OHIO AUDITOR OF STATE
KEITH FABER

MIAMI VALLEY COMMUNICATIONS COUNCIL
MONTGOMERY COUNTY
DECEMBER 31, 2023

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Valley Communications Council, Montgomery County, Ohio (the Council), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Valley Communications Council, Montgomery County, Ohio as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Keith Faber
Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2024

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This discussion and analysis of the Miami Valley Communications Council's (the Council) financial performance provides an overall review of the financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Council's financial performance.

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

Financial Highlights

Key financial highlights for 2023 are as follows:

- Total net position decreased $69,069 in 2023, which represents a 1.3% decrease from 2022. The overall decrease reported for the current year is attributed primarily to the increase in the net pension and OPEB liabilities.

- The decrease in net position reported for 2023 was $69,069 compared to the $321,335 increase in change in net position reported for 2022. This change was attributable to an increase in pension and OPEB expenses of $322,123 from 2022 to 2023.

- Total assets decreased $199,336 or 3.3% from the prior year. This decrease is primarily due to a decrease in net capital assets of $90,886 as a result of current year depreciation and amortization expense. In addition, the Council's net OPEB asset decreased from $163,713 to $0 from 2022 to 2023.

- At the end of the current year, the unassigned fund balance for the general fund, the Council's operating fund, was $3,553,674 or 199.0% of the general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

The statement of net position presents information on all of the Council's assets, deferred inflows of resources, liabilities, and deferred outflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The statement of activities presents information showing how the Council's net position changed during the most recent calendar year.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation leave).

The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into two categories: governmental funds and fiduciary funds. The Council has no proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains two (2) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and building improvement funds, both of which are considered to be major funds.

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

The governmental fund financial statements can be found on pages 15-18 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Council's own programs.

The fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-42 of this report.

Government-wide Financial Analysis

Statement of Net Position

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

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

Table 1 provides a summary of the Council's statement of net position for 2023 compared with 2022 amounts.

TABLE 1
NET POSITION

	2023	2022
ASSETS		
Current and other assets	$ 4,087,171	$ 4,031,908
Net OPEB asset	-	163,713
Capital assets, net	1,839,082	1,929,968
Total assets	5,926,253	6,125,589
DEFERRED OUTFLOWS OF RESOURCES		
Pension/OPEB	588,257	171,203
Total deferred outflows of resources	588,257	171,203
LIABILITIES		
Current liabilities	69,194	62,864
Long-term liabilities:		
Due within one year	13,758	12,646
Due in more than one year:		
Net pension liability	1,183,583	359,150
Net OPEB liability	31,818	-
Other amounts	41,273	37,937
Total liabilities	1,339,626	472,597
DEFERRED INFLOWS OF RESOURCES		
Pension/OPEB	27,190	607,432
Total deferred inflows of resources	27,190	607,432
NET POSITION		
Investment in capital assets	1,839,082	1,929,968
Unrestricted	3,308,612	3,286,795
Total net position	$ 5,147,694	$ 5,216,763

The net pension liability (NPL) is reported pursuant to GASB 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27", and the net OPEB asset/liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Council's actual financial condition by adding deferred inflows related to pension and OPEB and the net pension liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement systems. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The 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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event the contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB asset/liability are satisfied, these amounts are separately identified within the accompanying statement of net position.

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

As noted earlier, increases or decreases in net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5.1 million at the close of the most recent fiscal year compared with the $5.2 million reported at the end of the prior year.

Total net position of the Council decreased by $69,069 or 1.3%. As discussed above, the Council recognized a $322,123 more in pension and OPEB expense in 2023 than it did in 2022 to record changes in the Council's proportionate share of the net pension and OPEB amounts and the related changes to the year-end deferred outflows/inflows.

Total liabilities reported at December 31, 2023 increased by $867,029 or 183.5% from the amount reported at December 31, 2022 due primarily to increases in the Council's proportionate share of the net pension and OPEB liabilities.

As noted in Table 1 above, unrestricted net position remained stable only increasing $21,817 or 0.7% from amounts reported at December 31, 2022 as the Council began collecting fiber aggregation fees during 2023.

The decrease of $90,886 in net position invested in capital assets resulted from the Council recognizing current year acquisitions of $82,880 less current year depreciation and amortization expense of $173,766. Significant asset additions included studio cameras, video switch controllers, one vehicle as well as various improvements associated with the Council's ADA project.

Table 2 shows the change in net position for the year ended December 31, 2023, as well as revenue and expense comparisons to 2022.

TABLE 2
STATEMENTS OF ACTIVITIES

	2023	2022
Cable operations expenses:		
Personnel	$ 853,682	$ 840,490
Fringe benefits	321,263	(10,724)
Other purchased services	545,896	552,771
Supplies	21,636	39,487
Depreciation and amortization	173,766	177,366
Other expenses	42,219	299,680
Total Expenses	1,958,462	1,899,070
Program revenues:		
Charges for services	90,992	76,334
Capital contributions	29,708	289,292
Total program revenues	120,700	365,626
General revenues:		
Franchise fees, net of rebates	1,579,921	1,728,777
Other income	28,656	75,176
Interest income	160,116	50,826
Total general revenues	1,768,693	1,854,779
Total revenues	1,889,393	2,220,405
Change in net position	(69,069)	321,335
Net position, beginning of year	5,216,763	4,895,428
Net position, end of year	$ 5,147,694	$ 5,216,763

Franchise fee revenues decreased $148,856 or 8.6% in 2023 as more customers, especially younger generations, begin to rely on internet streaming video as their primary source for programing.

The most significant increase in 2023 was related to interest income as improved economic conditions resulted in favorable investment returns for the Council during the year.

In 2022, the Council received capital contributions from its members to purchase a tactical rescue vehicle that was donated to the Tactical Crime Suppression Unit. Therefore, decreases in both capital contributions and other expenses decreased during 2023.

Personnel expenses remained relatively steady during the year, increasing 1.6% from 2023 due to Council approved rate increases. Fringe Benefits increased in 2023 by $331,987 due to increases in the Council's pension and OPEB expenses required to be reported for 2023 compared to those of 2022.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current year, the Council's governmental funds reported combined ending fund balances of $4,017,977, an increase of $48,933 in comparison with the prior year. The unassigned general fund balance of $3,553,674 is available for spending at the Council's discretion.

General Fund

The general fund has a total fund balance of $3,825,983. The fund balance increased $98,393 from the prior year. General fund revenues decreased 15.1% and total expenditures (excluding transfers) decreased 13.5% from the prior year due to decreases in the related member contributions and capital outlays for the tactical rescue vehicle discussed above. Franchise fees decreased 8.6% from the prior year due a decrease in the number of subscribers discussed previously.

Building Improvement Fund

The building improvement fund has a total fund balance of $191,994. The building improvement fund decreased by $49,460 from the prior year due to capital purchases made during the year offset by interest earned on cash held at a financial institution.

Capital Assets

At December 31, 2023, the capital assets of the Council of $5,174,239 were offset by $3,335,157 in accumulated depreciation/amortization resulting in net capital assets of $1,839,082. The $90,886 decrease in net capital assets is due to current year acquisitions of $82,880 less current year depreciation/amortization of $173,766.

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

Contacting the Council

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

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

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Miami Valley Communications Council
Montgomery County
Statement of Net Position - Governmental Activities
December 31, 2023

		Governmental Activities
ASSETS		
Cash and Cash Equivalents	$	3,643,361
Accounts Receivable:		
Spectrum		348,663
AT&T		56,048
Members		13,987
Other		7,025
Prepaid Items		18,087
Capital Assets:		
Nondepreciable		133,485
Depreciable, Net of Accumulated Depreciation		1,705,597
Total Assets		5,926,253
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB		588,257
Total Deferred Outflows of Resources		588,257
LIABILITIES		
Accounts Payable		9,183
Accrued Wages and Benefits		27,392
Due to Other Governments		32,619
Long-term Liabilities:		
Due Within One Year		13,758
Due in More Than One Year:		
Net Pension Liability		1,183,583
Net OPEB Liability		31,818
Other		41,273
Total Liabilities		1,339,626
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB		27,190
Total Deferred Inflows of Resources		27,190
NET POSITION		
Investment in Capital Assets		1,839,082
Unrestricted		3,308,612
Total Net Position	$	5,147,694

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

Miami Valley Communications Council
Montgomery County
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Contributions	Net (Expense) Revenue and Change in Net Position
Governmental Activities				
Personnel	$ (853,682)	$ -	$ -	$ (853,682)
Fringe Benefits	(321,263)	-	-	(321,263)
Supplies	(21,636)	-	-	(21,636)
Maintenance	(70,440)	-	-	(70,440)
Contractual	(454,103)	90,992	29,708	(333,403)
Depreciation and Amortization	(173,766)	-	-	(173,766)
Utilities	(16,449)	-	-	(16,449)
Telephone	(2,878)	-	-	(2,878)
Training and Seminars	(2,026)	-	-	(2,026)
All Other Expenses	(42,219)	-	-	(42,219)
Total Expenses	$ (1,958,462)	$ 90,992	$ 29,708	(1,837,762)
GENERAL REVENUES				
Franchise Fees				1,579,921
Interest Income				160,116
Other Income				28,656
Total General Revenues				1,768,693
Change in Net Position				(69,069)
Net Position - Beginning				5,216,763
Net Position - Ending				$ 5,147,694

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

Miami Valley Communications Council
Montgomery County
Balance Sheet
Governmental Funds
December 31, 2023

		General Fund	Building Improvement Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$	3,451,367	191,994	3,643,361
Accounts Receivable:				
Spectrum		348,663	-	348,663
AT&T		56,048	-	56,048
Members		13,987	-	13,987
Other		7,025	-	7,025
Prepaid Items		18,087	-	18,087
Total Assets	$	3,895,177	191,994	4,087,171
Liabilities				
Accounts Payable	$	9,183	-	9,183
Accrued Wages and Benefits		27,392	-	27,392
Due to Other Governments		32,619	-	32,619
Total Liabilities		69,194	-	69,194
Fund Balances				
Nonspendable:				
Prepaid Items		18,087	-	18,087
Committed for:				
Building Improvements		-	191,994	191,994
Assigned for:				
Subsequent year appropriation		254,222	-	254,222
Unassigned		3,553,674	-	3,553,674
Total Fund Balances		3,825,983	191,994	4,017,977
Total Liabilities and Fund Balances	$	3,895,177	191,994	4,087,171

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

Miami Valley Communications Council
Montgomery County
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2023

Total Governmental Fund Balances		$ 4,017,977
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,839,082
The net pension and OPEB liability are not due and payable in the current period; therefore the liability and related deferred outflows/inflows are not reported in governmental funds.		
Deferred Outflows - Pension	$ 493,987	
Deferred Inflows - Pension	(12,350)	
Net Pension Liability	(1,183,583)	
Deferred Outflows - OPEB	94,270	
Deferred Inflows - OPEB	(14,840)	
Net OPEB liability	(31,818)	(654,334)
Compensated absences are not reported in the funds until they become due for payment as the result of an employee's resignation or retirement. However, on the full accrual basis of accounting, statement of net position, they are reported as long-term liabilities.		(55,031)
Net Position of Governmental Activities		$ 5,147,694

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

Miami Valley Communications Council
Montgomery County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

		General Fund	Building Improvement Fund	Total Governmental Funds
Revenues				
Franchise Fees	$	1,579,921	-	1,579,921
Training Income		19,070	-	19,070
Interest Income		154,665	5,451	160,116
Member Contributions		21,363	-	21,363
Other Income		108,923	-	108,923
Total Revenues		1,883,942	5,451	1,889,393
Expenditures				
Personnel		853,682	-	853,682
Fringe Benefits		294,147	-	294,147
Supplies		21,636	-	21,636
Maintenance		70,440	-	70,440
Contractual		454,103	-	454,103
Utilities		16,449	-	16,449
Telephone		2,878	-	2,878
Training and Services		2,026	-	2,026
Miscellaneous		42,219	-	42,219
Capital Outlay		27,969	54,911	82,880
Total Expenditures		1,785,549	54,911	1,840,460
Net Change in Fund Balances		98,393	(49,460)	48,933
Fund Balances at January 1, 2023		3,727,590	241,454	3,969,044
Fund Balances at December 31, 2023	$	3,825,983	191,994	4,017,977

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

Miami Valley Communications Council
Montgomery County
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds			$	48,933
Amounts reported for governmental activities in the statement of net position are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amounts for the current period are:				
Capital asset additions	$	82,880		
Current year depreciation and amortization		(173,766)		(90,886)
Contractually required pension and OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.				101,812
Except for amounts reported as deferred outflows/inflows, changes in the net pension and OPEB liability are reported as pension and negative OPEB expense in the statement of activities.				
Pension	$	(168,399)		
OPEB		43,919		(124,480)
Some expenses reported in the statement of activities, such as compensated absences payable, are not reported until due for payment and therefore are not reported as expenditures in governmental funds.				(4,448)
Change in Net Position of Governmental Activities			$	(69,069)

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

Miami Valley Communications Council
Montgomery County
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2023

ASSETS		
Cash and Cash Equivalents	$	381,723
Accounts Receivable		16,020
Total Assets		397,743
LIABILITIES		
Accrued Wages and Benefits		17,918
Total Liabilities		17,918
NET POSITION		
Restricted for Other Organizations	$	379,825

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

Miami Valley Communications Council
Montgomery County
Statement of Change in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2023

ADDITIONS		
Amounts Received as Fiscal Agent	$	358,358
DEDUCTIONS		
Distributions as Fiscal Agent		354,380
Net Increase in Fiduciary Net Position		3,978
Net Position Beginning of Year		375,847
Net Position End of Year	$	379,825

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

NOTE A – REPORTING ENTITY AND BASIS OF PRESENTATION

1. Description of the Entity

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

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

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

2. Reporting Entity

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

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

The financial statements of the Council have been prepared in conformity with General Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council's accounting policies are described below.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Fund Accounting

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

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

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

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

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

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

2. Basis of Presentation

Government-wide Financial Statements

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Basis of Presentation – Continued

Government-wide Financial Statements – Continued

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Council. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Council.

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues, Exchange and Non-exchange Transactions

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

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Basis of Presentation – Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Council, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits, which is further explained in Notes F & G, respectively.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Council, deferred inflows of resources related to pension and other postemployment benefits are reported on the government-wide statement of net position and explained in Notes F & G, respectively.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the pension and 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 and OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension and OPEB plans report investments at fair value.

Expenses/Expenditures

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

3. Budgetary Process

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Cash and Cash Equivalents

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

The Council's investment activities are limited to STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants."

The Council measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participants will be combined for these purposes.

Investment earnings are reported in the fund which has made the investment.

5. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

6. Property and Equipment and Depreciation

Capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at the acquisition value as of the date received. The Council has established a capitalization threshold of $2,500 per unit cost. The Council does not possess any infrastructure.

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

Depreciation of buildings, furniture and equipment, and vehicles is computed using the straight-line method over an established useful life of five years for furniture, equipment and vehicles and forty years for buildings. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets. Intangible assets are amortized (included in accumulated depreciation) on a straight-line basis over their estimated useful lives, which do not exceed the contractual period.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

6. Property and Equipment and Depreciation – Continued

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23
Capital assets not being depreciated				
Land	$ 123,170	$ -	$ -	$ 123,170
Construction in progress	-	10,315	-	10,315
Total capital assets not being depreciated	123,170	10,315	-	133,485
Capital assets being depreciated/amortized				
Building and improvements	1,234,646	-	-	1,234,646
Vehicles	82,258	27,274	(16,281)	93,251
Furniture and equipment	2,116,989	45,291	-	2,162,280
Intangible network rights	1,550,577	-	-	1,550,577
Total capital assets being depreciated/amortized	4,984,470	72,565	(16,281)	5,040,754
Less accumulated depreciation/amortization				
Building and improvements	(1,045,405)	(34,786)	-	(1,080,191)
Vehicles	(82,258)	(2,729)	16,281	(68,706)
Furniture and equipment	(1,894,951)	(74,228)	-	(1,969,179)
Intangible network rights	(155,058)	(62,023)	-	(217,081)
Total accumulated depreciation /amortization	(3,177,672)	(173,766)	16,281	(3,335,157)
Total capital assets being depreciated/amortized, net	1,806,798	(101,201)	-	1,705,597
Total net capital assets	$ 1,929,968	$ (90,886)	$ -	$ 1,839,082

In a prior year, the Council completed the Gateway Fiber Network Project. Pursuant to the indefeasible right-to-use agreement with the Miami Valley Educational Computer Association, the Council will have exclusive rights to the assets of the fiber system for a period of twenty-five years, which the Council recognized as an intangible asset.

7. Compensated Absences

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

Employees may accumulate up to 200 hours of vacation leave and up to 2,080 hours of sick leave for employees hired prior to November 1, 2020 or up to 1,200 hours of sick leave for employees hired on or after November 1, 2020. Upon retirement, an employee will be compensated for unused vacation time and accrued sick leave at the current rate of pay.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Compensated Absences – Continued

Employees hired prior to November 1, 2020 and with a minimum sick leave balance of 480 hours of accrued sick leave will be compensated 1 hour of pay for every 3 hours of sick leave. Employees hired on or after November 1, 2020 with a minimum of 480 hours of accrued sick leave will be compensated 1 hour of pay for every 2.5 hours of sick leave.

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

	Balance 1/1/2023	Increase	Decrease	Balance 12/31/2023	Due within One Year
Compensated Absences	$ 50,583	$ 61,837	$ 57,389	$ 55,031	$ 13,758

8. Interfund Transactions

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

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

9. Advertising

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

10. Use of Estimates

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

11. Fund Balance

The Council has two types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. At year end, the Council had $18,087 in prepaid items related to the Council's insurance that were considered nonspendable.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. Fund Balance – Continued

- Restricted: fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed: fund balance amounts that are obligated to a specific purpose which are internally imposed by the Council through formal action (Resolutions) at the highest level of decision making authority (the Council).

- Assigned: fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Fund Balances not considered nonspendable, restricted or committed may be assigned by the Council for specific purposes through the budget process or agenda items.

- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

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

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

Committed for building improvements: The Council has set aside certain spendable fund balance for building improvements. At year end, the committed balance for building improvements was $191,994.

Assigned: At year-end, the Council has assigned fund balance for the General Fund of $254,222 to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned: At year-end, the unassigned fund balance for the General Fund was $3,553,674.

The Council has designated a certain balance within the General Fund to be used for a contingency reserve. The reserve was initially funded with a designation of $420,000 by the Council. The purpose of this reserve was to provide a source of funding should the Council experience any significant decrease in its revenue sources. In 1997, the Council approved a limit for the Contingency Reserve at an amount not to exceed $600,000 and that any cash in excess of that limit will be used for future building improvements. As such, all interest earned on the Contingency Reserve funds during 2023 ($5,451) was allocated to the Building Improvement Fund. At year end, the balance for the contingency reserve was $600,000.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Net Position

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

NOTE C – CHANGE IN ACCOUNTING PRINCIPLE

During 2023, the Council implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 94 addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. This statement had no effect on beginning net position.

GASB Statement No. 96 addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e. software licensing). This Statement also defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB Statement No. 96 did not impact the Council's financial statements as the existing SBITAs have been deemed insignificant to the financial statements by management.

GASB Statement No. 99 addresses a variety of topics to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This statement had no effect on beginning net position.

NOTE D – RELATED PARTY TRANSACTIONS

The Council provides substantial funding as well as administrative and clerical services to the TCSU. The TCSU is a committee of Police Chiefs of the Council's member cities which meet to discuss training, share information, and work on cooperative projects, including the sharing of specialized equipment (surveillance), services (polygraph), and providing oversight to the police task force. During 2023, the Council acted as the fiscal agent for the TCSU and provided approximately $310,005 in funding to the group.

NOTE E – DEPOSITS AND INVESTMENTS

1. Deposits

At year-end, the carrying amount of the Council's deposits was $3,148,747 including $200 of petty cash maintained on hand. The bank balance was $3,148,626. Of the bank balance, $330,703 was covered by federal depository insurance and $2,817,923 was covered by pooled collateral deposited with a qualified trustee and pledged to the Treasurer of State as a part of the Ohio Pooled Collateral System (OPCS) to secure the repayment of all public monies deposited in each financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

2. Investments

State statute classifies monies held by the Council into three categories, active deposits, inactive deposits, and interim deposits. Active deposits are public deposits determined to be necessary to meet current demands upon the Council's Treasury. Active monies must be maintained either as cash in the Council Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities:
3. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (A); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
5. Bonds and other obligations of this state and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds or other obligation of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

NOTE E – DEPOSITS AND INVESTMENTS – Continued

7. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The Council's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified since they are not evidenced by securities that exist in physical or book entry form. The Council's investments at year end were limited to STAR Ohio. The carrying value and the NAV of these investments at December 31, 2023, was $876,337.

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

Credit risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. The investment Policy of the Council permits investments to STAR Ohio. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

NOTE E – DEPOSITS AND INVESTMENTS – Continued

	Demand Deposits	Investments
Cash and Cash Equivalents per Financial Statements	$ 4,025,084	$ -
Investments:		
STAR Ohio	(876,337)	876,337
Total Demand Deposits and Investments	$ 3,148,747	$ 876,337

Cash and cash equivalents per Financial Statements	
Government Activities	$ 3,643,361
Custodial Funds	381,723
	$ 4,025,084

NOTE F – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

Ohio Revised Code (ORC) limits the Council's obligation for this liability to annual required payments. The Council cannot control benefit terms or the manner in which pensions are financed; however, the Council does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

Plan Description – Ohio Public Employees Retirement System (OPERS)
Council employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-share, 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 plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan. While members (e.g., Council employees) may elect the member-directed plan and the combined plan, the majority of 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 ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS's fiduciary net position that may be obtained by visiting www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members 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' ACFR referenced above for additional information):

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 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 5 years 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 years	**Formula:** 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30 years	**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 years

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% 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%.

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

Funding Policy—The ORC provides statutory authority for member and employer contributions. For 2023, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council's contractually required contribution was $101,812 for 2023. Of this amount, $15,069 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability was based on the Council's share of contributions to the pension plan relative to the projected contribution of the participating entities. Following is information related to the proportionate share:

Proportionate Share of Net Pension Liability	$	1,183,583
Proportion of the Net Pension Liabiliity		0.004007%
Change in Proportion		-0.000121%
Pension Expense	$	168,399

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

Deferred Outflows of Resources		
Differences between expected and actual experience	$	39,313
Net difference between projected and actual earnings on plan investments		337,358
Change in assumptions		12,504
Change in proportionate share and difference in employer contributions		3,000
Council contributions subsequent to the measurement date		101,812
Total Deferred Outflows of Resources	$	493,987
Deferred Inflows of Resources		
Change in proportionate share and difference in employer contributions	$	(12,350)
	$	(12,350)

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

$101,812 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:		
2024	$	40,441
2025		74,821
2026		99,301
2027		165,262
	$	379,825

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	2.75%
Future salary increases (including inflation)	2.75% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2023, then 2.05% simple
Investment rate of return	6.90%
Actuarial cost method	Individual entry age

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

NOTE F – DEFINED BENEFIT PENSION PLANS – Continued

Discount Rate. The discount rate used to measure the total pension liability was 6.90% 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following chart represents the Council's proportionate share of the net pension liability at the 6.90% discount rate, as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Council's proportionate share of the net pension liability	$ 1,772,970	$ 1,183,583	$ 693,321

NOTE G - DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLANS

Net OPEB Liability

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

ORC limits the Council's obligation for this liability to annual required payments. The Council cannot control benefit terms or the manner in which OPEB are financed; however, the Council does receive the benefit of employees' services in exchange for compensation, including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

NOTE G - DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLANS – Continued

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. 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' ACFR referenced below for additional information.

The ORC 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 ORC.

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

Funding Policy—The ORC 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. 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. The portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in the Combined Plan.

NOTE G - DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLANS – Continued

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 2023 was 4.0%, however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Council's proportion of the net OPEB liability was based on the Council's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

Proportionate Share of Net OPEB Liability	$	31,818
Proportion of the Net OPEB Liability		0.005046%
Change in Proportion		-0.000181%
Negative OPEB Expense	$	43,919

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

Deferred Outflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	63,192
Change in assumptions		31,078
Total Deferred Outflows of Resources	$	94,270
Deferred Inflows of Resources		
Differences between expected and actual experience	$	(7,937)
Change in assumptions		(2,557)
Change in proportionate share and difference in employer contributions		(4,346)
	$	(14,840)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:		
2024	$	7,530
2025		21,667
2026		19,706
2027		30,527
	$	79,430

NOTE G - DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLANS – Continued

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	2.75%
Projected salary increases	2.75% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement period	5.22%
Prior measurement period	6.00%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	4.05%
Prior measurement period	1.84%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2036
Prior measurement period	5.5% initial, 3.50% ultimate in 2034
Actuarial cost method	Individual entry age

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

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

NOTE G - DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLANS – Continued

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

Discount Rate. A single discount rate of 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2022. 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

NOTE G - DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLANS – Continued

Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the Council's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the Council's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (4.22%) or 1.0% point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Council's proportionate share of the net OPEB liability (asset)	$ 108,211	$ 31,818	$ (31,263)

Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate. Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% 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 2023 is 5.50%. 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 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Council's proportionate share of the net OPEB liability	$ 29,801	$ 31,818	$ 34,037

NOTE H – REVENUES

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

NOTE I – RISK MANAGEMENT

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

Miami Valley Communications Council
Montgomery County, Ohio
Required Supplementary Information
Schedule of Council's Proportionate Share of the Net Pension Liability
and Council Pension Contributions
Ohio Public Employees Retirement System - Traditional Pension Plan

Measurement Year (1)	Council's Proportion of the Net Pension Liability	Council's Proportionate Share of the Net Pension Liability	Council's Covered Payroll	Council's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.005365%	$ 632,464	$ 815,592	77.55%	86.36%
2015	0.005365%	647,079	742,058	87.20%	86.45%
2016	0.005294%	916,938	745,058	123.07%	81.08%
2017	0.005396%	1,225,321	742,825	164.95%	77.25%
2018	0.005017%	786,998	724,600	108.61%	84.66%
2019	0.004726%	1,294,278	729,979	177.30%	74.70%
2020	0.004035%	797,579	711,079	112.16%	82.17%
2021	0.004040%	598,263	562,729	106.31%	86.88%
2022	0.004128%	359,150	598,614	60.00%	92.62%
2023	0.004007%	1,183,583	621,736	190.37%	75.74%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Council's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 89,047	$ (89,047)	$ -	$ 742,058	12.00%
2015	89,407	(89,407)	-	745,058	12.00%
2016	89,139	(89,139)	-	742,825	12.00%
2017	94,198	(94,198)	-	724,600	13.00%
2018	102,197	(102,197)	-	729,979	14.00%
2019	99,551	(99,551)	-	711,079	14.00%
2020	78,782	(78,782)	-	562,729	14.00%
2021	83,806	(83,806)	-	598,614	14.00%
2022	87,043	(87,043)	-	621,736	14.00%
2023	101,812	(101,812)	-	727,229	14.00%

(1) Amounts presented for each year were determined as of the Council's measurement date, which is the prior year-end.

Notes to Schedule:

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

Miami Valley Communications Council
Montgomery County, Ohio
Required Supplementary Information
Schedule of Council's Proportionate Share of the Net OPEB Liability/(Asset)
and Council OPEB Contributions
Ohio Public Employees Retirement System

Measurement Year (1) (2)	Council's Proportion of the Net OPEB Liability (Asset)	Council's Proportionate Share of the Net OPEB Liability (Asset)	Council's Covered Payroll	Council's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2017	0.005729%	$ 578,674	$ 742,825	77.90%	54.05%
2018	0.005468%	593,826	724,600	81.95%	54.14%
2019	0.005411%	705,408	729,979	96.63%	46.33%
2020	0.004684%	646,932	711,079	90.98%	47.80%
2021	0.005095%	(90,779)	562,729	-16.13%	115.57%
2022	0.005227%	(163,713)	598,614	-27.35%	128.23%
2023	0.005046%	31,818	621,736	5.12%	94.79%

Calendar Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Council's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 14,849	$ (14,849)	$ -	$ 742,825	2.00%
2017	7,246	(7,246)	-	724,600	1.00%
2018	-	-	-	729,979	0.00%
2019	-	-	-	711,079	0.00%
2020	-	-	-	562,729	0.00%
2021	-	-	-	598,614	0.00%
2022	-	-	-	621,736	0.00%
2023	-	-	-	727,229	0.00%

(1) Information prior to 2017 is not available. The Council will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the Council's measurement date, which is the prior year-end.

(3) Information prior to 2016 is not available. The Council will continue to present information for years available until a full ten-year trend is compiled.

Notes to Schedule:

Changes of Benefit Terms

There have been no changes in benefit terms.

Changes of Assumptions

In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2028 to 10.5% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

In 2023, the single discount rate changed from 6.00% to 5.22% and the health care cost trend rate changed from 5.5% initial, 3.50% ultimate in 2034 to 5.5% initial, 3.50% ultimate in 2036.

Miami Valley Communications Council
Montgomery County
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Franchise Fees	$ 1,706,652	$ 1,706,652	$ 1,579,921	$ (126,731)
Training Income	9,000	9,000	19,070	10,070
Interest Income	30,000	30,000	154,665	124,665
Member Contributions	27,000	27,000	21,363	(5,637)
Other Income	164,330	164,330	108,923	(55,407)
Total Revenues	1,936,982	1,936,982	1,883,942	(53,040)
Expenditures				
Personnel	929,002	929,002	853,682	75,320
Fringe Benefits	343,166	343,166	294,147	49,019
Supplies	42,130	42,130	21,636	20,494
Maintenance	123,575	123,575	70,440	53,135
Contractual	553,805	553,805	454,103	99,702
Utilities	23,500	23,500	16,449	7,051
Telephone	3,960	3,960	2,878	1,082
Training and Services	13,600	13,600	2,026	11,574
Miscellaneous	63,095	63,095	42,219	20,876
Capital Outlay	84,000	84,000	27,969	56,031
Total Expenditures	2,179,833	2,179,833	1,785,549	394,284
Excess (deficiency) of revenues over expenditures	(242,851)	(242,851)	98,393	341,244
Fund Balances at January 1, 2023	3,727,590	3,727,590	3,727,590	-
Fund Balances at December 31, 2023	$ 3,484,739	$ 3,484,739	$ 3,825,983	$ 341,244

The notes to the supplementary information are an integral part of this schedule.

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Budgetary Accounting

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

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the Members of Council:

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 *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Valley Communications Council, Montgomery County (the Council) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated November 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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 financial statements. 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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2024

OHIO AUDITOR OF STATE
KEITH FABER

MIAMI VALLEY COMMUNICATIONS COUNCIL

MONTGOMERY 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 12/10/2024

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