



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF COSHOCTON
COSHOCTON COUNTY
DECEMBER 31, 2021**

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COSHOCTON COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Coshocton, Coshocton County, Ohio (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Coshocton, Coshocton County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire, Street, and Safety, Security & Law Enforcement Funds 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 City, 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.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

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 City'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 City'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 City'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 City's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 Expenditures of Federal Awards 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 September 19, 2022, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2022

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CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

The management's discussion and analysis of the City of Coshocton's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City'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 City's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The total net position of the City increased \$4,672,994 from the 2020 net position. Net position of governmental activities increased \$1,472,439 or 28.99% above 2020's net position and net position of business-type activities increased \$3,200,555 or 23.60% above the 2020's net position.
- General revenues accounted for \$8,607,295 or 85.34% of total governmental activities revenue. Program specific revenues accounted for \$1,479,165 or 14.66% of total governmental activities revenue.
- The City had \$8,614,021 in expenses related to governmental activities; \$1,479,165 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$7,134,856 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$8,607,295. General revenues were adequate to cover expenses for 2021.
- The general fund had revenues of \$4,075,547 and expenditures of \$4,295,365. The general fund's fund balance decreased \$219,818 from a balance of \$979,929 to a balance of \$760,111.
- The fire fund had revenues of \$1,263,421 and expenditures of \$1,321,427 in 2021. The net decrease in fund balance for the fire fund was \$58,006.
- The street fund had revenues of \$1,256,289 and expenditures of \$1,177,764 in 2021. The net increase in fund balance for the street fund was \$78,525.
- The safety, security and law enforcement fund had revenues of \$1,649,898 and expenditures of \$1,699,877 in 2021. The net decrease in fund balance for the safety, security and law enforcement fund was \$49,979.
- The fire capital improvement fund had revenues of \$412,600 and expenditures of \$389,282 in 2021. The net increase in fund balance for the fire capital improvement fund was \$23,318.
- Net position for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, increased in 2021 by \$3,200,555 above the 2020 balance.
- The water fund, a major enterprise fund, had operating and nonoperating revenues of \$4,708,436, operating and nonoperating expenses of \$3,334,121 and capital contributions of \$1,784,611 in 2021. The net position of the water fund increased \$3,158,926 or 34.11% from the 2020 net position balance.
- The sewer fund, a major enterprise fund, had operating revenues of \$2,232,963 and operating and nonoperating expenses of \$2,131,530 in 2021. The net position of the sewer fund increased \$101,433 or 3.01% from the 2020 net position balance.
- The solid waste fund, a major enterprise fund, had operating revenues of \$935,791 in 2021 and operating expenses of \$967,637 in 2021. The net position of the solid waste fund decreased \$31,846 or 3.55% from the 2020 net position balance.

CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

- In the general fund, the actual revenues came in \$31,550 lower than they were in the final budget and actual expenditures were \$248,473 less than the amount in the final budget. Budgeted revenues increased \$192,065 from the original to the final budget due primarily to an increase in projected other and intergovernmental revenues. Budgeted expenditures decreased \$990 from the original to the final budget due primarily to an increase in the estimated cost of general government expenditures which was offset by a decrease in the estimated cost of community environment expenditures.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into three distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, and solid waste operations are reported here.

Component unit - The City's financial statements include financial data for the Coshocton City Health Department. This component unit is described in the notes to the financial statements. The component unit is separate and may buy, sell, lease and mortgage property in its own name and can sue or be sued in its own name.

CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

Reporting the City's Most Significant Funds

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 City, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 14.

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 the 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 the 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, the 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 City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the fire fund, the street fund, the safety, security and law enforcement fund and the fire capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and solid waste management functions. The City's water, sewer and solid waste enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insurance.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. A private-purpose trust and custodial funds are the City's fiduciary fund types.

Notes to the Basic 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.

CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension and net OPEB asset/liability, along with contributions to the pension systems.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2021 and December 31, 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current assets	\$ 9,272,809	\$ 8,834,170	\$ 7,144,320	\$ 6,441,756	\$ 16,417,129	\$ 15,275,926
Capital assets, net	7,518,442	8,004,080	24,085,339	22,735,151	31,603,781	30,739,231
Total assets	16,791,251	16,838,250	31,229,659	29,176,907	48,020,910	46,015,157
<u>Deferred outflows of resources</u>						
Pension	852,522	1,042,557	239,677	350,377	1,092,199	1,392,934
OPEB	444,153	645,155	104,692	243,916	548,845	889,071
Total deferred outflows of resources	1,296,675	1,687,712	344,369	594,293	1,641,044	2,282,005
<u>Liabilities</u>						
Current liabilities	1,146,938	929,926	659,515	499,040	1,806,453	1,428,966
Long-term liabilities:						
Due within one year	181,660	348,968	965,844	2,123,320	1,147,504	2,472,288
Net pension liability	5,448,198	6,131,848	1,295,235	1,709,226	6,743,433	7,841,074
Net OPEB liability	540,666	2,356,007	-	1,177,828	540,666	3,533,835
Other amounts	1,024,526	1,268,581	10,825,864	10,166,435	11,850,390	11,435,016
Total liabilities	8,341,988	11,035,330	13,746,458	15,675,849	22,088,446	26,711,179
<u>Deferred inflows of resources</u>						
Property taxes	936,013	856,789	-	-	936,013	856,789
Pension	1,263,575	1,029,145	583,221	363,384	1,846,796	1,392,529
OPEB	995,143	525,930	480,595	168,768	1,475,738	694,698
Total deferred inflows of resources	3,194,731	2,411,864	1,063,816	532,152	4,258,547	2,944,016
<u>Net Position</u>						
Net investment in capital assets	6,916,629	6,932,534	12,324,253	10,782,707	19,240,882	17,715,241
Restricted	2,730,067	2,751,042	-	-	2,730,067	2,751,042
Unrestricted (deficit)	(3,095,489)	(4,604,808)	4,439,501	2,780,492	1,344,012	(1,824,316)
Total net position	\$ 6,551,207	\$ 5,078,768	\$ 16,763,754	\$ 13,563,199	\$ 23,314,961	\$ 18,641,967

CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset 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 City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, net pension asset and the net OPEB asset.

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

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the City'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 City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

In accordance with GASB 68 and GASB 75, the City'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/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$23,314,961. At year-end, net position was \$6,551,207 and \$16,763,754 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 65.81% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investments in capital assets at December 31, 2021, were \$6,916,629 and \$12,324,253 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$2,730,067, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit of \$3,095,489.

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CITY OF COSHOCTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The following tables show the changes in net position for 2021 and 2020.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2021	2020
	Activities	Activities	Activities	Activities	Total	Total
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>Total</u>	<u>Total</u>
Revenues:						
Program revenues:						
Charges for services	\$ 577,563	\$ 6,995,959	\$ 505,785	\$ 6,490,188	\$ 7,573,522	\$ 6,995,973
Operating grants and contributions	901,602	-	1,693,098	-	901,602	1,693,098
Capital grants and contributions	-	1,784,611	85,417	3,774,255	1,784,611	3,859,672
Total program revenues	<u>1,479,165</u>	<u>8,780,570</u>	<u>2,284,300</u>	<u>10,264,443</u>	<u>10,259,735</u>	<u>12,548,743</u>
General revenues:						
Property taxes	922,239	-	843,130	-	922,239	843,130
Income taxes	6,652,006	-	6,574,584	-	6,652,006	6,574,584
Lodging tax	78,050	-	55,285	-	78,050	55,285
JEDD revenue	98,391	-	92,516	-	98,391	92,516
Unrestricted grants and entitlements	604,989	-	350,084	-	604,989	350,084
Investment earnings	2,767	-	28,913	-	2,767	28,913
Miscellaneous	248,853	56,903	791,135	96,172	305,756	887,307
Total general revenues	<u>8,607,295</u>	<u>56,903</u>	<u>8,735,647</u>	<u>96,172</u>	<u>8,664,198</u>	<u>8,831,819</u>
Total revenues	<u>10,086,460</u>	<u>8,837,473</u>	<u>11,019,947</u>	<u>10,360,615</u>	<u>18,923,933</u>	<u>21,380,562</u>
Expenses:						
General government	3,254,848	-	3,109,122	-	3,254,848	3,109,122
Security of persons and property	2,652,758	-	4,398,350	-	2,652,758	4,398,350
Public health and welfare	574,011	-	1,086,829	-	574,011	1,086,829
Transportation	1,784,919	-	2,180,853	-	1,784,919	2,180,853
Community environment	15,310	-	80,868	-	15,310	80,868
Leisure time activity	277,407	-	250,385	-	277,407	250,385
Urban redevelopment and housing	10,579	-	41,481	-	10,579	41,481
Other	24,897	-	56,750	-	24,897	56,750
Interest and fiscal charges	19,292	-	16,458	-	19,292	16,458
Water	-	3,349,294	-	3,817,697	3,349,294	3,817,697
Sewer	-	2,144,315	-	2,100,607	2,144,315	2,100,607
Solid waste	-	967,637	-	866,015	967,637	866,015
Total expenses	<u>8,614,021</u>	<u>6,461,246</u>	<u>11,221,096</u>	<u>6,784,319</u>	<u>15,075,267</u>	<u>18,005,415</u>
Special Item - Transfer of Operations	-	824,328	-	-	824,328	-
Transfers	-	-	(100,000)	100,000	-	-
Change in net position	1,472,439	3,200,555	(301,149)	3,676,296	4,672,994	3,375,147
Net position at beginning of year	<u>5,078,768</u>	<u>13,563,199</u>	<u>5,379,917</u>	<u>9,886,903</u>	<u>18,641,967</u>	<u>15,266,820</u>
Net position at end of year	<u>\$ 6,551,207</u>	<u>\$ 16,763,754</u>	<u>\$ 5,078,768</u>	<u>\$ 13,563,199</u>	<u>\$ 23,314,961</u>	<u>\$ 18,641,967</u>

CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

Governmental Activities

Governmental activities net position increased by \$1,472,439 from the 2020 net position.

Security of persons and property, which primarily supports the sheriff's contracts accounted for \$2,652,758 of the total expenses of the City. General government expenses totaled \$3,254,848. General government expenses were partially funded by \$484,602 in direct charges to users of the services.

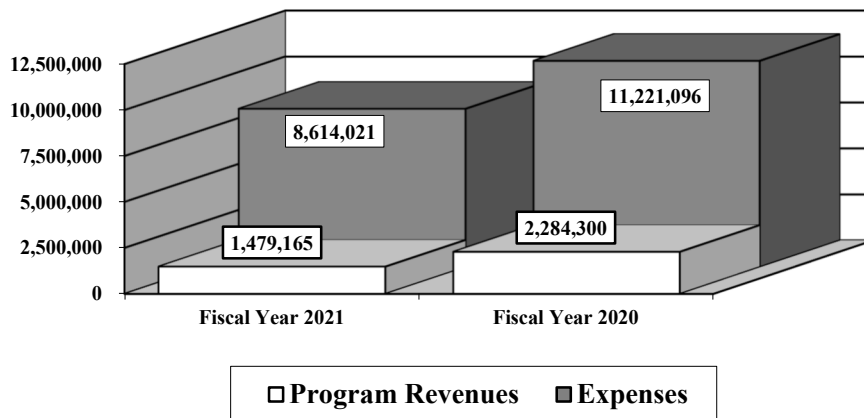
Expenses of the governmental activities decreased \$2,607,075 or 23.23%. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

The state and federal government contributed to the City a total of \$901,602 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of these total grants and contributions, \$765,364 subsidized transportation programs.

General revenues totaled \$8,607,295 and amounted to 85.34% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,574,245. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$604,989. Miscellaneous general revenues were also a primary source of revenue during the current year. Miscellaneous revenues totaled \$248,853.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities as program revenues are not sufficient to cover total governmental expenses for 2021.

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF COSHOCTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

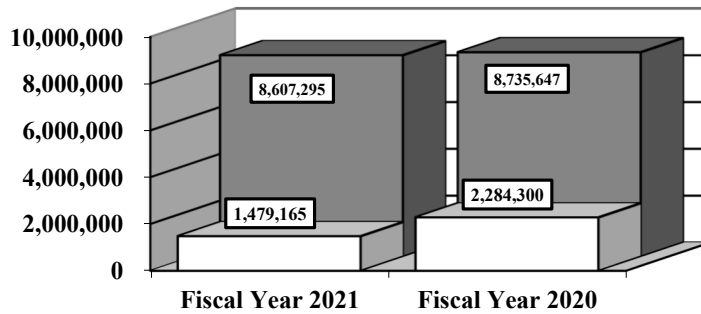
Governmental Activities

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Program Expenses:				
General government	\$ 3,254,848	\$ 2,696,746	\$ 3,109,122	\$ 2,588,252
Security of persons and property	2,652,758	2,635,758	4,398,350	4,356,898
Public health and welfare	574,011	468,905	1,086,829	41,569
Transportation	1,784,919	1,019,555	2,180,853	1,543,497
Community environment	15,310	15,310	80,868	80,868
Leisure time activity	277,407	253,707	250,385	250,385
Urban redevelopment and housing	10,579	686	41,481	2,119
Other	24,897	24,897	56,750	56,750
Interest and fiscal charges	19,292	19,292	16,458	16,458
Total	<u>\$ 8,614,021</u>	<u>\$ 7,134,856</u>	<u>\$ 11,221,096</u>	<u>\$ 8,936,796</u>

The dependence upon general revenues for governmental activities is apparent, with 82.83% of expenses supported through taxes and other general revenues.

The chart below illustrates the City’s program revenues versus general revenues for 2021 and 2020.

Governmental Activities – General and Program Revenues



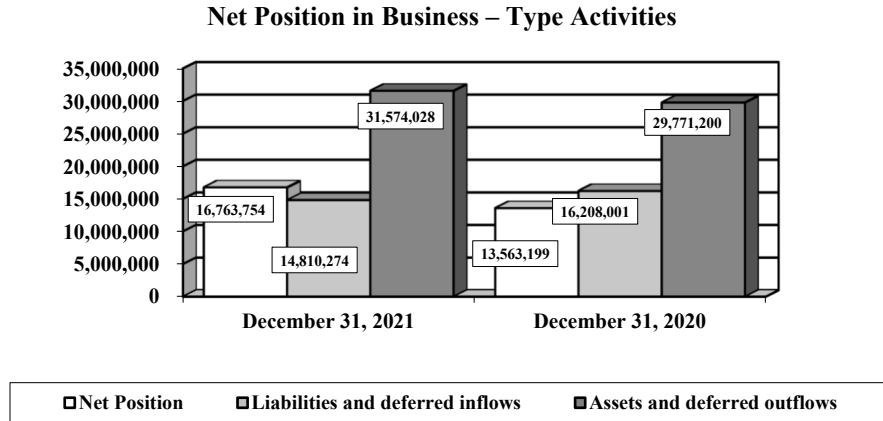
Program Revenues General Revenues

CITY OF COSHOCTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Business-type Activities

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$8,780,570, general revenues of \$56,903 and expenses of \$6,461,246 for 2021. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end.



Financial Analysis of the Government’s Funds

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

Governmental Funds

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

The City’s governmental funds reported a combined fund balance of \$4,910,161, which is \$320,793 less than last year’s total of \$5,230,954.

The table below indicates the fund balance and the total change in fund balance as of December 31, 2021 and December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balances 12/31/21	Fund Balances 12/31/20	Change
Major funds:			
General	\$ 760,111	\$ 979,929	\$ (219,818)
Fire	761,205	819,211	(58,006)
Street	559,863	481,338	78,525
Safety, security and law enforcement	349,357	399,336	(49,979)
Fire capital improvement	1,014,029	990,711	23,318
Other nonmajor governmental funds	<u>1,465,596</u>	<u>1,560,429</u>	<u>(94,833)</u>
Total	<u>\$ 4,910,161</u>	<u>\$ 5,230,954</u>	<u>\$ (320,793)</u>

CITY OF COSHOCTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

General Fund

The City's general fund balance decreased \$219,818. The table that follows assists in illustrating the revenues of the general fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 2,815,486	\$ 2,816,788	(0.05) %
Charges for services	203,353	167,690	21.27 %
Licenses and permits	277,677	260,347	6.66 %
Fines and forfeitures	1,300	7,639	(82.98) %
Investment income	2,767	28,913	(90.43) %
Special assessments	8,737	8,296	5.32 %
Intergovernmental	562,334	343,883	63.52 %
JEDD revenue	49,461	46,606	6.13 %
Other	154,432	582,520	(73.49) %
Total	<u>\$ 4,075,547</u>	<u>\$ 4,262,682</u>	(4.39) %

Tax revenue represents 69.08% of all general fund revenue. The decrease in investment income is due to the decrease in the investments made by the City and the amount of interest on the City's various accounts. The decrease in other revenue is due to the bureau of workers compensation rebates received in the prior year.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 2,331,049	\$ 2,681,499	(13.07) %
Security of persons and property	1,066,322	1,114,154	(4.29) %
Public health and welfare	688,776	701,104	(1.76) %
Transportation	-	474	(100.00) %
Community environment	15,310	80,868	(81.07) %
Leisure time activity	188,749	163,688	15.31 %
Other	691	-	N/A
Debt service	4,468	4,469	(0.02) %
Total	<u>\$ 4,295,365</u>	<u>\$ 4,746,256</u>	(9.50) %

The City's total expenditures decreased during 2021 by \$450,891. The decrease in general governmental expenditures is related to a larger than normal reimbursement that was received in the prior year. The decrease in community environment expenditures is due to a decrease in planning and zoning costs.

Fire Fund

The fire fund had revenues of \$1,263,421 and expenditures of \$1,321,427 in 2021. The net decrease in fund balance for the fire fund was \$58,006.

CITY OF COSHOCTON, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Street Fund

The street fund had revenues of \$1,256,289 and expenditures of \$1,177,764 in 2021. The net increase in fund balance for the street fund was \$78,525.

Safety, Security and Law Enforcement Fund

The safety, security and law enforcement fund had revenues of \$1,649,898 and expenditures of \$1,699,877 in 2021. The net decrease in fund balance for the safety, security and law enforcement fund was \$49,979.

Fire Capital Improvement Fund

The fire capital improvement fund had revenues of \$412,600 and expenditures of \$389,282 in 2021. The net increase in fund balance for the fire capital improvement fund was \$23,318.

Budgeting Highlights

The City’s budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City’s appropriations which are restricted by the amounts of anticipated resources certified by the Budget Commission in accordance with the ORC. Therefore, the City’s plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, the fire fund, the street fund and safety, security and law enforcement fund. In the general fund, one of the most significant changes was between the original and final budgeted amount in the area of revenues, which increased \$192,065 from \$3,892,800 to \$4,084,865. Actual revenues of \$4,053,315 were less than final budgeted revenues by \$31,550. Original budgeted expenditures came in \$990 higher than the final budgeted amounts. Actual expenditures of \$4,362,600 were less than final budgeted expenditures by \$248,473.

Proprietary Funds

The City’s enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

The City’s enterprise funds reported a combined net position of \$16,752,345. The schedule below indicates the net position and the total change in net position as of December 31, 2021 for all enterprise funds.

	<u>Net Position</u> <u>12/31/21</u>	<u>Net Position</u> <u>12/31/20</u>	<u>Change</u>
Major funds:			
Water	\$ 12,419,674	\$ 9,260,748	\$ 3,158,926
Sewer	3,466,206	3,364,773	101,433
Solid waste	<u>866,465</u>	<u>898,311</u>	<u>(31,846)</u>
Total	<u>\$ 16,752,345</u>	<u>\$ 13,523,832</u>	<u>\$ 3,228,513</u>

CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Water Fund

The City's Water fund net position increased \$3,158,926 due an increase in charges for services, a decrease in OPEB expense reflected in personal services expense and due to \$824,328 related to the transfer of operations from the Village of West Lafayette.

The following tables illustrate the revenues and expenses of the water fund.

	<u>2021</u>	<u>2020</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 3,848,007	\$ 3,353,866	14.73 %
Other	<u>36,101</u>	<u>76,046</u>	(52.53) %
Total	<u>\$ 3,884,108</u>	<u>\$ 3,429,912</u>	13.24 %
<u>Operating Expenses</u>			
Personal services	\$ 549,401	\$ 1,450,357	(62.12) %
Contractual services	176,402	192,939	(8.57) %
Materials and supplies	1,449,515	1,261,078	14.94 %
Depreciation	1,026,971	795,040	29.17 %
Other	<u>8,637</u>	<u>235</u>	3,575.32 %
Total	<u>\$ 3,210,926</u>	<u>\$ 3,699,649</u>	(13.21) %
<u>Nonoperating Expenses</u>			
Interest expense and fiscal charges	\$ (123,195)	\$ (144,349)	(14.65) %
Special item - transfer of operations	<u>824,328</u>	<u>-</u>	N/A
Total	<u>\$ 701,133</u>	<u>\$ (144,349)</u>	(585.72) %
<u>Capital Contributions</u>			
Capital contributions	<u>\$ 1,784,611</u>	<u>\$ 3,874,255</u>	(53.94) %

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CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Sewer Fund

The City's sewer fund net position increased \$101,433 due to a decrease in personal services expense. The following tables illustrate the revenues and expenses of the sewer fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 2,212,161	\$ 2,232,519	(0.91) %
Other	<u>20,802</u>	<u>20,126</u>	3.36 %
Total	<u>\$ 2,232,963</u>	<u>\$ 2,252,645</u>	(0.87) %
<u>Operating Expenses</u>			
Personal services	\$ 602,382	\$ 929,563	(35.20) %
Contractual services	180,100	222,267	(18.97) %
Materials and supplies	719,637	372,173	93.36 %
Depreciation	<u>479,653</u>	<u>443,317</u>	8.20 %
Total	<u>\$ 1,981,772</u>	<u>\$ 1,967,320</u>	0.73 %
<u>Nonoperating Expenses</u>			
Interest expense and fiscal charges	<u>(149,758)</u>	<u>(155,695)</u>	(3.81) %
Total	<u>\$ (149,758)</u>	<u>\$ (155,695)</u>	(3.81) %

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CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Solid Waste Fund

The City's Solid Waste fund net position decreased \$31,846 due to an increase in materials and supplies expense which was partially offset by a decrease in personal services expense and to an increase in charges for service.

The following tables illustrate the revenues and expenses of the solid waste fund.

	<u>2021</u>	<u>2020</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 935,791	\$ 903,803	3.54 %
Total	<u>\$ 935,791</u>	<u>\$ 903,803</u>	3.54 %
<u>Operating Expenses</u>			
Personal services	\$ -	\$ 20,500	(100.00) %
Contractual services	809,264	795,355	1.75 %
Materials and supplies	154,913	46,700	231.72 %
Depreciation	<u>3,460</u>	<u>3,460</u>	- %
Total	<u>\$ 967,637</u>	<u>\$ 866,015</u>	11.73 %

Capital Assets and Debt Administration

Capital Assets

At the end of 2021, the City had \$31,603,781 (net of accumulated depreciation) invested in land, and improvements, land improvements, furniture and equipment, vehicles and infrastructure. Of this total, \$7,518,442 was reported in governmental activities and \$24,085,339 was reported in business-type activities. See Note 10 for further description of capital assets. The following table shows 2021 balances compared to 2020:

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CITY OF COSHOCTON, OHIO

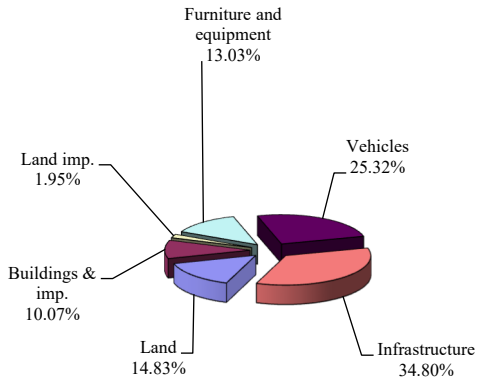
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Capital Assets at December 31
(Net of Depreciation)**

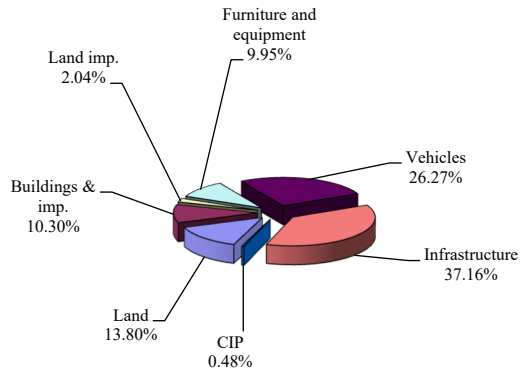
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,114,518	\$ 1,104,518	\$ 741,766	\$ 741,766	\$ 1,856,284	\$ 1,846,284
Land improvements	146,902	163,441	24,029	15,322	170,931	178,763
Buildings and improvements	757,404	824,800	4,287,509	4,493,348	5,044,913	5,318,148
Furniture and equipment	979,305	796,292	4,778,112	4,714,463	5,757,417	5,510,755
Vehicles	1,903,594	2,102,794	272,477	261,319	2,176,071	2,364,113
Infrastructure	2,616,719	2,974,026	13,981,446	-	16,598,165	2,974,026
Water and sewer lines	-	-	-	6,509,040	-	6,509,040
Construction in progress	-	38,209	-	5,999,893	-	6,038,102
Totals	\$ 7,518,442	\$ 8,004,080	\$ 24,085,339	\$ 22,735,151	\$ 31,603,781	\$ 30,739,231

The following graphs show the breakdown of governmental capital assets by category for 2021 and 2020.

Capital Assets - Governmental Activities 2021



Capital Assets - Governmental Activities 2020



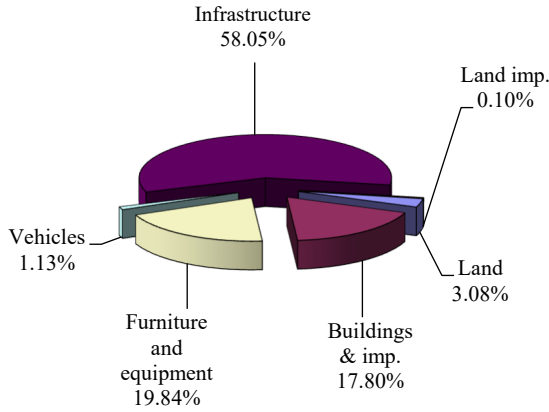
The City’s largest governmental capital asset category is infrastructure. The net book value of this category (cost less accumulated depreciation) represents approximately 34.80% of the City’s total governmental capital assets.

CITY OF COSHOCTON, OHIO

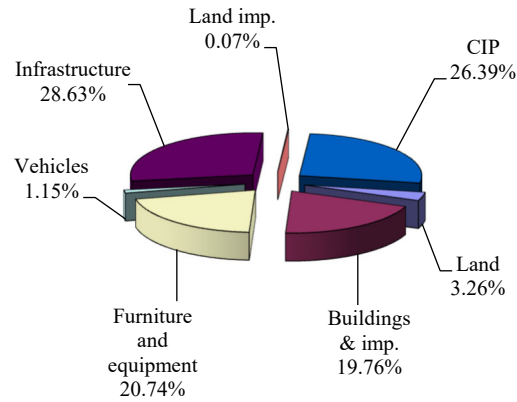
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The following graphs show the breakdown of business-type capital assets by category for 2021 and 2020.

Capital Assets - Business-Type Activities 2021



Capital Assets - Business-Type Activities 2020



The City’s largest business-type capital asset category is infrastructure which includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City’s water and sewer lines (cost less accumulated depreciation) represents approximately 58.05% of the City’s total business-type capital assets.

Debt Administration

The City had the following debt outstanding at December 31, 2021 and 2020:

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Acquisition bonds	\$ 263,102	\$ 550,487
OPWC loans	243,749	283,047
Loan payable	90,719	111,760
Capital lease obligation	<u>4,243</u>	<u>8,321</u>
Total long-term obligations	<u>\$ 601,813</u>	<u>\$ 953,615</u>
	Business-type Activities	
	<u>2021</u>	<u>2020</u>
OWDA loans	\$ 10,065,955	\$ 10,402,090
OPWC loans	277,829	301,295
Capital lease obligation	2,733	4,059
Acquisition bonds	1,145,000	-
Bond anticipation notes	<u>-</u>	<u>1,245,000</u>
Total long-term obligations	<u>\$ 11,491,517</u>	<u>\$ 11,952,444</u>

Further detail on the City’s long-term obligations can be found in Note 13 to the financial statements.

CITY OF COSHOCTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

Economic Conditions and Outlook

The Auditor continues to carefully monitor two primary sources of revenue – local income tax and shared intergovernmental (State) revenue. In order to meet the objectives of the 2021 budget and going forward with the 2022 budget, efforts to continue to contain costs while pursuing new sources of revenue was emphasized. Council and the Administration have been advised that the General Fund could potentially face a deficit. The overall income tax revenue for 2021 showed just under a one percent increase for the year 2021. The driving factor was the business net profit revenue declined 23.13%. The Auditor and Income Tax Administrator are closely monitoring businesses experiencing a net loss, most likely attributed to the pandemic. Other sources of general fund revenue are remaining stagnant while expenses are increasing.

A 10-year Job Creation Grant Agreement with Kraft Heinz Foods signed in 2014 will end with the last rebate tax year of 2024. Through tax year 2021, \$584,454.02 has been rebated back to Kraft Foods and \$584,454.02 remitted to River View School District. The Rebate for 2021 tax year was \$110,784.94 to each entity. The last Rebate will be made in 2025 for tax year 2024. At the conclusion of the grant, those dollars will remain in the General Fund.

The City of Coshocton and Village of West Lafayette entered into an agreement in March 2019 that allows the City to become the regional water supplier to the Village. Completion of the \$8,000,000 project funded through various grants and a Water Supply Revolving loan wrapped up at the end of 2021. The city now has approximately 900 new customers which will generate up to \$310,000 annually in additional revenue for the Water fund.

The City Auditor continues to monitor the revenue and expenses while following conservative budgeting practices.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Sherry Kirkpatrick, City Auditor, City of Coshocton, City Hall, 760 Chestnut Street, Coshocton, OH 43812.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF COSHOCTON, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Coshocton City Health Department
Assets:				
Equity in pooled cash and cash equivalents	\$ 5,565,013	\$ 5,323,536	\$ 10,888,549	\$ 6,998
Receivables:				
Income taxes	1,705,557	-	1,705,557	-
Property and other local taxes	982,901	-	982,901	-
Accounts	73,031	1,106,470	1,179,501	-
Accrued interest	814	-	814	-
Special assessments	16,960	-	16,960	-
Internal balances	(11,409)	11,409	-	-
Due from other governments	556,315	140,326	696,641	25,368
Materials and supplies inventory	107,617	394,988	502,605	-
Prepayments	2,796	6,753	9,549	96
Due from JEDDS	28,651	-	28,651	-
Net pension asset	12,562	8,262	20,824	1,544
Net OPEB asset	232,001	152,576	384,577	28,517
Capital assets:				
Land	1,114,518	741,766	1,856,284	-
Depreciable capital assets, net	6,403,924	23,343,573	29,747,497	132,266
Total capital assets, net	7,518,442	24,085,339	31,603,781	132,266
Total assets	16,791,251	31,229,659	48,020,910	194,789
Deferred outflows of resources:				
Pension	852,522	239,677	1,092,199	54,864
OPEB	444,153	104,692	548,845	24,934
Total deferred outflows of resources	1,296,675	344,369	1,641,044	79,798
Liabilities:				
Accounts payable	216,902	321,274	538,176	-
Contracts payable	-	269,569	269,569	-
Accrued wages and benefits payable	70,448	28,885	99,333	3,766
Due to other governments	170,537	16,324	186,861	8,670
Accrued interest payable	-	23,463	23,463	-
Claims payable	200,749	-	200,749	-
Unearned revenue	488,302	-	488,302	-
Long-term liabilities:				
Due within one year	181,660	965,844	1,147,504	9,731
Due in more than one year				
Net pension liability	5,448,198	1,295,235	6,743,433	242,083
Net OPEB liability	540,666	-	540,666	-
Other amounts due in more than one year	1,024,526	10,825,864	11,850,390	44,928
Total liabilities	8,341,988	13,746,458	22,088,446	309,178
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	936,013	-	936,013	-
Pension	1,263,575	583,221	1,846,796	136,322
OPEB	995,143	480,595	1,475,738	108,224
Total deferred inflows of resources	3,194,731	1,063,816	4,258,547	244,546
Net position:				
Net investment in capital assets	6,916,629	12,324,253	19,240,882	132,266
Restricted for:				
Capital projects	1,084,889	-	1,084,889	-
Perpetual care:				
Expendable	179,682	-	179,682	-
Nonexpendable	250,000	-	250,000	-
Transportation projects	342,717	-	342,717	-
Public health and welfare programs	8,368	-	8,368	-
Public safety programs	632,776	-	632,776	-
Other purposes	231,635	-	231,635	6,998
Unrestricted (deficit)	(3,095,489)	4,439,501	1,344,012	(418,401)
Total net position (deficit)	\$ 6,551,207	\$ 16,763,754	\$ 23,314,961	\$ (279,137)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government	\$ 3,254,848	\$ 484,602	\$ 73,500	\$ -
Security of persons and property	2,652,758	-	17,000	-
Public health and welfare	574,011	92,961	12,145	-
Transportation	1,784,919	-	765,364	-
Community environment	15,310	-	-	-
Leisure time activity	277,407	-	23,700	-
Urban redevelopment and housing	10,579	-	9,893	-
Other	24,897	-	-	-
Interest and fiscal charges	19,292	-	-	-
Total governmental activities	<u>8,614,021</u>	<u>577,563</u>	<u>901,602</u>	<u>-</u>
Business-type activities:				
Water	3,349,294	3,848,007	-	1,784,611
Sewer	2,144,315	2,212,161	-	-
Solid waste	967,637	935,791	-	-
Total business-type activities	<u>6,461,246</u>	<u>6,995,959</u>	<u>-</u>	<u>1,784,611</u>
Total primary government	<u>\$ 15,075,267</u>	<u>\$ 7,573,522</u>	<u>\$ 901,602</u>	<u>\$ 1,784,611</u>
Component units:				
Coshocton City Health Department	360,965	119,241	393,967	-
Total component unit	<u>\$ 360,965</u>	<u>\$ 119,241</u>	<u>\$ 393,967</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:

General purposes

Street levy fund

Fire pension fund

MVL fund

Income taxes levied for:

General purposes

Fire fund

Safety and Security fund

Retirement fund

Street fund

Street debt fund

Capital project fund

JEDD revenue levied for:

General purposes

Special revenue

Lodging tax levied for:

General purposes

Special revenue

Grants and entitlements not restricted
to specific programs

Investment earnings

Miscellaneous

Total general revenues

Special item - transfer of operations from West Lafayette

Total general revenues and special items

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Coshocton City Health Department
\$ (2,696,746)	\$ -	\$ (2,696,746)	\$ -
(2,635,758)	-	(2,635,758)	-
(468,905)	-	(468,905)	-
(1,019,555)	-	(1,019,555)	-
(15,310)	-	(15,310)	-
(253,707)	-	(253,707)	-
(686)	-	(686)	-
(24,897)	-	(24,897)	-
(19,292)	-	(19,292)	-
<u>(7,134,856)</u>	<u>-</u>	<u>(7,134,856)</u>	<u>-</u>
-	2,283,324	2,283,324	-
-	67,846	67,846	-
-	(31,846)	(31,846)	-
<u>-</u>	<u>2,319,324</u>	<u>2,319,324</u>	<u>-</u>
<u>(7,134,856)</u>	<u>2,319,324</u>	<u>(4,815,532)</u>	<u>-</u>
-	-	-	152,243
-	-	-	152,243
410,593	-	410,593	-
404,251	-	404,251	-
49,257	-	49,257	-
58,138	-	58,138	-
2,449,599	-	2,449,599	-
1,247,268	-	1,247,268	-
1,662,936	-	1,662,936	-
49,891	-	49,891	-
598,688	-	598,688	-
61,566	-	61,566	-
582,058	-	582,058	-
49,461	-	49,461	-
48,930	-	48,930	-
3,448	-	3,448	-
74,602	-	74,602	-
604,989	-	604,989	2,104
2,767	-	2,767	-
<u>248,853</u>	<u>56,903</u>	<u>305,756</u>	<u>-</u>
<u>8,607,295</u>	<u>56,903</u>	<u>8,664,198</u>	<u>2,104</u>
-	824,328	824,328	-
<u>8,607,295</u>	<u>881,231</u>	<u>9,488,526</u>	<u>2,104</u>
1,472,439	3,200,555	4,672,994	154,347
5,078,768	13,563,199	18,641,967	(433,484)
<u>\$ 6,551,207</u>	<u>\$ 16,763,754</u>	<u>\$ 23,314,961</u>	<u>\$ (279,137)</u>

CITY OF COSHOCTON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>Fire</u>	<u>Street</u>	<u>Safety, Security & Law Enforcement</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 884,433	\$ 679,452	\$ 380,128	\$ 200,899
Receivables:				
Income taxes	628,053	319,798	153,503	426,365
Property and other local taxes	462,681	-	-	-
Accounts	68,480	-	-	-
Accrued interest	-	-	7	-
Special assessments	16,960	-	-	-
Due from other funds	377	-	-	-
Due from other governments	170,144	-	304,010	-
Materials and supplies inventory	1,598	-	106,019	-
Prepayments	384	1,447	965	-
Due from external parties	14,403	7,124	-	7,124
Total assets	<u>\$ 2,247,513</u>	<u>\$ 1,007,821</u>	<u>\$ 944,632</u>	<u>\$ 634,388</u>
Liabilities:				
Accounts payable	\$ 189,717	\$ 13,051	\$ 11,855	\$ -
Accrued wages and benefits payable	60,133	-	10,315	-
Due to other funds	-	-	-	-
Due to other governments	135,037	20,985	5,739	1,612
Unearned revenue	-	-	-	-
Total liabilities	<u>384,887</u>	<u>34,036</u>	<u>27,909</u>	<u>1,612</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	443,495	-	-	-
Delinquent property tax revenue not available	19,186	-	-	-
Special assessments revenue not available	16,960	-	-	-
Miscellaneous revenue not available	60,770	-	-	-
Income tax revenue not available	417,488	212,580	102,039	283,419
Other nonexchange transactions not available	144,616	-	254,821	-
Total deferred inflows of resources	<u>1,102,515</u>	<u>212,580</u>	<u>356,860</u>	<u>283,419</u>
Total liabilities and deferred inflows of resources	<u>1,487,402</u>	<u>246,616</u>	<u>384,769</u>	<u>285,031</u>
Fund balances:				
Nonspendable	14,011	1,447	106,984	-
Restricted	-	759,758	452,879	349,357
Committed	-	-	-	-
Assigned	746,100	-	-	-
Total fund balances	<u>760,111</u>	<u>761,205</u>	<u>559,863</u>	<u>349,357</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,247,513</u>	<u>\$ 1,007,821</u>	<u>\$ 944,632</u>	<u>\$ 634,388</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Fire Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 978,290	\$ 1,920,633	\$ 5,043,835
106,599	71,239	1,705,557
-	520,220	982,901
-	4,551	73,031
-	807	814
-	-	16,960
-	-	377
-	82,161	556,315
-	-	107,617
-	-	2,796
-	-	28,651
<u>\$ 1,084,889</u>	<u>\$ 2,599,611</u>	<u>\$ 8,518,854</u>
\$ -	\$ 2,279	\$ 216,902
-	-	70,448
-	377	377
-	7,164	170,537
-	488,302	488,302
<u>-</u>	<u>498,122</u>	<u>946,566</u>
-	492,518	936,013
-	21,306	40,492
-	-	16,960
-	49	60,819
70,860	47,354	1,133,740
-	74,666	474,103
<u>70,860</u>	<u>635,893</u>	<u>2,662,127</u>
<u>70,860</u>	<u>1,134,015</u>	<u>3,608,693</u>
-	250,000	372,442
1,014,029	606,181	3,182,204
-	609,415	609,415
-	-	746,100
<u>1,014,029</u>	<u>1,465,596</u>	<u>4,910,161</u>
<u>\$ 1,084,889</u>	<u>\$ 2,599,611</u>	<u>\$ 8,518,854</u>

CITY OF COSHOCTON, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Total governmental fund balances	\$	4,910,161
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,518,442
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 1,133,740	
Property taxes receivable	40,492	
Miscellaneous receivable	60,819	
Intergovernmental receivable	474,103	
Special assessments receivable	16,960	
Total		1,726,114
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net position of the internal service fund, including internal balances of \$11,409, is:		309,020
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Acquisition Bonds	(263,102)	
Capital lease payable	(4,243)	
Loan payable	(90,719)	
OPWC loans	(243,749)	
Compensated absences	(604,373)	
Total		(1,206,186)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows	852,522	
Deferred inflows	(1,263,575)	
Net pension asset	12,562	
Net pension liability	(5,448,198)	
Total		(5,846,689)
The net OPEB asset and the net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	444,153	
Deferred inflows of resources	(995,143)	
Net OPEB asset	232,001	
Net OPEB liability	(540,666)	
Total		(859,655)
Net position of governmental activities	\$	6,551,207

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF COSHOCTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Fire</u>	<u>Street</u>	<u>Safety, Security & Law Enforcement</u>
Revenues:				
Income taxes	\$ 2,394,337	\$ 1,219,157	\$ 585,194	\$ 1,625,433
Property and other taxes	421,149	-	-	-
Charges for services	203,353	-	-	-
Licenses and permits	277,677	-	-	-
Fines and forfeitures	1,300	-	-	-
Intergovernmental	562,334	-	659,820	-
Special assessments	8,737	-	-	-
Investment income	2,767	-	74	-
JEDD revenue	49,461	24,465	-	24,465
Other	154,432	19,799	11,201	-
Total revenues	<u>4,075,547</u>	<u>1,263,421</u>	<u>1,256,289</u>	<u>1,649,898</u>
Expenditures:				
Current:				
General government	2,331,049	-	-	1,698,265
Security of persons and property	1,066,322	1,321,427	-	1,612
Public health and welfare	688,776	-	-	-
Transportation	-	-	1,153,527	-
Community environment	15,310	-	-	-
Leisure time activity	188,749	-	-	-
Urban redevelopment and housing	-	-	-	-
Other	691	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	4,078	-	21,041	-
Interest and fiscal charges	390	-	3,196	-
Total expenditures	<u>4,295,365</u>	<u>1,321,427</u>	<u>1,177,764</u>	<u>1,699,877</u>
Net change in fund balances	(219,818)	(58,006)	78,525	(49,979)
Fund balances at beginning of year	<u>979,929</u>	<u>819,211</u>	<u>481,338</u>	<u>399,336</u>
Fund balances at end of year	<u>\$ 760,111</u>	<u>\$ 761,205</u>	<u>\$ 559,863</u>	<u>\$ 349,357</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Fire Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 406,385	\$ 271,553	\$ 6,502,059
-	594,082	1,015,231
-	-	203,353
-	-	277,677
-	73,714	75,014
-	215,562	1,437,716
-	-	8,737
-	12,177	15,018
-	-	98,391
6,215	62,025	253,672
<u>412,600</u>	<u>1,229,113</u>	<u>9,886,868</u>
-	329,282	4,358,596
-	73,581	2,462,942
-	111,243	800,019
-	579,771	1,733,298
-	-	15,310
-	-	188,749
-	10,579	10,579
-	24,206	24,897
119,497	122,680	242,177
262,032	64,651	351,802
7,753	7,953	19,292
<u>389,282</u>	<u>1,323,946</u>	<u>10,207,661</u>
23,318	(94,833)	(320,793)
990,711	1,560,429	5,230,954
<u>\$ 1,014,029</u>	<u>\$ 1,465,596</u>	<u>\$ 4,910,161</u>

CITY OF COSHOCTON, OHIO

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, 2021

Net change in fund balances - total governmental funds	\$	(320,793)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 374,016	
Current year depreciation	(859,654)	
Total		(485,638)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	149,947	
Property taxes	(14,991)	
Miscellaneous	(4,770)	
Intergovernmental revenues	56,629	
Special assessments	12,782	
Investment income	(5)	
Total		199,592
Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		351,802
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		11,741
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	567,319	
OPEB	9,239	
Total		576,558
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(299,191)	
OPEB	1,367,888	
Total		1,068,697
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund, including internal balance activity of (\$27,958) is allocated among the governmental activities.		
		70,480
Change in net position of governmental activities	\$	1,472,439

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 2,500,000	\$ 2,387,719	\$ 2,383,978	\$ (3,741)
Property and other taxes	404,800	421,557	421,034	(523)
Charges for services	173,800	92,500	204,227	111,727
Licenses and permits	258,900	278,550	277,677	(873)
Fines and forfeitures	7,500	7,500	1,222	(6,278)
Intergovernmental	348,800	670,898	550,042	(120,856)
Special assessments	5,865	6,250	8,737	2,487
Investment income	6,000	3,400	3,018	(382)
JEDD revenue	48,000	48,000	46,691	(1,309)
Other	139,135	168,491	156,689	(11,802)
Total revenues	<u>3,892,800</u>	<u>4,084,865</u>	<u>4,053,315</u>	<u>(31,550)</u>
Expenditures:				
Current:				
General government	2,555,510	2,572,602	2,341,018	231,584
Security of persons and property	1,208,500	1,208,500	1,083,077	125,423
Public health and welfare	543,247	543,247	688,945	(145,698)
Community environment	87,747	68,665	52,258	16,407
Leisure time activity	212,591	213,591	192,834	20,757
Debt service:				
Principal retirement	4,078	4,078	4,078	-
Interest and fiscal charges	390	390	390	-
Total expenditures	<u>4,612,063</u>	<u>4,611,073</u>	<u>4,362,600</u>	<u>248,473</u>
Net change in fund balances	(719,263)	(526,208)	(309,285)	216,923
Fund balances at beginning of year	1,133,481	1,133,481	1,133,481	-
Prior year encumbrances appropriated	29,762	29,762	29,762	-
Fund balance at end of year	<u>\$ 443,980</u>	<u>\$ 637,035</u>	<u>\$ 853,958</u>	<u>\$ 216,923</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,256,000	\$ 1,221,000	\$ 1,213,897	\$ (7,103)
JEDD revenue	24,000	23,096	23,095	(1)
Other	20,000	20,000	19,799	(201)
Total revenues	<u>1,300,000</u>	<u>1,264,096</u>	<u>1,256,791</u>	<u>(7,305)</u>
Expenditures:				
Current:				
Security of persons and property	<u>1,397,253</u>	<u>1,412,253</u>	<u>1,365,245</u>	<u>47,008</u>
Total expenditures	<u>1,397,253</u>	<u>1,412,253</u>	<u>1,365,245</u>	<u>47,008</u>
Net change in fund balances	(97,253)	(148,157)	(108,454)	39,703
Fund balances at beginning of year	<u>787,160</u>	<u>787,160</u>	<u>787,160</u>	<u>-</u>
Fund balance at end of year	<u>\$ 689,907</u>	<u>\$ 639,003</u>	<u>\$ 678,706</u>	<u>\$ 39,703</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 797,000	\$ 600,320	\$ 582,670	\$ (17,650)
Intergovernmental	689,991	656,598	656,598	-
Investment income	1,000	1,000	82	(918)
Other	20,000	12,340	12,336	(4)
Total revenues	<u>1,507,991</u>	<u>1,270,258</u>	<u>1,251,686</u>	<u>(18,572)</u>
Expenditures:				
Current:				
Transportation	1,264,888	1,305,688	1,241,323	64,365
Debt service:				
Principal retirement	21,041	21,041	21,041	-
Interest and fiscal charges	3,959	3,959	3,196	763
Total expenditures	<u>1,289,888</u>	<u>1,330,688</u>	<u>1,265,560</u>	<u>65,128</u>
Net change in fund balances	218,103	(60,430)	(13,874)	46,556
Fund balances at beginning of year	328,823	328,823	328,823	-
Prior year encumbrances appropriated	24,219	24,219	24,219	-
Fund balance at end of year	<u>\$ 571,145</u>	<u>\$ 292,612</u>	<u>\$ 339,168</u>	<u>\$ 46,556</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 SAFETY, SECURITY & LAW ENFORCEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,676,000	\$ 1,676,000	\$ 1,618,407	\$ (57,593)
JEDD revenue	24,000	24,000	23,095	(905)
Total revenues	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,641,502</u>	<u>(58,498)</u>
Expenditures:				
Current:				
Security of persons and property	<u>1,700,000</u>	<u>1,778,500</u>	<u>1,708,318</u>	<u>70,182</u>
Total expenditures	<u>1,700,000</u>	<u>1,778,500</u>	<u>1,708,318</u>	<u>70,182</u>
Net change in fund balances	-	(78,500)	(66,816)	11,684
Fund balances at beginning of year	<u>257,662</u>	<u>257,662</u>	<u>257,662</u>	<u>-</u>
Fund balance at end of year	<u>\$ 257,662</u>	<u>\$ 179,162</u>	<u>\$ 190,846</u>	<u>\$ 11,684</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Total	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 3,399,780	\$ 1,276,559	\$ 647,197	\$ 5,323,536	\$ 521,178
Receivables:					
Accounts	560,486	369,602	176,382	1,106,470	-
Due from other governments	134,456	5,870	-	140,326	-
Materials and supplies inventory	263,414	131,574	-	394,988	-
Prepayments	3,859	2,894	-	6,753	-
Total current assets	<u>4,361,995</u>	<u>1,786,499</u>	<u>823,579</u>	<u>6,972,073</u>	<u>521,178</u>
Noncurrent assets:					
Net pension asset	5,990	2,272	-	8,262	-
Net OPEB asset	110,622	41,954	-	152,576	-
Capital assets:					
Land	693,745	14,344	33,677	741,766	-
Depreciable capital assets, net	15,745,393	7,515,629	82,551	23,343,573	-
Total capital assets, net	<u>16,439,138</u>	<u>7,529,973</u>	<u>116,228</u>	<u>24,085,339</u>	<u>-</u>
Total noncurrent assets	<u>16,555,750</u>	<u>7,574,199</u>	<u>116,228</u>	<u>24,246,177</u>	<u>-</u>
Total assets	<u>20,917,745</u>	<u>9,360,698</u>	<u>939,807</u>	<u>31,218,250</u>	<u>521,178</u>
Deferred outflows of resources:					
Pension	180,387	59,290	-	239,677	-
OPEB	78,915	25,777	-	104,692	-
Total deferred outflows of resources	<u>259,302</u>	<u>85,067</u>	<u>-</u>	<u>344,369</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	107,673	140,259	73,342	321,274	-
Contracts payable	188,344	81,225	-	269,569	-
Accrued wages and benefits payable	19,472	9,413	-	28,885	-
Compensated absences payable - current	40,579	6,700	-	47,279	-
Due to other governments	11,421	4,903	-	16,324	-
Accrued interest payable	23,463	-	-	23,463	-
Claims payable	-	-	-	-	200,749
OWDA loans payable	576,265	215,360	-	791,625	-
OPWC loans payable	22,641	-	-	22,641	-
Acquisition bonds	102,905	-	-	102,905	-
Capital lease obligations payable	1,394	-	-	1,394	-
Total current liabilities	<u>1,094,157</u>	<u>457,860</u>	<u>73,342</u>	<u>1,625,359</u>	<u>200,749</u>
Long-term liabilities:					
Compensated absences payable	197,515	55,397	-	252,912	-
OWDA loans payable	4,482,938	4,791,392	-	9,274,330	-
OPWC loans payable	255,188	-	-	255,188	-
Acquisition bonds	1,042,095	-	-	1,042,095	-
Capital lease obligations payable	1,339	-	-	1,339	-
Net pension liability	939,081	356,154	-	1,295,235	-
Total long-term liabilities	<u>6,918,156</u>	<u>5,202,943</u>	<u>-</u>	<u>12,121,099</u>	<u>-</u>
Total liabilities	<u>8,012,313</u>	<u>5,660,803</u>	<u>73,342</u>	<u>13,746,458</u>	<u>200,749</u>
Deferred inflows of resources:					
Pension	407,063	176,158	-	583,221	-
OPEB	337,997	142,598	-	480,595	-
Total deferred inflows of resources	<u>745,060</u>	<u>318,756</u>	<u>-</u>	<u>1,063,816</u>	<u>-</u>
Net position:					
Net investment in capital assets	9,766,029	2,441,996	116,228	12,324,253	-
Unrestricted	2,653,645	1,024,210	750,237	4,428,092	320,429
Total net position	<u>\$ 12,419,674</u>	<u>\$ 3,466,206</u>	<u>\$ 866,465</u>	<u>16,752,345</u>	<u>\$ 320,429</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				11,409	
Net position of business-type activities				<u>\$ 16,763,754</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Total	
Operating revenues:					
Charges for services	\$ 3,848,007	\$ 2,212,161	\$ 935,791	\$ 6,995,959	\$ 1,987,891
Other	36,101	20,802	-	56,903	-
Total operating revenues	<u>3,884,108</u>	<u>2,232,963</u>	<u>935,791</u>	<u>7,052,862</u>	<u>1,987,891</u>
Operating expenses:					
Personal services	549,401	602,382	-	1,151,783	-
Contract services	176,402	180,100	809,264	1,165,766	328,737
Materials and supplies	1,449,515	719,637	154,913	2,324,065	1,041
Claims	-	-	-	-	1,615,591
Other	8,637	-	-	8,637	-
Depreciation	1,026,971	479,653	3,460	1,510,084	-
Total operating expenses	<u>3,210,926</u>	<u>1,981,772</u>	<u>967,637</u>	<u>6,160,335</u>	<u>1,945,369</u>
Operating income (loss)	<u>673,182</u>	<u>251,191</u>	<u>(31,846)</u>	<u>892,527</u>	<u>42,522</u>
Nonoperating (expenses):					
Interest and fiscal charges	(123,195)	(149,758)	-	(272,953)	-
Total nonoperating (expenses)	<u>(123,195)</u>	<u>(149,758)</u>	<u>-</u>	<u>(272,953)</u>	<u>-</u>
Income (loss) before special items and capital contributions	<u>549,987</u>	<u>101,433</u>	<u>(31,846)</u>	<u>619,574</u>	<u>42,522</u>
Special item - transfer of operations from West Lafayette	<u>824,328</u>	<u>-</u>	<u>-</u>	<u>824,328</u>	<u>-</u>
Capital contributions	<u>1,784,611</u>	<u>-</u>	<u>-</u>	<u>1,784,611</u>	<u>-</u>
Change in net position	<u>3,158,926</u>	<u>101,433</u>	<u>(31,846)</u>	<u>3,228,513</u>	<u>42,522</u>
Net position at beginning of year	<u>9,260,748</u>	<u>3,364,773</u>	<u>898,311</u>		<u>277,907</u>
Net position at end of year	<u>\$ 12,419,674</u>	<u>\$ 3,466,206</u>	<u>\$ 866,465</u>		<u>\$ 320,429</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				<u>(27,958)</u>	
Change in net position of business-type activities.				<u>\$ 3,200,555</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 3,650,192	\$ 2,174,191	\$ 922,947	\$ 6,747,330	\$ -
Cash received from interfund transactions	-	-	-	-	1,990,867
Cash received from other operations	33,926	17,867	-	51,793	-
Cash payments for personal services	(1,266,708)	(903,687)	-	(2,170,395)	-
Cash payments for contract services	(180,242)	(188,953)	(808,679)	(1,177,874)	(328,737)
Cash payments for materials and supplies	(1,632,702)	(594,249)	(149,413)	(2,376,364)	(1,041)
Cash payments for claims	-	-	-	-	(1,543,638)
Cash payments for other expenses	(8,637)	-	-	(8,637)	-
Net cash provided by (used in) operating activities	<u>595,829</u>	<u>505,169</u>	<u>(35,145)</u>	<u>1,065,853</u>	<u>117,451</u>
Cash flows from noncapital financing activities					
Cash received from transfer of operations	867,218	-	-	867,218	-
Net cash provided by noncapital financing activities	<u>867,218</u>	<u>-</u>	<u>-</u>	<u>867,218</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(2,355,167)	(347,725)	-	(2,702,892)	-
Capital contributions	871,489	-	-	871,489	-
Proceeds of loans	1,639,458	-	-	1,639,458	-
Proceeds of bonds	1,145,000	-	-	1,145,000	-
Principal paid on debt obligations	(1,860,264)	(218,280)	-	(2,078,544)	-
Interest and fiscal charges	(126,519)	(149,758)	-	(276,277)	-
Net cash used in capital and related financing activities	<u>(686,003)</u>	<u>(715,763)</u>	<u>-</u>	<u>(1,401,766)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	777,044	(210,594)	(35,145)	531,305	117,451
Cash and cash equivalents at beginning of year	<u>2,622,736</u>	<u>1,487,153</u>	<u>682,342</u>	<u>4,792,231</u>	<u>403,727</u>
Cash and cash equivalents at end of year	<u>\$ 3,399,780</u>	<u>\$ 1,276,559</u>	<u>\$ 647,197</u>	<u>\$ 5,323,536</u>	<u>\$ 521,178</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 673,182	\$ 251,191	\$ (31,846)	\$ 892,527	\$ 42,522
Adjustments:					
Depreciation	1,026,971	479,653	3,460	1,510,084	-
Changes in assets, deferred outflows liabilities and deferred inflows:					
Accounts receivable	(199,990)	(35,035)	(12,844)	(247,869)	2,976
Intergovernmental receivable	-	(5,870)	-	(5,870)	-
Materials and supplies inventory	(48,880)	(27,919)	-	(76,799)	-
Prepayments	(3,859)	(2,894)	-	(6,753)	-
Net pension asset	(4,369)	(1,590)	-	(5,959)	-
Net OPEB asset	(110,622)	(41,954)	-	(152,576)	-
Deferred outflows - pension	62,373	48,327	-	110,700	-
Deferred outflows - OPEB	90,939	48,285	-	139,224	-
Accounts payable	29,213	66,123	6,085	101,421	-
Contracts payable	(163,026)	81,225	-	(81,801)	-
Accrued wages and benefits	7,934	2,538	-	10,472	-
Intergovernmental payable	(16,909)	(6,764)	-	(23,673)	-
Compensated absences payable	(25,199)	(11,921)	-	(37,120)	-
Net pension liability	(263,856)	(150,135)	-	(413,991)	-
Net OPEB liability	(828,944)	(348,884)	-	(1,177,828)	-
Deferred inflows - pension	151,317	68,520	-	219,837	-
Deferred inflows - OPEB	219,554	92,273	-	311,827	-
Claims payable	-	-	-	-	71,953
Net cash provided by operating activities	<u>\$ 595,829</u>	<u>\$ 505,169</u>	<u>\$ (35,145)</u>	<u>\$ 1,065,853</u>	<u>\$ 117,451</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Non-cash transactions:

At December 31, 2021, the Water enterprise fund purchased \$188,344 in capital assets on account. At December 31, 2020, the Water enterprise fund purchased \$30,964 in capital assets on account.

During 2021, the City's Water enterprise fund acquired \$42,890 in OPWC Loan obligations from the Village of West Lafayette.

CITY OF COSHOCTON, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Private-Purpose Trust	Custodial
Assets:		
Equity in pooled cash and cash equivalents	\$ 228,562	\$ 126,542
Cash in segregated accounts	-	28,704
Receivables:		
Income taxes	-	24,514
Accounts	-	43,983
Accrued interest	20	-
Total assets	228,582	223,743
Liabilities:		
Due to other governments	-	73,112
Due to other funds	-	28,651
Total liabilities	-	101,763
Net position:		
Restricted for individuals, organizations and other governments	228,582	121,980
Total net position	\$ 228,582	\$ 121,980

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Private-Purpose Trust	Custodial
Additions:		
Licenses, permits and fees for other governments	\$ -	\$ 271,211
Fines and forfeitures for other governments	-	7,995
Earnings on investments	467	-
Income tax collections	-	125,844
Other custodial fund collections	-	489,245
	467	894,295
Deductions:		
Licenses, permits and fees distributions to other governments	-	203,017
Fines and forfeitures distributions to other governments	-	7,426
Other custodial fund disbursements	549	618,373
	549	828,816
Total deductions	549	828,816
Net change in fiduciary net position	(82)	65,479
Net position beginning of year	228,664	56,501
Net position end of year	\$ 228,582	\$ 121,980

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - DESCRIPTION OF THE CITY

The City of Coshocton (the "City"), established in 1811, is a statutory municipal corporation established and operated under the laws of the State of Ohio. The City is organized as a Mayor-council form of government. Eight council members are each elected for two-year terms. The Mayor is elected for a four-year term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City's significant accounting policies are described below.

A. Reporting Entity

The City's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

The City provides various services including fire protection and prevention, water and sewer services, street maintenance and repairs, parks and recreation, refuse collection and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or, (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading.

Based on the foregoing criteria, the financial activities of the following PCU has been reflected in the accompanying basic financial statements as:

DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the combined financial statements identifies the financial data of the City's component unit: Coshocton City Health Department. It is reported separately to emphasize that it is legally separate from the City.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Coshocton City Health Department (the "Department") - is a legally separate health department. The Department's services include communicable disease investigations, immunization clinics, tuberculosis screenings, home visits, public health nursing services and issues, health-related licenses and permits, emergency preparedness activities as well as birth certificates and death certificates. The City appoints a voting majority of the Board and the City has a financial benefit/burden relationship with the Department.

Information related to Coshocton City Health Department is presented in Note 24.

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Governments Association (OMEGA) - The City is associated with the Ohio Mid-Eastern Governments Association, which is a ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a twenty-one member Executive Board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of Coshocton serves as the City's representative on the Board. The Board has total control over budgeting, personnel and financial matters. Each member currently pays a per capita membership fee based on the most recent United States census. During 2021, OMEGA received \$1,724 from the City of Coshocton for an annual fee. OMEGA has no outstanding debt. Information can be obtained from 326 Highland Avenue, P.O. Box 130, Cambridge, Ohio 43725.

Coshocton - Franklin Joint Economic Development District (District) - The City of Coshocton has entered into a contractual agreement effective January 1, 2021 with Franklin Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, Coshocton County, the City, the Township and the District. The District is administered by a three to five member Board of Directors consisting of one member representing the City, one member representing the Township and appointed by the Township Trustees, one member who is a business owner in the District representing the business owners in the District, one member who is a person employed within the District and one member selected by unanimous vote of all members appointed at the time. The City nor the Township have any fixed financial obligation set aside for administrative costs and expenses of the Board. The City is responsible for basic administrative costs of the Board. The Board of Directors has entered into an agreement to administer, collect and enforce the income tax on behalf of the District with the City of Coshocton and the City Income Tax Commissioner. Upon termination of the contractual agreement, any property, assets and obligations of the District shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party. No monies are paid directly by the City to the District. The City reported a \$3,721 receivable from the District at year end.

Coshocton - Tuscarawas Joint Economic Development District (District) - The City of Coshocton has entered into a contractual agreement effective January 1, 2021 with Tuscarawas Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, Coshocton County, the City, the Township and the District. The District is administered by a three to five member Board of Directors consisting of one member representing the City, one member representing the Township, one member who is a business owner in the District representing the business owners in the District, one member who is a person employed within the District, and one member selected by unanimous vote of all members appointed at the time. The City nor the Township have any fixed financial obligation set aside for administrative costs and expenses of the Board. The City is responsible for basic administrative costs of the Board. The Board of Directors has entered into an agreement to administer, collect and enforce the income tax on behalf of the District with the City of Coshocton and City Income Tax Commissioner. Upon termination of the contractual agreement, any property, assets and obligations of the District shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party. No monies are paid directly by the City to the District. The City reported a \$24,930 receivable from the District at year end.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Coshocton Port Authority (Port Authority) - The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide or promote transportation, economic development, education, governmental operations, culture, or research within the County. The Port Authority is governed by a five-member Board of Directors. Two members of the Board are appointed by the Mayor of the City and approved by Council of the City of Coshocton. Two members are appointed by the County Commissioner and the fifth appointment shall be approved by the four current members. The City paid \$55,000 to the Port Authority during 2021.

PUBLIC ENTITY RISK POOL

The City participates in the Ohio Plan Risk Management (OPRM), an insurance purchasing pool for commercial insurance, as established under Section 2744.08 of the Ohio Revised Code. The Board of Directors is responsible for collecting premiums, making payments to insurance agents, making payments to insurance companies, depositing appropriate amounts into OPRM accounts and reimbursing Board members for their expenses. The Board of Directors consists of seven members elected from the participants.

B. Basis of Presentation - Fund Accounting

The City's BFS consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service fund are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to sewer, water and refuse operations and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows, liabilities and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fire fund - The fire fund accounts for income tax monies collected and used for general fire operations.

Street fund - The street fund accounts for all transactions relating to street maintenance and construction.

Safety, security and law enforcement fund - The safety, security and law enforcement fund accounts for income tax monies collected and used for county sheriff police protection and for security equipment in and around City properties.

Fire capital improvement fund - The fire capital improvement fund accounts for income tax monies collected and used for equipment and improvements related to the fire department.

Other governmental funds of the City are used to account for (a) financial resources that are restricted or committed to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City as well as in the Village of West Lafayette.

Sewer fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Solid Waste fund - This fund accounts for the provision of solid waste disposal service to the residents and commercial users located within the City.

Internal service fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports the operations of employee health insurance.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private-purpose trust which accounts for the Bachert Trust. The City's custodial funds account for monies held for other governments and undistributed assets. The City has three custodial funds that are used to account for state patrol, the collection and distribution of monies received for the joint economic development districts and municipal court.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows, current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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 financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

All fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows and in the presentation of expenses versus expenditures.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 8). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees, special assessments and interest.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 15 and 16 for deferred outflows of resources related the City's net pension liability/asset and net OPEB asset/liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 15 and 16 for deferred inflows of resources related to the City's net pension liability/asset and net OPEB asset/liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position and the statement of net position - proprietary funds.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the Mayor presents the following year's annual operating budget to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or before December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include encumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2021.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted by Council.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During 2021, investments were limited to non-negotiable certificates of deposit. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2021 amounted to \$2,767 which includes \$1,367 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City’s central bank account for Municipal Court custodial fund. These non-interest bearing depository accounts are presented in the financial statements as “cash in segregated accounts” since they are not required to be deposited into the City treasury.

H. Inventories of Materials and Supplies

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used.

For all funds, cost is determined on a first-in, first-out basis. Consistent with prior years, the inventory in the governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types. Inventories of the proprietary funds are expensed when used.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All 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 their acquisition values as of the date received. The City maintains a capitalization threshold of \$100,000 for infrastructure and a \$5,000 threshold for all other assets. The City’s infrastructure consists of storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	10 - 20 years	10 - 20 years
Buildings and improvements	10 - 50 years	10 - 50 years
Furniture and equipment	5 - 40 years	5 - 40 years
Vehicles	8 - 10 years	8 - 10 years
Infrastructure	10 - 20 years	10 - 50 years

J. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In conformity with GASB Statement No. 16, "*Accounting for Compensated Absences*", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital lease obligations are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". On fund financial statements, long-term interfund loans are classified as "due to/from other funds" on the financial statements and are equally offset by a non-spendable fund balance which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The internal balance reported on the financial statements relates to the consolidation of the internal service fund with governmental activities.

M. Capital Contributions

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2021, the water fund received capital contributions of \$1,784,611, from grants and governmental funds.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Net Position

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

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or event that are within the control of the City and that are either unusual in nature or infrequent in occurrence. On April 25, 2019, the City signed a water sewer system transfer agreement with the Village of West Lafayette (the "Village"). During 2021, the connection project was complete and the City began feeding potable water from the City's water system to the Village. As part of this agreement, the Village transferred ownership of water system assets to the City. The associated capital assets were not over the City's capitalization threshold and therefore were not capitalized by the City. The debts associated with these facilities were also transferred to the City. The transferred debt had a principal balance of \$42,890 at December 31, 2020. The Village also transferred a cash balance of \$867,218. As a result of this agreement, the City recorded a special item in the amount of \$824,328.

R. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2021, the City has implemented GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period.*"

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the City.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE - (Continued)

For 2021, the City has applied GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance” to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

NOTE 4 - DEPOSITS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City 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 City 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 of deposit or by savings or deposit accounts including passbook accounts.

Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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, the 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;

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. 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.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. 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 City Auditor or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At December 31, 2021, the City had \$580 of undeposited cash on hand which is included in "equity in pooled cash and cash equivalents".

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all City deposits was \$11,271,777 and the bank balance of all City deposits was \$11,385,891. Of the bank balance, \$2,487,396 was exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, one of the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2021:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 11,271,777
Cash on hand	580
Total	\$ 11,272,357
 <u>Cash per statement of net position</u>	
Governmental activities	\$ 5,565,013
Business-type activities	5,323,536
Private-purpose trust fund	228,562
Custodial funds	155,246
Total	\$ 11,272,357

NOTE 5 - INTERFUND ACTIVITY

A. Due from/to other funds consisted of the following at December 31, 2021, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 377

Amounts due from/to other funds between governmental funds are eliminated on the government-wide financial statements.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - INTERFUND ACTIVITY – (Continued)

B. Due from external parties at December 31, 2021, consisted of the following as reported on the fund statements:

	<u>Custodial</u>
General fund	\$ 14,403
Fire fund	7,124
Safety, security and law enforcement	7,124
	<u>\$ 28,651</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Coshocton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2021 was \$5.2 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

Real property tax	\$ 170,491,830
Public utility tangible personal property	13,004,030
Total assessed value	<u>\$ 183,495,860</u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 7 - RECEIVABLES

Receivables at December 31, 2021, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2021.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Income taxes	\$ 1,705,557
Real and other local taxes	982,901
Accounts	73,031
Accrued interest	814
Special assessments	16,960
Due from other governments	556,315

Business-type activities:

Accounts	1,106,470
Due from other governments	140,326

Receivables have been disaggregated on the face of the BFS. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment. The amount of delinquent special assessments at December 31, 2021 was \$16,960.

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies a municipal income tax of two percent on all net profits and all salaries, wages commissions and other compensation earned within the City as well as on incomes of residents earned outside of the City. In the latter case, the City allows a credit of 50 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and to remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax revenues are received by the general fund, fire fund, street fund, safety, security and law enforcement fund, the fire capital improvement fund and the following nonmajor governmental funds: capital improvement fund, street debt fund and the retirement payouts fund.

NOTE 9 - LODGING TAX

On April 10, 2006, City Council passed a 3% lodging tax. This allows the City to tax all transactions by which lodging in a hotel, motel, rooming house and other lodging accommodations are furnished to transit guests. As of April 2018, 95% of the revenues from this tax are restricted to the Coshocton County Convention and Visitors Bureau while the remaining 5% of collections remains in the general fund.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - CAPITAL ASSETS

A. Governmental activities capital asset activity for the year ended December 31, 2021, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/21</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,104,518	\$ 10,000	\$ -	\$ 1,114,518
Construction in progress	<u>38,209</u>	<u>123,895</u>	<u>(162,104)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,142,727</u>	<u>133,895</u>	<u>(162,104)</u>	<u>1,114,518</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	250,992	-	-	250,992
Buildings and improvements	3,025,494	5,215	-	3,030,709
Furniture and equipment	2,051,764	321,469	-	2,373,233
Vehicles	5,118,118	75,541	-	5,193,659
Infrastructure	<u>11,948,214</u>	<u>-</u>	<u>-</u>	<u>11,948,214</u>
Total capital assets, being depreciated	<u>22,394,582</u>	<u>402,225</u>	<u>-</u>	<u>22,796,807</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(87,551)	(16,539)	-	(104,090)
Buildings and improvements	(2,200,694)	(72,611)	-	(2,273,305)
Furniture and equipment	(1,255,472)	(138,456)	-	(1,393,928)
Vehicles	(3,015,324)	(274,741)	-	(3,290,065)
Infrastructure	<u>(8,974,188)</u>	<u>(357,307)</u>	<u>-</u>	<u>(9,331,495)</u>
Total accumulated depreciation	<u>(15,533,229)</u>	<u>(859,654)</u>	<u>-</u>	<u>(16,392,883)</u>
Total capital assets, being depreciated, net	<u>6,861,353</u>	<u>(457,429)</u>	<u>-</u>	<u>6,403,924</u>
Governmental activities capital assets, net	<u>\$ 8,004,080</u>	<u>\$ (323,534)</u>	<u>\$ (162,104)</u>	<u>\$ 7,518,442</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
General government	\$ 55,131
Security of persons and property	218,336
Public health and welfare	31,410
Transportation	466,119
Leisure time activity	<u>88,658</u>
Total depreciation expense	<u>\$ 859,654</u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the year ended December 31, 2021, was as follows:

<u>Business-type activities:</u>	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/21</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 741,766	\$ -	\$ -	\$ 741,766
Construction in progress	<u>5,999,893</u>	<u>2,231,849</u>	<u>(8,231,742)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>6,741,659</u>	<u>2,231,849</u>	<u>(8,231,742)</u>	<u>741,766</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	81,564	10,275	-	91,839
Buildings and improvements	10,515,755	-	-	10,515,755
Furniture and equipment	11,142,562	541,743	-	11,684,305
Vehicles	1,084,939	76,405	-	1,161,344
Infrastructure	<u>22,899,289</u>	<u>8,231,742</u>	<u>-</u>	<u>31,131,031</u>
Total capital assets, being depreciated	<u>45,724,109</u>	<u>8,860,165</u>	<u>-</u>	<u>54,584,274</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(66,242)	(1,568)	-	(67,810)
Buildings and improvements	(6,022,407)	(205,839)	-	(6,228,246)
Furniture and equipment	(6,428,099)	(478,094)	-	(6,906,193)
Vehicles	(823,620)	(65,247)	-	(888,867)
Infrastructure	<u>(16,390,249)</u>	<u>(759,336)</u>	<u>-</u>	<u>(17,149,585)</u>
Total accumulated depreciation	<u>(29,730,617)</u>	<u>(1,510,084)</u>	<u>-</u>	<u>(31,240,701)</u>
Total capital assets, being depreciated, net	<u>15,993,492</u>	<u>7,350,081</u>	<u>-</u>	<u>23,343,573</u>
Business-type activities capital assets, net	<u>\$ 22,735,151</u>	<u>\$ 9,581,930</u>	<u>\$ (8,231,742)</u>	<u>\$ 24,085,339</u>

Depreciation expense was charged to the enterprise funds as follows:

<u>Business-type activities:</u>	
Water	\$ 1,026,971
Sewer	479,653
Solid Waste	<u>3,460</u>
Total depreciation expense	<u>\$ 1,510,084</u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours, 720 hours or 480 hours of accumulated, unused sick leave depending on the policy or union agreement the employee is under. As of December 31, 2021, the liability for unpaid compensated absences was \$904,564 for the entire City, which is reported as a fund liability and/or on the government-wide financial statements as applicable.

NOTE 12 - CAPITAL LEASE - LESSEE DISCLOSURE

During a prior year, the City entered into capital lease agreements for a copiers. At inception, capital lease transactions are accounted for as capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of furniture and equipment have been capitalized in the amount of \$25,998. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2021 was \$5,200, leaving a current book value of \$20,798. A corresponding liability was recorded in the government-wide and business-type financial statements. Principal and interest payments in 2021 totaled \$5,404 paid by the general fund and water fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2021.

Year Ending <u>December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 3,545	\$ 1,499
2023	<u>873</u>	<u>1,373</u>
Total future minimum lease payments	4,418	2,872
Less: amount representing interest	<u>(175)</u>	<u>(139)</u>
Present value of net minimum lease payments	<u>\$ 4,243</u>	<u>\$ 2,733</u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Activities

During 2021, the following changes occurred in long-term obligations for governmental activities.

	Balance			Amounts	
	12/31/20	Additions	Reductions	Balance 12/31/21	Due in One Year
Governmental activities:					
SIB loan payable - direct borrowing	\$ 111,760	\$ -	\$ (21,041)	\$ 90,719	\$ 21,677
OPWC loan - CN19M - 0% - direct borrowing	12,215	-	(12,215)	-	-
OPWC loan - CN18R - 0% - direct borrowing	270,832	-	(27,083)	243,749	27,083
Capital lease	8,321	-	(4,078)	4,243	3,382
Acquisition Bonds, Series 2019 - direct placement	262,032	-	(262,032)	-	-
Acquisition Bonds, Series 2020 - direct placement	288,455	-	(25,353)	263,102	26,072
Net pension liability	6,131,848	32,552	(716,202)	5,448,198	-
Net OPEB liability	2,356,007	35,356	(1,850,697)	540,666	-
Compensated absences	663,934	101,150	(160,711)	604,373	103,446
Total governmental activities					
long-term obligations	<u>\$ 10,105,404</u>	<u>\$ 169,058</u>	<u>\$ (3,079,412)</u>	<u>\$ 7,195,050</u>	<u>\$ 181,660</u>

Loan payable

During 2013, the City entered into a State Infrastructure Bank Loan (the "Loan") in the amount of \$202,000 with the State of Ohio, Ohio Department of Transportation ("ODOT") to help finance the Chestnut Street Repaving Project. Under the terms of the loan agreement, no interest is assessed on the Loan from the date of closing through the last day of the 12th month. From the first day of the 13th month after closing through final maturity, the interest rate will be 3%. From month 13 through 24, interest due on the loan will accrue and be added to the principal of the loan. The accrued interest amount for this period is estimated to be \$6,060 and was added to the loan balance on July 1, 2015. The amortization schedule presented on the next page reflects repayment of the amount actually borrowed (\$202,000) plus the interest accrued from month 13 through 24 as stated above (\$6,060). During 2021, principal and interest payments were made from the major street fund. This loan is a direct borrowing that has terms negotiated between the City and the creditor.

OPWC loan

Improvements to the City's South Second Street were financed by an Ohio Public Works Commission (OPWC) loan. This loan has a 0% interest rate and maturity January 1, 2021. The loan is payable in semi-annual installments. During the 2021, principal payments were paid in full from the street debt fund (a nonmajor governmental fund).

During 2015, the City obtained an OPWC loan in order to finance the local share of a project conducted by Ohio Department of Transportation (ODOT). The loan has a 0% interest rate. During 2021, principal payments were made from the street debt fund (a nonmajor governmental fund).

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Series 2019 Acquisition Bonds

On December 13, 2019, the City issued \$400,000 in acquisition bonds, for the purpose of purchasing a fire truck. This direct placement was with Century National Bank, a division of Park National. The bonds bear an interest rate of 3%. Annual principal and interest payments are due December 13 and are made from the fire capital improvement fund. The bonds were paid in full during 2021.

Series 2020 Acquisition Bonds

On July 23, 2020, the City issued \$288,455 in acquisition bonds, for the purpose of purchasing a street sweeper. This direct placement was with Park National Bank. The bonds bear an interest rate of 2.818%. Semiannual principal and interest payments are due January 23 and July 23 and are made from the street debt fund (a nonmajor governmental fund). The bonds will mature on July 23, 2030. These bonds are general obligations of the City for which the full faith and credit of the City are pledged for repayment.

Capital lease

See Note 12 for more information on the City's capital lease obligations.

Net pension liability and net OPEB liability

See Notes 15 and 16 for more information on net pension liability and net OPEB liability. The City pays obligations related to employee compensation from the fund benefitting from their service, which for the City, is primarily the general fund.

Compensated absences

Compensated absences are reported in the statement of net position and will be paid from the fund from which the employee's salaries are paid which will primarily be the general fund and the street fund.

At December 31, 2021, the City's future annual principal payments were as follows.

Year Ending December 31,	OPWC			State Infrastructure Bank (SIB) Loan Payable		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 27,083	\$ -	\$ 27,083	\$ 21,677	\$ 2,560	\$ 24,237
2023	27,083	-	27,083	22,332	1,905	24,237
2024	27,083	-	27,083	23,007	1,230	24,237
2025	27,083	-	27,083	23,703	535	24,238
2026	27,083	-	27,083	-	-	-
2027-2030	108,334	-	108,334	-	-	-
Total	<u>\$ 243,749</u>	<u>\$ -</u>	<u>\$ 243,749</u>	<u>\$ 90,719</u>	<u>\$ 6,230</u>	<u>\$ 96,949</u>

Year Ending December 31,	Acquisition Bonds		
	Principal	Interest	Total
2022	\$ 26,072	\$ 7,234	\$ 33,306
2023	26,812	6,494	33,306
2024	27,558	5,748	33,306
2025	28,355	4,951	33,306
2026	29,160	4,146	33,306
2027-2030	125,145	8,079	133,224
Total	<u>\$ 263,102</u>	<u>\$ 36,652</u>	<u>\$ 299,754</u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities

During 2021, the following changes occurred in long-term obligations for business-type activities.

	Balance			Balance	Amounts
	12/31/20	Additions	Reductions	12/31/21	Due in
<u>Business-type activities:</u>					One Year
<u>OWDA loans - direct borrowings</u>					
OWDA loan - 3.5%	\$ 3,314,807	\$ -	\$ (556,614)	\$ 2,758,193	\$ 576,265
OWDA loan - 3.0%	5,216,000	-	(209,248)	5,006,752	215,360
OWDA loan - 0.0%	1,871,283	1,614,458	(1,184,731)	2,301,010	-
OWDA loan - 0.0%	-	25,000	(25,000)	-	-
Total OWDA loans	<u>10,402,090</u>	<u>1,639,458</u>	<u>(1,975,593)</u>	<u>10,065,955</u>	<u>791,625</u>
 <u>OPWC loans - direct borrowings</u>					
OPWC loan - 0%, CN090	140,625	-	(11,250)	129,375	11,250
OPWC loan - 0%, CN12F	3,430	-	(3,430)	-	-
OPWC loan - 0%, CN06B	5,602	-	(5,602)	-	-
OPWC loan - 0%, CN10K	21,532	-	(21,532)	-	-
OPWC loan - 0%, CN23N	14,009	-	(14,009)	-	-
OPWC loan - 0%, CN15N	116,097	-	(9,675)	106,422	9,675
OPWC loan - 0%, CN34R	-	42,890	(858)	42,032	1,716
Total OPWC loans	<u>301,295</u>	<u>42,890</u>	<u>(66,356)</u>	<u>277,829</u>	<u>22,641</u>
Bond anticipation notes	1,245,000	-	(1,245,000)	-	-
Water and sewer acquisition bonds	-	1,145,000	-	1,145,000	102,905
Capital lease	4,059	-	(1,326)	2,733	1,394
Net pension liability	1,709,226	-	(413,991)	1,295,235	-
Net OPEB liability	1,177,828	-	(1,177,828)	-	-
Compensated absences	<u>337,311</u>	<u>40,497</u>	<u>(77,617)</u>	<u>300,191</u>	<u>47,279</u>
Total business-type activities					
long-term obligations	<u>\$ 15,176,809</u>	<u>\$ 2,867,845</u>	<u>\$ (4,957,711)</u>	<u>\$ 13,086,943</u>	<u>\$ 965,844</u>

OWDA loans

In 2004, the City entered into a debt financing arrangement through the OWDA to fund water treatment plant improvements. The amounts due to the OWDA are payable solely from water fund revenues. The loan agreement functions similar to a line-of-credit agreement. At December 31, 2021, the City has outstanding borrowings of \$2,758,193. The City has pledged future water fund revenues, net of certain operating expenses, to repay this loan. The loan is payable solely from water fund net revenues and are payable through 2026. Annual principal and interest payments on the loan are expected to require 38.34 percent of water fund net revenues. The total estimated principal and interest remaining to be paid on the loan is \$3,005,116. Principal and interest paid for the current year was \$651,920 and total net revenues were \$1,700,153.

In 2019, 2020 and 2021, the City entered into debt financing arrangements through the OWDA to fund a waterline extension. The amounts due to the OWDA are payable solely from water fund revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2021, the City has outstanding borrowings of \$2,301,010. The loans are currently "open" meaning the final disbursements have not yet been made from OWDA. As of the date of this report, amortization schedules are not yet available.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

In 2006, the City entered into a debt financing arrangement through the OWDA to fund ethanol plant improvements. The amounts due to the OWDA are payable solely from sewer fund revenues. The loan agreement functions similar to a line-of-credit agreement. At December 31, 2021, the City has outstanding borrowings of \$5,006,752. The City has pledged future sewer fund revenues, net of certain operating expenses, to repay this loan. The loan is payable solely from sewer fund net revenues and are payable through 2040. Annual principal and interest payments on the loan are expected to require 49.12 percent of sewer fund net revenues. The total estimated principal and interest remaining to be paid on the loan is \$6,462,096. Principal and interest paid for the current year was \$359,005 and total net revenues were \$730,844.

In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

OPWC loans

In 2012, the City entered into a debt financing arrangement through OPWC to fund waterline replacements. The amounts due to the OPWC are payable solely from water fund revenues. The loan is interest free. At December 31, 2021, the City has outstanding borrowings of \$129,375. Principal payments for 2021 amounted to \$11,250.

In 2015, the City entered into a transfer agreement with Coshocton County to acquire water and sewer lines as well as the related debt. The total balance of OPWC loans assumed from the County was \$240,895. The amounts due to OPWC are payable from water and sewer revenues. The loans are interest free. At December 31, 2021, the City has outstanding borrowings of \$106,422. Principal payments for 2021 amounted to \$54,248.

In 2021, the City entered into a debt financing arrangement through OPWC to fund SR 751 waterlines. The amounts due to the OPWC are payable solely from water fund revenues. The loan is interest free. At December 31, 2021, the City has outstanding borrowings of \$42,032. Principal payments for 2021 amounted to \$858.

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

Bond anticipation notes

On February 19, 2020, the City issued \$1,245,000 in bond anticipation notes bearing a 2.5% interest rate. These notes matured on February 18, 2021. Payments of principal and interest were paid from the City's water fund.

Water and sewer system acquisition bonds

On February 16, 2021, the City issued \$1,145,000 in water and sewer acquisition bonds - series 2021 for the purpose of pay off the City's bond anticipation notes. The bonds bear an interest rate of 2.352%. Principal and interest payments are made from the City's water fund and are due on February 16 of each year. The bonds mature on February 16, 2031. These bonds are a direct borrowing that have terms negotiated between the City and the creditor.

Compensated absences

Compensated absences are reported in the statement of net position and will be paid from the fund from which the employee's salaries are paid which will primarily be the sewer fund and water fund.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the City's OPWC loans, OWDA loans and water and sewer system acquisition bonds outstanding at December 31, 2021 are as follows:

Year Ending December 31,	OWDA			OPWC		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 791,625	\$ 235,184	\$ 1,026,809	\$ 22,641	\$ -	\$ 22,641
2023	818,261	208,547	1,026,808	22,641	-	22,641
2024	845,800	181,009	1,026,809	22,641	-	22,641
2025	874,271	152,537	1,026,808	22,641	-	22,641
2026	569,806	123,101	692,907	22,641	-	22,641
2027 - 2031	1,318,327	476,700	1,795,027	113,205	-	113,205
2032 - 2036	1,522,452	272,575	1,795,027	35,127	-	35,127
2037 - 2041	1,024,403	52,611	1,077,014	8,580	-	8,580
2042 - 2046	-	-	-	7,712	-	7,712
Total	\$ 7,764,945	\$ 1,702,264	\$ 9,467,209	\$ 277,829	\$ -	\$ 277,829

Year Ending December 31,	Water and Sewer Acquisition Bonds		
	Principal	Interest	Total
2022	\$ 102,905	\$ 26,930	\$ 129,835
2023	105,325	24,510	129,835
2024	107,803	22,033	129,836
2025	110,285	19,551	129,836
2026	112,932	16,903	129,835
2027 - 2031	605,750	43,428	649,178
Total	\$ 1,145,000	\$ 153,355	\$ 1,298,355

C. Legal Debt Margin

As of December 31, 2021, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$19,267,065.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2021, the City contracted for various types of insurance as follows:

<u>Company</u>	<u>Type</u>	<u>Coverage</u>
Rinehart, Walters, Danner & Associates	Public Officials Liability (each wrongful act)	\$ 5,000,000
	General Liability (per occurrence)	7,000,000
	Comprehensive Crime	10,000
	Special Property	2,685,401
	Electronic Equipment	179,547
	Employers Liability (Ohio Stop Gap)	5,000,000
	Employee Benefits (each incident)	5,000,000
	Property	71,156,172
	Automobile	5,000,000

Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

The City, together with other government entities, participates in the Ohio Plan Risk Management, an insurance purchasing pool, for commercial insurance coverage. The City pays an annual premium to the Plan for its general insurance coverage. The agreement for the formation of the Plan provides that the Plan will be self-sustaining through member premiums and will insure through commercial companies to pay claims. The Plan is intended to achieve lower insurance rates for the participants. Under this Plan, the Ohio Plan Risk Management’s Board of Directors contracts with Hylant Administrative Services, Inc. to act as the agent and coordinate the pool. Hylant Administrative Services, Inc. then contracts with various insurance companies to cover losses.

The City participates in the Ohio Municipal League Group Rating Plan (OML) for workers’ compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers’ compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers’ compensation premium to the State based on the rate for the OML rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings of the OML. A participant will then either receive money from or be required to contribute to the “equity pooling fund.” This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the OML. Participation in the OML is limited to cities that can meet the OML’s selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

The City manages the hospital/medical, dental and life insurance benefits for its employees on a self-insured basis through an internal service fund. A third party administrator, Aultra Administrative Services, processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$100,000 per employee, per year.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - RISK MANAGEMENT - (Continued)

The City’s policy for reporting a claims liability is based on the requirements GASB Statement No. 10, “*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*”, as amended by GASB Statement No. 30, “*Risk Financing Omnibus*”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. As of December 31, 2021, there were \$200,749 in outstanding claims pending that are reported in the internal service fund.

<u>Year Ended</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2021	\$ 128,796	\$ 1,615,591	\$ (1,543,638)	\$ 200,749
2020	242,429	1,270,116	(1,383,749)	128,796

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$483,079 for 2021. Of this amount, \$40,872 is reported as due to other governments.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Firefighters</u>
2021 Statutory Maximum Contribution Rates	
Employer	24.00 %
Employee	12.25 %
2021 Actual Contribution Rates	
Employer:	
Pension	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>
Total Employer	<u>24.00 %</u>
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$275,895 for 2021. Of this amount, \$19,167 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.02223500%	0.00231000%	0.02921800%	0.05115650%	
Proportion of the net pension liability/asset current measurement date	<u>0.02204700%</u>	<u>0.00580600%</u>	<u>0.02228500%</u>	<u>0.05102950%</u>	
Change in proportionate share	<u>-0.00018800%</u>	<u>0.00349600%</u>	<u>-0.00693300%</u>	<u>-0.00012700%</u>	
Proportionate share of the net pension liability	\$ 3,264,706	\$ -	\$ -	\$ 3,478,727	\$ 6,743,433
Proportionate share of the net pension asset	-	(16,762)	(4,062)	-	(20,824)
Pension expense	126,924	(4,996)	11,579	267,928	401,435

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ -	\$ -	\$ 2,784	\$ 145,426	\$ 148,210
Changes of assumptions	-	1,046	117	58,339	59,502
Changes in employer's proportionate percentage/difference between employer contributions	46,455	-	-	79,058	125,513
Contributions subsequent to the measurement date	465,366	3,751	13,962	275,895	758,974
Total deferred outflows of resources	<u>\$ 511,821</u>	<u>\$ 4,797</u>	<u>\$ 16,863</u>	<u>\$ 558,718</u>	<u>\$ 1,092,199</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 136,566	\$ 3,159	\$ -	\$ 135,521	\$ 275,246
Net difference between projected and actual earnings on pension plan investments	1,272,487	2,493	446	168,742	1,444,168
Changes in employer's proportionate percentage/difference between employer contributions	71,366	-	-	56,016	127,382
Total deferred inflows of resources	<u>\$ 1,480,419</u>	<u>\$ 5,652</u>	<u>\$ 446</u>	<u>\$ 360,279</u>	<u>\$ 1,846,796</u>

\$758,974 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and increase in the net pension asset in the year ending December 31, 2022.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2022	\$ (552,492)	\$ (1,201)	\$ 313	\$ 526	\$ (552,854)
2023	(189,217)	(765)	379	69,757	(119,846)
2024	(518,705)	(1,337)	275	(141,320)	(661,087)
2025	(173,548)	(622)	332	(12,018)	(185,856)
2026	(2)	(262)	351	5,599	5,686
Thereafter	-	(419)	805	-	386
Total	<u>\$ (1,433,964)</u>	<u>\$ (4,606)</u>	<u>\$ 2,455</u>	<u>\$ (77,456)</u>	<u>\$ (1,513,571)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real 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, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 6,227,443	\$ 3,264,706	\$ 801,194
Combined Plan	(11,671)	(16,762)	(20,555)
Member-Directed Plan	(3,566)	(4,062)	(4,457)

Changes between the Measurement Date and the Reporting Date - During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below.

Valuation date	1/1/20 with actuarial liabilities rolled forward to 12/31/20
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

CITY OF COSHOCTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 4,842,833	\$ 3,478,727	\$ 2,337,107

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 15 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$5,585 for 2021. Of this amount, \$473 is reported as due to other governments.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

The City’s contractually required contribution to OP&F was \$5,870 for 2021. Of this amount, \$408 is reported as due to other governments.

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F’s total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.02192600%	0.05115650%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.02158600%</u>	<u>0.05102950%</u>	
Change in proportionate share	<u>-0.00034000%</u>	<u>-0.00012700%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 540,666	\$ 540,666
Proportionate share of the net OPEB asset	(384,577)	-	(384,577)
OPEB expense	(2,285,114)	40,088	(2,245,026)

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Changes of assumptions	\$ 189,064	\$ 298,690	\$ 487,754
Changes in employer's proportionate percentage/ difference between employer contributions	28,097	21,539	49,636
Contributions subsequent to the measurement date	5,585	5,870	11,455
Total deferred outflows of resources	<u>\$ 222,746</u>	<u>\$ 326,099</u>	<u>\$ 548,845</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 347,078	\$ 89,181	\$ 436,259
Net difference between projected and actual earnings on OPEB plan investments	204,831	20,091	224,922
Changes of assumptions	623,132	86,191	709,323
Changes in employer's proportionate percentage/ difference between employer contributions	49,785	55,449	105,234
Total deferred inflows of resources	<u>\$ 1,224,826</u>	<u>\$ 250,912</u>	<u>\$ 1,475,738</u>

\$11,455 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ending December 31, 2022.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (525,366)	\$ 11,573	\$ (513,793)
2023	(369,154)	16,330	(352,824)
2024	(89,008)	8,831	(80,177)
2025	(24,137)	13,874	(10,263)
2026	-	9,989	9,989
Thereafter	-	8,720	8,720
Total	\$ (1,007,665)	\$ 69,317	\$ (938,348)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.00%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. 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) a 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 2.00%. 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 the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ 95,627	\$ 384,577	\$ 622,118

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. 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 Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 393,951	\$ 384,577	\$ 374,091

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.96%
Prior measurement date	3.56%
Cost of Living Adjustments	2.20% simple per year

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: assumptions are geometric.

* levered 2.5x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 2.96% for 2020 and 3.56% for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96%), or one percentage point higher (3.96%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 674,179	\$ 540,666	\$ 430,533

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, fire fund, street fund and safety, security and law enforcement fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Net Change in Fund Balance			
	<u>General fund</u>	<u>Fire fund</u>	<u>Street fund</u>	<u>Safety, Security & Law Enforcement</u>
Budget basis	\$ (309,285)	\$ (108,454)	\$ (13,874)	\$ (66,816)
Net adjustment for revenue accruals	13,009	6,630	4,603	8,396
Net adjustment for expenditure accruals	86,372	44,564	128,756	18,494
Funds budgeted elsewhere	8,532	-	-	-
Adjustment for encumbrances	<u>(18,446)</u>	<u>(746)</u>	<u>(40,960)</u>	<u>(10,053)</u>
GAAP basis	<u>\$ (219,818)</u>	<u>\$ (58,006)</u>	<u>\$ 78,525</u>	<u>\$ (49,979)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund.

NOTE 18 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2021.

B. Litigation

The City is not a party to legal proceedings that would have a material effect on the financial condition of the City.

NOTE 19 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 9,690
Fire fund	746
Street fund	38,395
Safety, security, and law enforcement fund	8,441
Nonmajor governmental funds	<u>11,546</u>
Total	<u>\$ 68,818</u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 20 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Fire Fund	Street Fund	Safety, Security &	Fire Capital	Nonmajor	Total
				Law Enforcement Fund	Improvement Fund	Governmental Funds	Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ 1,598	\$ -	\$ 106,019	\$ -	\$ -	\$ -	\$ 107,617
Perpetual care	-	-	-	-	-	250,000	250,000
Unclaimed monies	12,029	-	-	-	-	-	12,029
Prepays	384	1,447	965	-	-	-	2,796
Total nonspendable	14,011	1,447	106,984	-	-	250,000	372,442
Restricted:							
Capital projects	-	-	-	-	1,014,029	-	1,014,029
Perpetual care	-	-	-	-	-	179,682	179,682
Transportation projects	-	-	452,879	-	-	186,545	639,424
Public safety programs	-	759,758	-	349,357	-	-	1,109,115
Public health and welfare programs	-	-	-	-	-	7,412	7,412
Other purposes	-	-	-	-	-	232,542	232,542
Total restricted	-	759,758	452,879	349,357	1,014,029	606,181	3,182,204
Committed:							
Capital projects	-	-	-	-	-	395,723	395,723
Other purposes	-	-	-	-	-	213,692	213,692
Total committed	-	-	-	-	-	609,415	609,415
Assigned:							
Other purposes	5,854	-	-	-	-	-	5,854
Public health and welfare programs	275	-	-	-	-	-	275
Community environment	500	-	-	-	-	-	500
Leisure time activity	3,061	-	-	-	-	-	3,061
Subsequent year appropriations	736,410	-	-	-	-	-	736,410
Total assigned	746,100	-	-	-	-	-	746,100
Total fund balances	\$ 760,111	\$ 761,205	\$ 559,863	\$ 349,357	\$ 1,014,029	\$ 1,465,596	\$ 4,910,161

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 21 - TAX ABATEMENTS

Enterprise Zone

Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation.

The Enterprise Zone law permits municipalities to grant exemption of real property assessed values up to 75% and up to 15 years on new investments in building and improvements to existing land and buildings for a specific project. The exemptions may be increased up to 100% with approval of the affected Board of Education.

The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation.

The City of Coshocton had an Enterprise Zone Agreement with Kraft Foods Group, Inc. dated October 6, 2014. The agreement will provide a 75% real property exemption for a period of 10 years. The total value of real property subject to exemption for 2021 was \$1,584,150. The total value of taxes abated for 2021 for this parcel was \$8,238. Additionally, Ohio Revised Code § 5709.82(C)(2) provided for River View Local School District (District) to negotiate an agreement providing for compensation for all or a portion of the tax revenue the District would have received had the property not been exempt from taxation. The City paid the District an amount equal to .75% of new income subject to income tax. During 2021, the City compensated the District \$102,700, which included tax loss compensation for 2020.

Income Tax Credits

The City, by Ordinance, may grant a refundable or nonrefundable credit against its tax on income to a taxpayer to foster job creation and/or for the purpose of fostering job retention in the City of Coshocton. For new job creation, if a credit is granted, it shall be measured as a percentage of the new income tax revenue the City derives from new employees of the taxpayer and shall be for a term not exceeding fifteen years. For job retention, if a credit is granted, it shall be measured as a percentage of the income tax revenue the City derives from the retained employees of the taxpayer and shall be for a term not exceeding fifteen years. Before the City passes an Ordinance granting a credit and/or allowing such a credit, the City and the taxpayer shall enter into an agreement specifying all the conditions of the credit.

The City of Coshocton had one Job Creation Grant Agreement with Kraft Foods Group, Inc. dated August 18, 2014. The grant is based upon the creation of new payroll and the retention of existing jobs. The grant will be awarded in an amount equal to .75% of new income subject to income tax and will last a period of 10 years. The total grant paid in 2021 was \$102,700 for tax year 2020.

NOTE 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 23 - ASSET RETIREMENT OBLIGATIONS

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewer system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their waste water treatment facilities. Any asset retirement obligation (ARO) associated with these public safety issues is not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimate amount could not be determined.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT

A. Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Coshocton City Health Department (the “Department”) as a body corporate and politic. A five-member Board and a Health Commissioner govern the Department. The Department’s services include communicable disease investigations, immunization clinics, tuberculosis screenings, home visits, public health nursing services and issues, health-related licenses and permits, emergency preparedness activities as well as birth certificates and death certificates. The Department is a discretely presented component unit of the City of Coshocton.

The Department’s management believes these financial statements present all activities for which the Department is financially accountable. The Department has no component units.

B. Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Coshocton City Health Department have been prepared in conformity with GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Since the Coshocton City Health Department is a component unit of the City of Coshocton, the same basis of accounting has been chosen to be used for presentation purposes.

Budgetary - The Department adopts an annual budget that is approved by City Council.

Cash and Cash Equivalents - The City Treasurer is the custodian for the Department’s cash. The City’s cash pool holds the Department’s cash, which is reported at the City Treasurer’s carrying amount. Deposits and investments disclosures for the City as a whole may be obtained from the City.

Capital Assets - Capital assets are reported in the applicable Department component unit column in the government-wide financial statements. Capital assets are defined by the Department as assets with initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	10 - 50 years
Vehicles	8 - 10 years
Furniture and equipment	5 - 40 years

Compensated Absences - Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Upon retirement or death, an employee can be paid a maximum of 960 hours or 480 hours of accumulated, unused sick leave depending on the employee's hire date. All sick, vacation, and personal and compensation payments are made at employees' current wage rates.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Receivables and Payables - Receivables and payables to be recorded on the Department's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Prepays - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which the service is consumed.

Net Position - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors or laws or regulations of other governments. The Department, where applicable, applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

Use of Estimates - The financial statements of the Department are prepared in conformity with accounting principles generally accepted in the United States of America. This presentation requires the use of estimates and assumptions made by management that affects certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/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 (expenses) until then. For the Department, deferred outflows of resources are reported on the governmental-wide statement of net position for pension and OPEB.

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 as an inflow of resources (revenue) until that time. For the Department, deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position.

C. Accountability and Compliance

For 2021, the Department has implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Department.

For 2021, the Department has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the Department has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the Department has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

D. Deposits

The City of Coshocton Treasurer is custodian for the Department's deposits. The City's deposit pool holds the Department's assets, valued at the Treasurer's reported carrying amount.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance			Balance
<u>Department:</u>	<u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/21</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 211,620	\$ -	\$ -	\$ 211,620
Furniture and equipment	24,823	-	(14,328)	10,495
Vehicles	<u>17,905</u>	<u>-</u>	<u>-</u>	<u>17,905</u>
Total capital assets, being depreciated	<u>254,348</u>	<u>-</u>	<u>(14,328)</u>	<u>240,020</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(68,773)	(10,581)	-	(79,354)
Furniture and equipment	(21,958)	-	11,463	(10,495)
Vehicles	<u>(17,905)</u>	<u>-</u>	<u>-</u>	<u>(17,905)</u>
Total accumulated depreciation	<u>(108,636)</u>	<u>(10,581)</u>	<u>11,463</u>	<u>(107,754)</u>
Total capital assets being depreciated, net	<u>145,712</u>	<u>(10,581)</u>	<u>(2,865)</u>	<u>132,266</u>
Department capital assets, net	<u>\$ 145,712</u>	<u>\$ (10,581)</u>	<u>\$ (2,865)</u>	<u>\$ 132,266</u>

Depreciation expense was charged as follows:

Public Health and Welfare	<u>\$ 10,581</u>
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F. Long-Term Obligations

Changes in the Department's long-term obligations during the year consisted of the following.

	Balance			Balance	Due Within
	<u>12/31/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/21</u>	<u>One Year</u>
Department:					
Compensated absences	\$ 63,291	\$ -	\$ (8,632)	\$ 54,659	\$ 9,731
Net pension liability	295,892	-	(53,809)	242,083	-
Net OPEB liability	<u>203,899</u>	<u>-</u>	<u>(203,899)</u>	<u>-</u>	<u>-</u>
Total Department long-term obligations	<u>\$ 563,082</u>	<u>\$ -</u>	<u>\$ (266,340)</u>	<u>\$ 296,742</u>	<u>\$ 9,731</u>

Compensated absences are paid from the fund from which the respective employees' salaries are paid.

Net pension liability and net OPEB liability: See Notes 24.H and 24.I for more details.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

G. Risk Management

The Department is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. As part of its relationship with the City of Coshocton, the City's insurance policies cover the assets and operations of the Department. The City has contracted with an insurance company for property and general liability insurance. There were no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

H. Defined Benefit Pension Plans

Plan descriptions and actuarial information for the Department's defined benefit pension plans are the same as the City's (see Note 15).

For 2021, the Department's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$35,822 for 2021. Of this amount, \$2,578 is reported as due to other governments.

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability or asset was based on the Department's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.00149700%	0.00015600%	0.00196700%	
Proportion of the net pension liability/asset current measurement date	<u>0.00163500%</u>	<u>0.00043100%</u>	<u>0.00165200%</u>	
Change in proportionate share	<u>0.00013800%</u>	<u>0.00027500%</u>	<u>-0.00031500%</u>	
Proportionate share of the net pension liability	\$ 242,083	\$ -	\$ -	\$ 242,083
Proportionate share of the net pension asset	-	(1,243)	(301)	(1,544)
Pension expense	(95,869)	(418)	738	(95,549)

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

At December 31, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ -	\$ 206	\$ 206
Changes of assumptions	-	77	8	85
Changes in employer's proportionate percentage/ difference between employer contributions	18,751	-	-	18,751
Contributions subsequent to the measurement date	34,509	278	1,035	35,822
Total deferred outflows of resources	<u>\$ 53,260</u>	<u>\$ 355</u>	<u>\$ 1,249</u>	<u>\$ 54,864</u>
	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 10,127	\$ 234	\$ -	\$ 10,361
Net difference between projected and actual earnings on pension plan investments	94,357	185	33	94,575
Changes in employer's proportionate percentage/ difference between employer contributions	31,386	-	-	31,386
Total deferred inflows of resources	<u>\$ 135,870</u>	<u>\$ 419</u>	<u>\$ 33</u>	<u>\$ 136,322</u>

\$35,822 reported as deferred outflows of resources related to pension resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and increase in the net pension asset in the year ending December 31, 2022.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
2022	\$ (58,780)	\$ (89)	\$ 23	\$ (58,846)
2023	(7,006)	(57)	28	(7,035)
2024	(38,463)	(99)	20	(38,542)
2025	(12,870)	(46)	24	(12,892)
2026	-	(19)	26	7
Thereafter	-	(32)	60	28
Total	\$ (117,119)	\$ (342)	\$ 181	\$ (117,280)

Sensitivity of the Department's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Department's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 461,775	\$ 242,083	\$ 59,410
Combined Plan	(865)	(1,243)	(1,524)
Member-Directed Plan	(264)	(301)	(330)

I. Defined Benefit OPEB Plans

Net OPEB Liability

Plan descriptions and actuarial information for the Department's defined benefit OPEB plan are the same as the City's (see Note 16).

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Department's contractually required contribution was \$413 for 2021. Of this amount, \$30 is reported as due to other governments.

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The Department's proportion of the net OPEB liability was based on the Department's share of contributions to the retirement plan relative to the contributions of all participating entities.

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the net OPEB liability prior measurement date	0.00147600%
Proportion of the net OPEB liability/asset current measurement date	<u>0.00160100%</u>
Change in proportionate share	<u><u>0.00012500%</u></u>
Proportionate share of the net OPEB liability	\$ -
Proportionate share of the net OPEB asset	(28,517)
OPEB expense	(230,617)

At December 31, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Changes of assumptions	\$ 14,020
Changes in employer's proportionate percentage/difference between employer contributions	10,501
Contributions subsequent to the measurement date	413
Total deferred outflows of resources	<u><u>\$ 24,934</u></u>

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

	<u>OPERS</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 25,736
Net difference between projected and actual earnings on OPEB plan investments	15,189
Changes of assumptions	46,206
Changes in employer's proportionate percentage/difference between employer contributions	21,093
Total deferred inflows of resources	<u>\$ 108,224</u>

\$413 reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending December 31, 2022.

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

	<u>OPERS</u>
Year Ending December 31:	
2022	\$ (52,840)
2023	(22,473)
2024	(6,600)
2025	(1,790)
Total	<u>\$ (83,703)</u>

Sensitivity of the Department's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Department's proportionate share of the net OPEB asset	\$ 7,091	\$ 28,517	\$ 46,131

CITY OF COSHOCTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

Sensitivity of the Department's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. 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 Trend Rate Assumption	1% Increase
Department's proportionate share of the net OPEB asset	\$ 29,212	\$ 28,517	\$ 27,739

J. Other Employee Benefits - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours, 720 hours or 480 hours of accumulated, unused sick leave depending on the policy or union agreement the employee is under.

K. Contingencies

Grants

The Department received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect, if any, on the financial condition of the Department.

Litigation

The Department is not party to any legal proceedings that, in the opinion of management, will have a material adverse effect on the financial condition of the Department.

L. Ohio Department of Health Funds

During the year ended December 31, 2021, the Department received funding passed through the Ohio Department of Health as follows:

Federal Funding received from ODH for 2021: \$0
State Subsidy from ODH received for 2021: \$2,104

CITY OF COSHOCTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 24 - COSHOCTON CITY HEALTH DEPARTMENT - COMPONENT UNIT - (Continued)

M. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Department. The impact on the Department's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 25 – SUBSEQUENT EVENT

The City Health Department is in the process of merging with the Coshocton County General Health District. The City approved the merging on September 12, 2022 but are awaiting the General Health District approval.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COSHOCTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.022047%	0.022235%	0.022141%	0.024100%
City's proportionate share of the net pension liability	\$ 3,264,706	\$ 4,394,899	\$ 6,063,868	\$ 3,780,822
City's covered payroll	\$ 3,133,814	\$ 3,042,343	\$ 3,002,614	\$ 3,079,277
City's proportionate share of the net pension liability as a percentage of its covered payroll	104.18%	144.46%	201.95%	122.78%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.058060%	0.002310%	n/a	n/a
City's proportionate share of the net pension asset	\$ 16,762	\$ 4,817	n/a	n/a
City's covered payroll	\$ 25,750	\$ 9,993	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	65.10%	48.20%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	157.67%	145.28%	n/a	n/a
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.022285%	0.029218%	0.029199%	0.023056%
City's proportionate share of the net pension asset	\$ 4,062	\$ 1,105	\$ 665	\$ 805
City's covered payroll	\$ 134,690	\$ 168,870	\$ 159,100	\$ 125,810
City's proportionate share of the net pension asset as a percentage of its covered payroll	3.02%	0.65%	0.42%	0.64%
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%	113.42%	124.46%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016	2015	2014
	0.025071%	0.024813%	0.023854%	0.023854%
\$	5,693,198	\$ 4,297,924	\$ 2,877,058	\$ 2,812,077
\$	3,137,008	\$ 3,201,725	\$ 2,983,700	\$ 2,864,677
	181.48%	134.24%	96.43%	98.16%
	77.25%	81.08%	86.45%	86.36%
	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a
	0.020154%	0.020729%	n/a	n/a
\$	83	\$ 79	n/a	n/a
\$	99,390	\$ 138,530	n/a	n/a
	0.08%	0.05%	n/a	n/a
	103.40%	103.91%	n/a	n/a

CITY OF COSHOCTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.05102950%	0.05115650%	0.04988600%	0.04935100%
City's proportionate share of the net pension liability	\$ 3,478,727	\$ 3,446,175	\$ 4,072,016	\$ 3,028,863
City's covered payroll	\$ 1,128,170	\$ 1,096,196	\$ 1,018,421	\$ 973,162
City's proportionate share of the net pension liability as a percentage of its covered payroll	308.35%	314.38%	399.84%	311.24%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%	63.07%	70.91%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.05158400%	0.05026500%	0.05161490%	0.05161490%
\$	3,267,248	\$ 3,233,564	\$ 2,673,867	\$ 2,513,808
\$	981,613	\$ 721,766	\$ 698,711	\$ 903,238
	332.84%	448.01%	382.69%	278.31%
	68.36%	66.77%	72.20%	73.00%

CITY OF COSHOCTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Restated 2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 465,366	\$ 438,734	\$ 425,928	\$ 420,366
Contributions in relation to the contractually required contribution	<u>(465,366)</u>	<u>(438,734)</u>	<u>(425,928)</u>	<u>(420,366)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,324,043	\$ 3,133,814	\$ 3,042,343	\$ 3,002,614
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 3,751	\$ 3,605	\$ 1,399	\$ -
Contributions in relation to the contractually required contribution	<u>(3,751)</u>	<u>(3,605)</u>	<u>(1,399)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 26,793	\$ 25,750	\$ 9,993	\$ -
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	n/a
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 13,962	\$ 13,469	\$ 16,887	\$ 15,910
Contributions in relation to the contractually required contribution	<u>(13,962)</u>	<u>(13,469)</u>	<u>(16,887)</u>	<u>(15,910)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 139,620	\$ 134,690	\$ 168,870	\$ 159,100
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 400,306	\$ 376,441	\$ 384,207	\$ 358,044	\$ 372,408	\$ 269,309
<u>(400,306)</u>	<u>(376,441)</u>	<u>(384,207)</u>	<u>(358,044)</u>	<u>(372,408)</u>	<u>(269,309)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,079,277	\$ 3,137,008	\$ 3,201,725	\$ 2,983,700	\$ 2,864,677	\$ 2,693,090
13.00%	12.00%	12.00%	12.00%	13.00%	10.00%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,622
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,622)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,403
n/a	n/a	n/a	n/a	n/a	7.95%
\$ 12,581	\$ 9,939	\$ 13,853	\$ -	\$ -	\$ -
<u>(12,581)</u>	<u>(9,939)</u>	<u>(13,853)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 125,810	\$ 99,390	\$ 138,530	\$ -	\$ -	\$ -
10.00%	10.00%	10.00%	n/a	n/a	n/a

CITY OF COSHOCTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Fire:</i>				
Contractually required contribution	\$ 275,895	\$ 265,120	\$ 257,606	\$ 239,329
Contributions in relation to the contractually required contribution	<u>(275,895)</u>	<u>(265,120)</u>	<u>(257,606)</u>	<u>(239,329)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,174,021	\$ 1,128,170	\$ 1,096,196	\$ 1,018,421
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 228,693	\$ 230,679	\$ 169,615	\$ 164,197	\$ 184,080	\$ 143,984
<u>(228,693)</u>	<u>(230,679)</u>	<u>(169,615)</u>	<u>(164,197)</u>	<u>(184,080)</u>	<u>(143,984)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 973,162	\$ 981,613	\$ 721,766	\$ 698,711	\$ 903,238	\$ 834,690
23.50%	23.50%	23.50%	23.50%	20.38%	17.25%

CITY OF COSHOCTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability/asset	0.021586%	0.021926%	0.021768%	0.023380%	0.024123%
City's proportionate share of the net OPEB liability/(asset)	\$ (384,577)	\$ 3,028,525	\$ 2,838,037	\$ 2,538,896	\$ 2,436,504
City's covered payroll	\$ 3,294,254	\$ 3,221,206	\$ 3,161,714	\$ 3,205,087	\$ 3,236,398
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	11.67%	94.02%	89.76%	79.21%	75.28%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COSHOCTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.05102950%	0.05115650%	0.04988600%	0.04935100%	0.05158400%
City's proportionate share of the net OPEB liability	\$ 540,666	\$ 505,310	\$ 454,289	\$ 2,796,130	\$ 2,448,576
City's covered payroll	\$ 1,128,170	\$ 1,096,196	\$ 1,018,421	\$ 973,162	\$ 981,613
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	47.92%	46.10%	44.61%	287.32%	249.44%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%	46.57%	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COSHOCTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Restated 2018</u>
Contractually required contribution	\$ 5,585	\$ 5,387	\$ 6,755	\$ 6,364
Contributions in relation to the contractually required contribution	<u>(5,585)</u>	<u>(5,387)</u>	<u>(6,755)</u>	<u>(6,364)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,490,456	\$ 3,294,254	\$ 3,221,206	\$ 3,161,714
Contributions as a percentage of covered payroll	0.16%	0.16%	0.21%	0.20%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 35,825	\$ 67,448	\$ 64,035	\$ 58,517	\$ 28,647	\$ 109,301
<u>(35,825)</u>	<u>(67,448)</u>	<u>(64,035)</u>	<u>(58,517)</u>	<u>(28,647)</u>	<u>(109,301)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,205,087	\$ 3,236,398	\$ 3,340,255	\$ 2,983,700	\$ 2,864,677	\$ 2,713,493
1.12%	2.08%	1.92%	1.96%	1.00%	4.03%

CITY OF COSHOCTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Fire:</i>				
Contractually required contribution	\$ 5,870	\$ 5,641	\$ 5,481	\$ 5,092
Contributions in relation to the contractually required contribution	<u>(5,870)</u>	<u>(5,641)</u>	<u>(5,481)</u>	<u>(5,092)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,174,021	\$ 1,128,170	\$ 1,096,196	\$ 1,018,421
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 4,866	\$ 4,908	\$ 3,609	\$ 4,456	\$ 32,586	\$ 56,341
<u>(4,866)</u>	<u>(4,908)</u>	<u>(3,609)</u>	<u>(4,456)</u>	<u>(32,586)</u>	<u>(56,341)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 973,162	\$ 981,613	\$ 721,766	\$ 698,711	\$ 903,238	\$ 834,690
0.50%	0.50%	0.50%	0.64%	3.62%	6.75%

CITY OF COSHOCTON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)

CITY OF COSHOCTON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.00%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.

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**CITY OF COSHOCTON
COSHOCTON COUNTY, OHIO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/ Pass Through Grantor Program/Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number/ Additional Award Identification	Total Federal Expenditures
<u>U.S. DEPARTMENT OF DEFENSE</u>			
<i>Direct Program</i>			
<i>Section 594 of the Water Resources Development Act of 1999</i>	12.XXX	N/A	\$ 600,716
<i>Total U.S. Department of Defense</i>			<u>600,716</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through the Ohio Department of Development</i>			
<i>Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii</i>	14.228	A-W-19-2BB-1	95,000
<i>Total U.S. Department of Housing and Urban Development</i>			<u>95,000</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed through the Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local	300,351
<i>Direct Program</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0763	90,500
<i>Total U.S. Department of the Treasury</i>			<u>390,851</u>
<u>U.S. APPALACHIAN REGIONAL COMMISSION</u>			
<i>Passed Through the Ohio Environmental Protection Agency</i>			
<i>Appalachian Area Development</i>	23.002	A-W-19-2BB-1	25,000
<i>Total U.S. Appalachian Regional Commission</i>			<u>25,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,111,567</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

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**CITY OF COSHOCTON
COSHOCTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Coshocton (the City) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in in OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE B – DE MINIMIS INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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OHIO AUDITOR OF STATE KEITH FABER



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

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Coshocton, Coshocton County, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 19, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the City.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 City'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2022

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Coshocton's, Coshocton County, Ohio (the City), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Coshocton's major federal program for the year ended December 31, 2021. City of Coshocton's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, City of Coshocton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2022

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**CITY OF COSHOCTON
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	AL #12.XXX – Section 594 of the Water Resources Development Act of 1999
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF COSHOCTON

COSHOCTON 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 9/29/2022

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

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