,263

**Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015**

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$7,948
District contributions subsequent to the measurement date	<u>28,698</u>
Total Deferred Outflows of Resources	<u><u>\$36,646</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	<u><u>\$2,617</u></u>

\$28,698 reported as deferred outflows of resources related to pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>
Year Ending December 31:	
2016	\$1,333
2017	1,333
2018	1,333
2019	<u>1,332</u>
Total	<u><u>\$5,331</u></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 in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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

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

**Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015**

Discount Rate

The discount rate used to measure the total pension liability was 8 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 statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the Board’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	\$274,034	\$148,955	\$43,608

Note 10 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015

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

Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees 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 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The 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 to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

Information from Board's Records

The total employer contribution rate, above, is the statutorily required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund health care. The Board's actual contributions for the current year, which were used to fund postemployment benefits, were \$4,098 for 2015, \$3,916 for 2014, and \$2,077 for 2013.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Community Programming Board
Notes to the Basic Financial Statements
For The Years Ended December 31, 2015

Note 9 – Change in Accounting Principle and Restatement of Net Position

For 2015, the Board implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	<u>Governmental Activities</u>
Net position December 31, 2014	\$1,144,379
Adjustments:	
Net Pension Liability	(145,590)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>18,229</u>
Restated Net Position December 31, 2014	<u><u>\$1,017,018</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2013
Board's Proportion of the Net Pension Liability	0.00123500%	0.00123500%
Board's Proportionate Share of the Net Pension Liability	\$148,955	\$145,590
Board's Covered-Employee Payroll	\$56,092	\$52,538
Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	265.56%	277.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) - Information prior to 2013 is not available

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

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

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$28,698	\$27,426
Contributions in Relation to the Contractually Required Contribution	<u>(28,698)</u>	<u>(27,426)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>
Board's Covered-Employee Payroll	\$239,150	\$228,550
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%

(1) - Information prior to 2014 is not available

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Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Community Programming Board Regional Council of Governments, Hamilton County, (the Board) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 3, 2016, wherein we noted that the Board adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

October 3, 2016



Dave Yost • Auditor of State

COMMUNITY PROGRAMMING BOARD – REGIONAL COUNCIL OF GOVERNMENTS

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2016**