



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF COSHOCTON  
COSHOCTON COUNTY  
DECEMBER 31, 2019**

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COSHOCTON COUNTY  
DECEMBER 31, 2019

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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 Financial Statements***

We have audited the accompanying 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the 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, 2019, 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 thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2019, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Notes 2 and 20, during 2019, the Coshocton City Health Department was reorganized as a legally separate organization rather than continuing to operate as a department of the City. The Coshocton City Health Department is being presented as a discretely presented component unit.

As discussed in Note 23 to the financial statements, during 2019, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension Liabilities/Assets, Other Post-Employment Benefit Liabilities and Pension and Other Post-Employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 4, 2020

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## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019. 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 2019 are as follows:

- Consistent with the provisions of Ohio Revised Code Section 3709.36, the City of Coshocton's Health Department was reorganized as a legally separate organization (Coshocton City Health Department) rather than continuing to operate as a department of the City. This change was effective January 1, 2019, as is being accounted for by the City as a transfer of operations, which is reported as a special item. The Board of Health is reported as a discretely presented component unit of the City of Coshocton.
- The total net position of the City increased \$2,524,390 over the 2018's restated net position of \$12,742,430. Net position of governmental activities increased \$2,130,292, which represents a 65.56% increase from the 2018 restated net position of \$3,249,625. Net position of business-type activities increased \$394,098 or 4.15% over the 2018 net position of \$9,492,805.
- General revenues accounted for \$8,842,967 or 86.12% of total governmental activities revenue. Program specific revenues accounted for \$1,425,607 or 13.88% of total governmental activities revenue.
- The City had \$8,628,049 in expenses related to governmental activities; \$1,425,607 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$7,202,442 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$8,842,967. General revenues were adequate to cover expenses for 2019.
- The general fund had revenues and other financing sources of \$4,027,343, expenditures of \$3,891,115 and a special item of \$11,937 in 2019. The general fund's fund balance increased \$148,165 from a balance of \$1,315,338 to a balance of \$1,463,503.
- The fire fund had revenues of \$1,298,529 in 2019 and total expenditures of \$1,281,047 in 2019. The net increase in fund balance for the fire fund was \$17,482.
- The street fund had revenues of \$1,155,603 in 2019 with total expenditures of \$1,099,524 in 2019. The net increase in fund balance for the street fund was \$56,079.
- The safety, security and law enforcement fund had revenues of \$1,678,737 in 2019 with total expenditures of \$1,852,497 in 2019. The net decrease in fund balance for the safety, security and law enforcement fund was \$173,760.
- The fire capital improvement fund had revenues and other financing sources of \$812,873 in 2019 with total expenditures of \$1,538,876 in 2019. The net decrease in fund balance for the fire capital improvement fund was \$726,003.
- Net position for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, increased in 2019 by \$394,098 above the 2018 balance.

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

- The water fund, a major enterprise fund, had operating revenues of \$3,369,500, operating and nonoperating expenses of \$3,347,576 and capital contributions of \$420,659 in 2019. The net position of the water fund increased \$442,583 or 8.26% from the 2018 net position balance.
- The sewer fund, a major enterprise fund, had operating revenues of \$2,195,366 and operating and nonoperating expenses of \$2,226,105 in 2019. The net position of the sewer fund decreased \$30,739 or 0.94% from the 2018 net position balance.
- The solid waste fund, a major enterprise fund, had operating revenues of \$895,695 in 2019 and operating and nonoperating expenses of \$819,425 in 2019. The net position of the solid waste fund increased \$76,270 or 9.73% from the 2018 net position balance.
- In the general fund, the actual revenues came in \$44,166 lower than they were in the final budget and actual expenditures were \$384,785 less than the amount in the final budget. Budgeted revenues increased \$437,012 from the original to the final budget due primarily to an increase in projected income taxes and intergovernmental revenues. Budgeted expenditures increased \$93,500 from the original to the final budget due primarily to an increase in the estimated cost of general government and leisure time activity.

#### **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 2019?" 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.

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

#### **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 15.

##### ***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.

**CITY OF COSHOCTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

***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.

***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.

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**CITY OF COSHOCTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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, 2019 and December 31, 2018. The net position at December 31, 2018 has been restated as described in Note 3.

	Governmental Activities		Business-Type Activities		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
<b>Assets</b>						
Current assets	\$ 8,518,116	\$ 9,599,350	\$ 6,479,113	\$ 6,274,776	\$ 14,997,229	\$ 15,874,126
Capital assets, net	<u>7,794,095</u>	<u>7,015,959</u>	<u>17,677,824</u>	<u>17,953,379</u>	<u>25,471,919</u>	<u>24,969,338</u>
Total assets	<u>16,312,211</u>	<u>16,615,309</u>	<u>24,156,937</u>	<u>24,228,155</u>	<u>40,469,148</u>	<u>40,843,464</u>
<b>Deferred outflows of resources</b>						
Pension	2,267,162	1,128,717	779,461	305,950	3,046,623	1,434,667
OPEB	<u>464,674</u>	<u>411,114</u>	<u>152,710</u>	<u>60,988</u>	<u>617,384</u>	<u>472,102</u>
Total deferred outflows of resources	<u>2,731,836</u>	<u>1,539,831</u>	<u>932,171</u>	<u>366,938</u>	<u>3,664,007</u>	<u>1,906,769</u>
<b>Liabilities</b>						
Current liabilities	763,731	1,220,276	479,208	580,874	1,242,939	1,801,150
Long-term liabilities:						
Due within one year	308,968	198,360	2,158,157	2,227,449	2,467,125	2,425,809
Net pension liability	7,839,715	5,622,120	2,296,169	1,187,565	10,135,884	6,809,685
Net OPEB liability	2,217,664	4,537,553	1,074,662	797,473	3,292,326	5,335,026
Other amounts	<u>1,224,660</u>	<u>1,116,680</u>	<u>9,124,417</u>	<u>9,897,732</u>	<u>10,349,077</u>	<u>11,014,412</u>
Total liabilities	<u>12,354,738</u>	<u>12,694,989</u>	<u>15,132,613</u>	<u>14,691,093</u>	<u>27,487,351</u>	<u>27,386,082</u>
<b>Deferred inflows of resources</b>						
Property taxes	886,395	892,538	-	-	886,395	892,538
Pension	197,996	966,239	53,863	327,236	251,859	1,293,475
OPEB	<u>225,001</u>	<u>351,749</u>	<u>15,729</u>	<u>83,959</u>	<u>240,730</u>	<u>435,708</u>
Total deferred inflows of resources	<u>1,309,392</u>	<u>2,210,526</u>	<u>69,592</u>	<u>411,195</u>	<u>1,378,984</u>	<u>2,621,721</u>
<b>Net Position</b>						
Net investment in capital assets	6,940,929	6,487,806	6,727,502	6,173,364	13,668,431	12,661,170
Restricted	2,388,321	3,293,080	-	-	2,388,321	3,293,080
Unrestricted (deficit)	<u>(3,949,333)</u>	<u>(6,531,261)</u>	<u>3,159,401</u>	<u>3,319,441</u>	<u>(789,932)</u>	<u>(3,211,820)</u>
Total net position	<u>\$ 5,379,917</u>	<u>\$ 3,249,625</u>	<u>\$ 9,886,903</u>	<u>\$ 9,492,805</u>	<u>\$ 15,266,820</u>	<u>\$ 12,742,430</u>

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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 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 and the net pension 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. 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 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.

**CITY OF COSHOCTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$15,266,820. At year-end, net position was \$5,379,917 and \$9,886,903 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 62.94% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investments in capital assets at December 31, 2019, were \$6,940,929 and \$6,727,502 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, \$2,388,321, 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 \$3,949,333.

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**CITY OF COSHOCTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

The following tables show the changes in net position for 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3.

			Change in Net Position			
	Governmental Activities	Business-type Activities	Restated		2019 Total	Restated 2018 Total
			Governmental Activities	Business-type Activities		
	2019	2019	2018	2018		
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 518,636	\$ 6,400,988	\$ 1,381,172	\$ 6,092,095	\$ 6,919,624	\$ 7,473,267
Operating grants and contributions	883,271	-	636,190	-	883,271	636,190
Capital grants and contributions	23,700	420,659	53,729	-	444,359	53,729
Total program revenues	<u>1,425,607</u>	<u>6,821,647</u>	<u>2,071,091</u>	<u>6,092,095</u>	<u>8,247,254</u>	<u>8,163,186</u>
General revenues:						
Property taxes	816,247	-	890,047	-	816,247	890,047
Income taxes	6,911,759	-	6,295,954	-	6,911,759	6,295,954
Lodging tax	69,681	-	71,606	-	69,681	71,606
JEDD revenue	117,621	-	194,661	-	117,621	194,661
Unrestricted grants and entitlements	430,477	-	236,579	-	430,477	236,579
Investment earnings	200,305	-	77,190	-	200,305	77,190
Miscellaneous	296,877	59,573	426,355	72,838	356,450	499,193
Total general revenues	<u>8,842,967</u>	<u>59,573</u>	<u>8,192,392</u>	<u>72,838</u>	<u>8,902,540</u>	<u>8,265,230</u>
Total revenues	<u>10,268,574</u>	<u>6,881,220</u>	<u>10,263,483</u>	<u>6,164,933</u>	<u>17,149,794</u>	<u>16,428,416</u>
<b>Expenses:</b>						
General government	2,943,034	-	2,732,844	-	2,943,034	2,732,844
Security of persons and property	1,985,739	-	4,270,085	-	1,985,739	4,270,085
Public health and welfare	700,120	-	1,463,270	-	700,120	1,463,270
Transportation	2,576,332	-	2,223,584	-	2,576,332	2,223,584
Community environment	21,980	-	36,731	-	21,980	36,731
Leisure time activity	280,240	-	287,088	-	280,240	287,088
Urban redevelopment and housing	62,732	-	39,601	-	62,732	39,601
Other	52,637	-	1,201	-	52,637	1,201
Interest and fiscal charges	5,235	-	5,784	-	5,235	5,784
Water	-	3,394,818	-	3,240,821	3,394,818	3,240,821
Sewer	-	2,272,879	-	2,129,013	2,272,879	2,129,013
Solid waste	-	819,425	-	809,493	819,425	809,493
Total expenses	<u>8,628,049</u>	<u>6,487,122</u>	<u>11,060,188</u>	<u>6,179,327</u>	<u>15,115,171</u>	<u>17,239,515</u>
Special Item - Transfer of Operations	<u>489,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,767</u>	<u>-</u>
Change in net position	2,130,292	394,098	(796,705)	(14,394)	2,524,390	(811,099)
Net position at beginning of year (restated)	<u>3,249,625</u>	<u>9,492,805</u>	<u>4,046,330</u>	<u>9,507,199</u>	<u>12,742,430</u>	<u>13,553,529</u>
Net position at end of year	<u>\$ 5,379,917</u>	<u>\$ 9,886,903</u>	<u>\$ 3,249,625</u>	<u>\$ 9,492,805</u>	<u>\$ 15,266,820</u>	<u>\$ 12,742,430</u>



## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

During 2019, the Coshocton City Health Department was recognized as a legally separate organization rather than continuing to operate as a department of the City. This change was effective January 1, 2019. In accordance with GASB Statement No. 69, a transfer of operations will be reported in the period the transfer occurred. The net position of the assets, liabilities and deferred inflows/outflows of resources have been reported as a special item.

#### Governmental Activities

Governmental activities net position increased by \$2,130,292 from the 2018 restated net position.

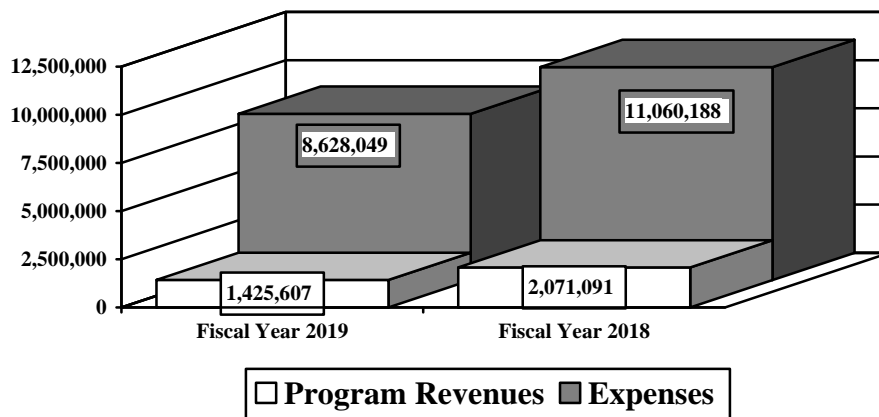
Security of persons and property, which primarily supports the sheriff's contracts accounted for \$1,985,739 of the total expenses of the City. General government expenses totaled \$2,943,034. General government expenses were partially funded by \$450,249 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$883,271 in operating grants and contributions and \$23,700 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of these total grants and contributions, \$840,276 subsidized transportation programs.

General revenues totaled \$8,842,967 and amounted to 86.12% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,728,006. 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 \$430,477.

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 2019.

**Governmental Activities – Program Revenues vs. Total Expenses**



**CITY OF COSHOCTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

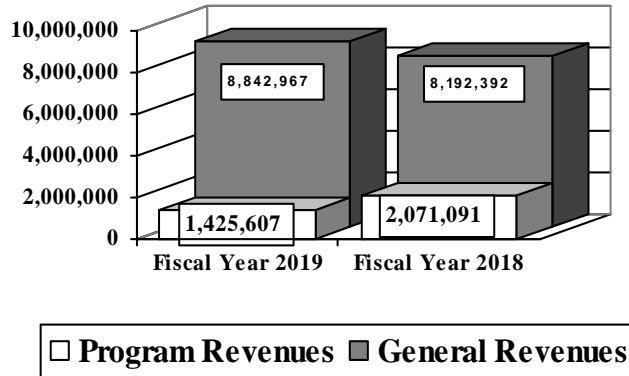
**Governmental Activities**

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Program Expenses:				
General government	\$ 2,943,034	\$ 2,467,367	\$ 2,732,844	\$ 2,224,118
Security of persons and property	1,985,739	1,985,739	4,270,085	4,270,085
Public health and welfare	700,120	613,893	1,463,270	549,122
Transportation	2,576,332	1,736,056	2,223,584	1,649,847
Community environment	21,980	21,980	36,731	35,806
Leisure time activity	280,240	280,240	287,088	273,623
Urban redevelopment and housing	62,732	39,295	39,601	(20,489)
Other	52,637	52,637	1,201	1,201
Interest and fiscal charges	<u>5,235</u>	<u>5,235</u>	<u>5,784</u>	<u>5,784</u>
 Total	 <u>\$ 8,628,049</u>	 <u>\$ 7,202,442</u>	 <u>\$ 11,060,188</u>	 <u>\$ 8,989,097</u>

The dependence upon general revenues for governmental activities is apparent, with 83.48% of expenses supported through taxes and other general revenues.

The chart below illustrates the City's program revenues versus general revenues for 2019 and 2018.

**Governmental Activities – General and Program Revenues**



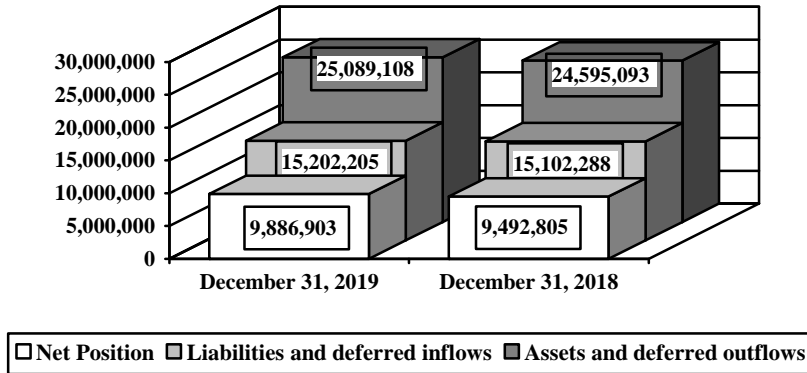
**CITY OF COSHOCTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Business-type Activities**

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$6,821,647, general revenues of \$59,573 and expenses of \$6,487,122 for 2019. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end.

**Net Position in Business – Type Activities**



**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 \$5,037,973, which is \$1,215,955 less than last year's restated total of \$6,253,928.

The table below indicates the fund balance and the total change in fund balance as of December 31, 2019 and December 31, 2018 for all major and nonmajor governmental funds. The fund balances at December 31, 2018 have been restated as described in Note 3.

	Fund Balances 12/31/19	Restated Fund Balances 12/31/18	Change
Major funds:			
General	\$ 1,463,503	\$ 1,315,338	\$ 148,165
Fire	811,749	794,267	17,482
Street	407,599	351,520	56,079
Safety, security and law enforcement	398,770	572,530	(173,760)
Fire capital improvement	841,606	1,567,609	(726,003)
Other nonmajor governmental funds	<u>1,114,746</u>	<u>1,652,664</u>	<u>(537,918)</u>
Total	<u>\$ 5,037,973</u>	<u>\$ 6,253,928</u>	<u>\$ (1,215,955)</u>

**CITY OF COSHOCTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**General Fund**

The City's general fund balance increased \$148,165. The table that follows assists in illustrating the revenues of the general fund.

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 2,838,132	\$ 2,900,379	(2.15) %
Charges for services	179,764	258,682	(30.51) %
Licenses and permits	259,456	264,928	(2.07) %
Fines and forfeitures	771	2,511	(69.30) %
Investment income	200,305	77,190	159.50 %
Special assessments	2,335	-	100.00 %
Intergovernmental	330,796	203,974	62.18 %
JEDD revenue	59,105	97,817	(39.58) %
Other	156,679	267,234	(41.37) %
Total	<u>\$ 4,027,343</u>	<u>\$ 4,072,715</u>	(1.11) %

Tax revenue represents 70.47% of all general fund revenue. The increase in investment income is due to the increase in the investments made by the City and the amount of interest on the City's various accounts.

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

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
General government	\$ 2,318,201	\$ 2,370,444	(2.20) %
Security of persons and property	761,546	997,623	(23.66) %
Public health and welfare	600,481	642,654	(6.56) %
Community environment	21,980	36,731	(40.16) %
Leisure time activity	184,438	180,169	2.37 %
Capital outlay	-	9,594	(100.00) %
Debt service	4,469	6,059	(26.24) %
Total	<u>\$ 3,891,115</u>	<u>\$ 4,243,274</u>	(8.30) %

The City's total expenditures decreased during 2019 by \$352,159. The decrease in general governmental expenditures is related to a decrease in income tax administration costs. Security of persons and property expenditures decreased due to the safety, security and law enforcement fund assuming more of the costs related to the service contract with the Coshocton County Sheriff's Office. The decrease in public health and welfare is due to a decrease in health department expenditures which was recorded as a legally separate organization effective January 1, 2019.

**Fire Fund**

The fire fund had revenues of \$1,298,529 in 2019 and total expenditures of \$1,281,047 in 2019. The net increase in fund balance for the fire fund was \$17,482.

**CITY OF COSHOCTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

***Street Fund***

The street fund had revenues of \$1,155,603 in 2019 with total expenditures of \$1,099,524 in 2019. The net increase in fund balance for the street fund was \$56,079.

***Safety, Security and Law Enforcement Fund***

The safety, security and law enforcement fund had revenues of \$1,678,737 in 2019 with total expenditures of \$1,852,497 in 2019. The net decrease in fund balance for the safety, security and law enforcement fund was \$173,760.

***Fire Capital Improvement Fund***

The fire capital improvement fund had revenues and other financing sources of \$812,873 in 2019 with total expenditures of \$1,538,876 in 2019. The net decrease in fund balance for the fire capital improvement fund was \$726,003.

***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 \$437,012 from \$3,635,088 to \$4,072,100. Actual revenues of \$4,027,934 were less than final budgeted revenues by \$44,166. The other significant change was between the final budgeted expenditures and original budgeted expenditures. Original budgeted expenditures came in \$93,500 lower than the final budgeted amounts. Actual expenditures of \$3,949,144 were less than final budgeted expenditures by \$384,785.

***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 \$9,896,245. The schedule below indicates the net position and the total change in net position as of December 31, 2019 for all enterprise funds.

	<u>Net Position</u> <u>12/31/19</u>	<u>Net Position</u> <u>12/31/18</u>	<u>Change</u>
Major funds:			
Water	\$ 5,800,579	\$ 5,357,996	\$ 442,583
Sewer	3,235,143	3,265,882	(30,739)
Solid waste	<u>860,523</u>	<u>784,253</u>	<u>76,270</u>
Total	<u>\$ 9,896,245</u>	<u>\$ 9,408,131</u>	<u>\$ 488,114</u>

**CITY OF COSHOCTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

***Water Fund***

The City's Water fund net position increased \$442,583 due mainly to an increase in charges for service revenue and a decrease in materials and supplies expenses.

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

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 3,320,972	\$ 3,160,695	5.07 %
Special assessment revenue	-	87	100.00 %
Other	<u>48,528</u>	<u>57,820</u>	(16.07) %
Total	<u>\$ 3,369,500</u>	<u>\$ 3,218,602</u>	4.69 %
<b><u>Operating Expenses</u></b>			
Personal services	\$ 1,430,830	\$ 1,075,285	33.07 %
Contractual services	98,574	198,186	(50.26) %
Materials and supplies	848,899	1,073,674	(20.94) %
Depreciation	781,528	790,882	(1.18) %
Other	<u>238</u>	<u>1,000</u>	(76.20) %
Total	<u>\$ 3,160,069</u>	<u>\$ 3,139,027</u>	0.67 %
<b><u>Nonoperating Expenses</u></b>			
Interest expense and fiscal charges	\$ (173,342)	\$ (149,244)	16.15 %
Loss on sale of capital assets	<u>(14,165)</u>	<u>-</u>	N/A
Total	<u>\$ (187,507)</u>	<u>\$ (149,244)</u>	25.64 %
<b><u>Capital Contributions and Transfers</u></b>			
Transfers	\$ -	\$ 25,000	(100.00) %
Capital contributions	<u>420,659</u>	<u>-</u>	N/A
Total	<u>\$ 420,659</u>	<u>\$ 25,000</u>	1,582.64 %

**CITY OF COSHOCTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

***Sewer Fund***

The City's sewer fund net position decreased \$30,739 due to a slight increase in personal service expenses. The following tables illustrate the revenues and expenses of the sewer fund.

	<u>2019</u>	<u>2018</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 2,184,321	\$ 2,096,206	4.20 %
Other	<u>11,045</u>	<u>15,018</u>	(26.45) %
Total	<u>\$ 2,195,366</u>	<u>\$ 2,111,224</u>	3.99 %
<b><u>Operating Expenses</u></b>			
Personal services	\$ 938,996	\$ 772,074	21.62 %
Contractual services	182,295	204,956	(11.06) %
Materials and supplies	477,960	565,019	(15.41) %
Depreciation	<u>423,281</u>	<u>456,426</u>	(7.26) %
Total	<u>\$ 2,022,532</u>	<u>\$ 1,998,475</u>	1.20 %
<b><u>Nonoperating Expenses</u></b>			
Interest expense and fiscal charges	\$ (161,470)	\$ (167,073)	(3.35) %
Loss on sale of capital assets	<u>(42,103)</u>	<u>(10,450)</u>	302.90 %
Total	<u>\$ (203,573)</u>	<u>\$ (177,523)</u>	14.67 %
<b><u>Transfers</u></b>			
Transfers	<u>\$ -</u>	<u>\$ (25,000)</u>	(100.00) %
Total	<u>\$ -</u>	<u>\$ (25,000)</u>	(100.00) %

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**CITY OF COSHOCTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

***Solid Waste Fund***

The City's Solid Waste fund net position increased \$76,270 due mainly to increasing revenues continuing to outpace expenses.

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

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 895,695	\$ 835,107	7.26 %
Total	<u>\$ 895,695</u>	<u>\$ 835,107</u>	7.26 %
<b><u>Operating Expenses</u></b>			
Personal services	\$ 18,707	\$ 8,381	123.21 %
Contractual services	753,671	727,607	3.58 %
Materials and supplies	10,974	71,997	(84.76) %
Depreciation	<u>2,817</u>	<u>1,508</u>	86.80 %
Total	<u>\$ 786,169</u>	<u>\$ 809,493</u>	(2.88) %
<b><u>Nonoperating Expenses</u></b>			
Loss on sale of capital assets	<u>\$ (33,256)</u>	<u>\$ -</u>	N/A

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2019, the City had \$25,471,919 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, land improvements, furniture and equipment, vehicles and infrastructure. Of this total, \$7,794,095 was reported in governmental activities and \$17,677,824 was reported in business-type activities. See Note 10 for further description of capital assets. The following table shows 2019 balances compared to 2018:



**CITY OF COSHOCTON, OHIO**

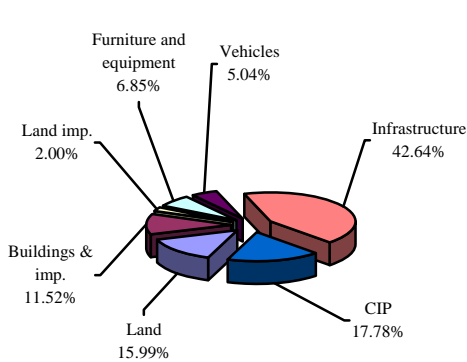
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

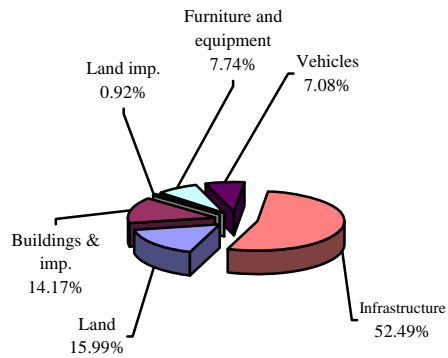
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>Restated 2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>Restated 2018</u>
Land	\$ 1,104,518	\$ 1,121,420	\$ 741,766	\$ 679,401	\$ 1,846,284	\$ 1,800,821
Land improvements	156,056	63,199	16,548	19,404	172,604	82,603
Buildings and improvements	897,836	970,869	4,648,851	4,900,467	5,546,687	5,871,336
Furniture and equipment	533,509	530,123	4,549,349	4,630,679	5,082,858	5,160,802
Vehicles	392,839	485,041	293,809	361,041	686,648	846,082
Infrastructure	3,323,080	3,682,566	-	-	3,323,080	3,682,566
Water and sewer lines	-	-	7,062,580	7,362,387	7,062,580	7,362,387
Construction in progress	1,386,257	-	364,921	-	1,751,178	-
<b>Totals</b>	<b>\$ 7,794,095</b>	<b>\$ 6,853,218</b>	<b>\$ 17,677,824</b>	<b>\$ 17,953,379</b>	<b>\$ 25,471,919</b>	<b>\$ 24,806,597</b>

The following graphs show the breakdown of governmental capital assets by category for 2019 and 2018.

**Capital Assets - Governmental Activities 2019**



**Capital Assets - Governmental Activities 2018**

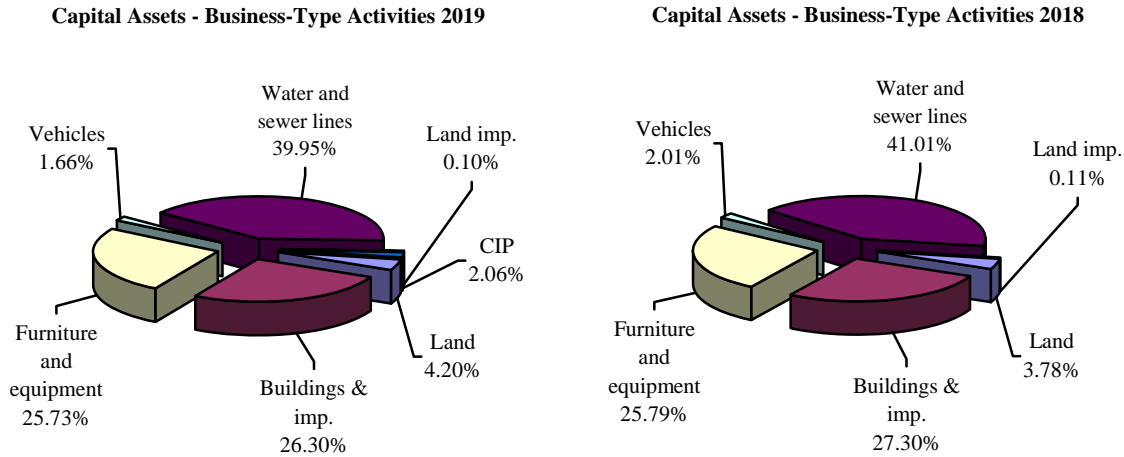


The City's largest governmental capital asset category is infrastructure. The net book value of this category (cost less accumulated depreciation) represents approximately 42.64% of the City's total governmental capital assets.

**CITY OF COSHOCTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

The following graphs show the breakdown of business-type capital assets by category for 2019 and 2018.



The City's largest business-type capital asset category is 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 39.95% of the City's total business-type capital assets.

***Debt Administration***

The City had the following debt outstanding at December 31, 2019 and 2018:

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Acquisition bonds	\$ 400,000	\$ -
OPWC loans	308,805	360,320
Loan payable	132,184	152,009
Capital lease obligation	<u>12,177</u>	<u>15,824</u>
Total long-term obligations	<u>\$ 853,166</u>	<u>\$ 528,153</u>
	Business-type Activities	
	<u>2019</u>	<u>2018</u>
OWDA loans	\$ 9,284,169	\$ 9,988,584
OPWC loans	315,833	344,911
Capital lease obligation	5,320	6,520
Bond anticipation notes	<u>1,345,000</u>	<u>1,440,000</u>
Total long-term obligations	<u>\$ 10,950,322</u>	<u>\$ 11,780,015</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, 2019**

#### **Economic Conditions and Outlook**

The City's administration considers the impact of various economic factors when establishing the budget. The continued challenges resulting from regional loss of employment, stagnant economic development, and the general national recession, have yielded significant influence on the objectives established in the 2019 budget. The primary objectives include continued improvement to constituent service delivery, as well as long-term fiscal stability.

The City continues to carefully monitor two primary sources of revenue – local income taxes and shared intergovernmental (State) revenue. In order to meet the objectives of the 2019 budget, the City emphasized various efforts to continue to contain costs while pursuing new sources of revenue over the past several years. Beginning in 2005, a ½% income tax increase was passed specifically for the operational expenses and capital improvements of the fire department. A 5-year 2.4 mil levy for Streets was passed in May 2014 with an estimated revenue of \$425,000 annually. The Street levy was passed again for an additional 5 years on November 6, 2018. In May of 2015, a ½% increase in the municipal income tax was passed, with the increase to be effective July 1, 2015. The purpose of the increase is for Safety, Security and Law Enforcement and will generate an estimated \$1,600,000.

A Job Creation Grant Agreement was signed with Kraft Foods with an estimated 300 new jobs to be created by December 31, 2017 and is expected to result in approximately \$8,736,000 of additional annual payroll.

The City of Coshocton and the Village of West Lafayette entered into an agreement in March 2019 that will allow the City of Coshocton to become a regional water supplier to the Village of West Lafayette. The City of Coshocton will be providing \$7,153,000 in matching funds toward the project. These matching funds will be provided by the Ohio EPA through their Water Supply Revolving Loan Account. This collaboration will generate up to \$246,767 additional water revenue and will bring in approximately 900 customers.

The average unemployment rate for Coshocton County in 2019 was 6.6%, compared to State of Ohio's average rate of 4.1%. With the continuation of conservative budgeting practices, the City's overall financial position is anticipated to remain stable in the future years.

#### **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**

CITY OF COSHOCTON, OHIO

STATEMENT OF NET POSITION  
DECEMBER 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Coshocton City Health Department
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 5,354,120	\$ 5,304,007	\$ 10,658,127	\$ 191,167
Receivables:				
Income taxes . . . . .	1,388,708	-	1,388,708	-
Property and other local taxes . . . . .	947,068	-	947,068	-
Accounts . . . . .	86,749	941,313	1,028,062	-
Accrued interest . . . . .	341	-	341	-
Special assessments . . . . .	4,998	-	4,998	-
Internal balances . . . . .	9,342	(9,342)	-	-
Due from other governments . . . . .	600,226	3,750	603,976	-
Materials and supplies inventory . . . . .	98,056	232,705	330,761	-
Prepayments . . . . .	2,826	6,428	9,254	632
Due from JEDDS . . . . .	25,269	-	25,269	-
Net pension asset . . . . .	413	252	665	65
Capital assets:				
Land and constuction in progress . . . . .	2,490,775	1,106,687	3,597,462	-
Depreciable capital assets, net . . . . .	5,303,320	16,571,137	21,874,457	154,228
Total capital assets, net . . . . .	7,794,095	17,677,824	25,471,919	154,228
Total assets . . . . .	16,312,211	24,156,937	40,469,148	346,092
<b>Deferred outflows of resources:</b>				
Pension . . . . .	2,267,162	779,461	3,046,623	175,743
OPEB . . . . .	464,674	152,710	617,384	22,408
Total deferred outflows of resources . . . . .	2,731,836	932,171	3,664,007	198,151
<b>Liabilities:</b>				
Accounts payable . . . . .	241,870	364,014	605,884	2,422
Accrued wages and benefits payable . . . . .	134,553	62,036	196,589	10,115
Due to other governments . . . . .	144,879	18,556	163,435	8,975
Accrued interest payable . . . . .	-	34,602	34,602	-
Claims payable . . . . .	242,429	-	242,429	-
Long-term liabilities:				
Due within one year . . . . .	308,968	2,158,157	2,467,125	9,436
Due in more than one year				
Net pension liability . . . . .	7,839,715	2,296,169	10,135,884	592,505
Net OPEB liability . . . . .	2,217,664	1,074,662	3,292,326	277,307
Other amounts due in more than one year . . . . .	1,224,660	9,124,417	10,349,077	48,707
Total liabilities . . . . .	12,354,738	15,132,613	27,487,351	949,467
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	886,395	-	886,395	-
Pension . . . . .	197,996	53,863	251,859	145,530
OPEB . . . . .	225,001	15,729	240,730	84,511
Total deferred inflows of resources . . . . .	1,309,392	69,592	1,378,984	230,041
<b>Net position:</b>				
Net investment in capital assets . . . . .	6,940,929	6,727,502	13,668,431	154,228
Restricted for:				
Capital projects . . . . .	901,750	-	901,750	-
Perpetual care:				
Expendable . . . . .	181,492	-	181,492	-
Nonexpendable . . . . .	250,000	-	250,000	-
Transportation projects . . . . .	172,617	-	172,617	-
Public health and welfare programs . . . . .	13,586	-	13,586	-
Public safety programs . . . . .	645,742	-	645,742	-
Other purposes . . . . .	223,134	-	223,134	190,021
Unrestricted (deficit) . . . . .	(3,949,333)	3,159,401	(789,932)	(979,514)
Total net position . . . . .	\$ 5,379,917	\$ 9,886,903	\$ 15,266,820	\$ (635,265)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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>
<b>Governmental activities:</b>				
Current:				
General government . . . . .	\$ 2,943,034	\$ 450,249	\$ 1,718	\$ 23,700
Security of persons and property . . . . .	1,985,739	-	-	-
Public health and welfare . . . . .	700,120	68,387	17,840	-
Transportation . . . . .	2,576,332	-	840,276	-
Community environment . . . . .	21,980	-	-	-
Leisure time activity . . . . .	280,240	-	-	-
Urban redevelopment and housing . . . . .	62,732	-	23,437	-
Other . . . . .	52,637	-	-	-
Interest and fiscal charges . . . . .	5,235	-	-	-
Total governmental activities . . . . .	<u>8,628,049</u>	<u>518,636</u>	<u>883,271</u>	<u>23,700</u>
<b>Business-type activities:</b>				
Water . . . . .	3,394,818	3,320,972	-	420,659
Sewer . . . . .	2,272,879	2,184,321	-	-
Solid waste . . . . .	819,425	895,695	-	-
Total business-type activities . . . . .	<u>6,487,122</u>	<u>6,400,988</u>	<u>-</u>	<u>420,659</u>
Total primary government . . . . .	<u>\$ 15,115,171</u>	<u>\$ 6,919,624</u>	<u>\$ 883,271</u>	<u>\$ 444,359</u>
<b>Component units:</b>				
Coshocton City Health Department . . . . .	707,085	390,438	169,045	-
Total component unit . . . . .	<u>\$ 707,085</u>	<u>\$ 390,438</u>	<u>\$ 169,045</u>	<u>\$ -</u>

**General revenues:**

Property taxes levied for:

- General purposes . . . . .
- Street Levy Fund . . . . .
- Fire pension 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 health department operations . . . . .

Total general revenues and transfers . . . . .

Change in net position . . . . .

**Net position at beginning of year (restated) . . . . .**

**Net position at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Coshocton City Health Department</b>
\$ (2,467,367)	\$ -	\$ (2,467,367)	\$ -
(1,985,739)	-	(1,985,739)	-
(613,893)	-	(613,893)	-
(1,736,056)	-	(1,736,056)	-
(21,980)	-	(21,980)	-
(280,240)	-	(280,240)	-
(39,295)	-	(39,295)	-
(52,637)	-	(52,637)	-
(5,235)	-	(5,235)	-
<u>(7,202,442)</u>	<u>-</u>	<u>(7,202,442)</u>	<u>-</u>
-	346,813	346,813	-
-	(88,558)	(88,558)	-
-	76,270	76,270	-
-	<u>334,525</u>	<u>334,525</u>	-
<u>(7,202,442)</u>	<u>334,525</u>	<u>(6,867,917)</u>	-
-	-	-	(147,602)
-	-	-	<u>(147,602)</u>
388,027	-	388,027	-
381,651	-	381,651	-
46,569	-	46,569	-
2,563,272	-	2,563,272	-
1,295,876	-	1,295,876	-
1,728,258	-	1,728,258	-
51,834	-	51,834	-
613,589	-	613,589	-
54,188	-	54,188	-
604,742	-	604,742	-
59,105	-	59,105	-
58,516	-	58,516	-
4,847	-	4,847	-
64,834	-	64,834	-
430,477	-	430,477	2,104
200,305	-	200,305	-
<u>296,877</u>	<u>59,573</u>	<u>356,450</u>	-
<u>8,842,967</u>	<u>59,573</u>	<u>8,902,540</u>	<u>2,104</u>
<u>489,767</u>	<u>-</u>	<u>489,767</u>	<u>(489,767)</u>
<u>9,332,734</u>	<u>59,573</u>	<u>9,392,307</u>	<u>(487,663)</u>
2,130,292	394,098	2,524,390	(635,265)
<u>3,249,625</u>	<u>9,492,805</u>	<u>12,742,430</u>	<u>-</u>
<u>\$ 5,379,917</u>	<u>\$ 9,886,903</u>	<u>\$ 15,266,820</u>	<u>\$ (635,265)</u>

**CITY OF COSHOCTON, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	<u>General</u>	<u>Fire</u>	<u>Street</u>	<u>Safety, Security &amp; Law Enforcement</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 1,580,262	\$ 809,743	\$ 251,468	\$ 285,887
Receivables:				
Income taxes. . . . .	514,879	260,395	123,523	347,128
Property and other local taxes . . . . .	447,417	-	-	-
Accounts. . . . .	78,179	-	-	-
Accrued interest . . . . .	-	-	284	-
Special assessments . . . . .	4,998	-	-	-
Due from other funds . . . . .	230	-	44,348	-
Due from other governments. . . . .	164,506	-	310,831	-
Materials and supplies inventory. . . . .	1,639	-	96,417	-
Prepayments . . . . .	552	1,681	593	-
Due from external parties . . . . .	12,697	6,286	-	6,286
Total assets . . . . .	<u>\$ 2,805,359</u>	<u>\$ 1,078,105</u>	<u>\$ 827,464</u>	<u>\$ 639,301</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 158,871	\$ 7,295	\$ 5,265	\$ -
Accrued wages and benefits payable . . . . .	68,290	47,122	19,141	-
Compensated absences payable . . . . .	-	-	-	-
Due to other funds . . . . .	-	-	-	-
Due to other governments . . . . .	103,245	31,507	5,766	-
Total liabilities . . . . .	<u>330,406</u>	<u>85,924</u>	<u>30,172</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . .	420,453	-	-	-
Delinquent property tax revenue not available. . .	26,964	-	-	-
Special assessments revenue not available. . . .	4,998	-	-	-
Miscellaneous revenue not available. . . . .	60,121	-	-	-
Income tax revenue not available . . . . .	356,768	180,432	85,591	240,531
Other nonexchange transactions not available . . .	142,146	-	304,102	-
Total deferred inflows of resources . . . . .	<u>1,011,450</u>	<u>180,432</u>	<u>389,693</u>	<u>240,531</u>
Total liabilities and deferred inflows of resources.	<u>1,341,856</u>	<u>266,356</u>	<u>419,865</u>	<u>240,531</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	5,688	1,681	97,010	-
Restricted. . . . .	-	810,068	310,589	398,770
Committed . . . . .	-	-	-	-
Assigned . . . . .	825,787	-	-	-
Unassigned (deficit). . . . .	632,028	-	-	-
Total fund balances. . . . .	<u>1,463,503</u>	<u>811,749</u>	<u>407,599</u>	<u>398,770</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 2,805,359</u>	<u>\$ 1,078,105</u>	<u>\$ 827,464</u>	<u>\$ 639,301</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Fire Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 814,952	\$ 1,237,381	\$ 4,979,693
86,798	55,985	1,388,708
-	499,651	947,068
-	4,722	82,901
-	57	341
-	-	4,998
-	-	44,578
-	124,889	600,226
-	-	98,056
-	-	2,826
-	-	25,269
<u>\$ 901,750</u>	<u>\$ 1,922,685</u>	<u>\$ 8,174,664</u>
\$ -	\$ 70,439	\$ 241,870
-	-	134,553
-	37,208	37,208
-	44,578	44,578
-	4,361	144,879
<u>-</u>	<u>156,586</u>	<u>603,088</u>
-	465,942	886,395
-	29,882	56,846
-	-	4,998
-	1,666	61,787
60,144	38,793	962,259
-	115,070	561,318
<u>60,144</u>	<u>651,353</u>	<u>2,533,603</u>
<u>60,144</u>	<u>807,939</u>	<u>3,136,691</u>
-	250,000	354,379
841,606	452,318	2,813,351
-	432,348	432,348
-	-	825,787
-	(19,920)	612,108
<u>841,606</u>	<u>1,114,746</u>	<u>5,037,973</u>
<u>\$ 901,750</u>	<u>\$ 1,922,685</u>	<u>\$ 8,174,664</u>

**CITY OF COSHOCTON, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2019

<b>Total governmental fund balances</b>	\$	5,037,973
<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.		7,794,095
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 962,259	
Property taxes receivable	56,846	
Miscellaneous receivable	61,787	
Intergovernmental receivable	561,318	
Special assessments receivable	4,998	
Total	1,647,208	1,647,208
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 \$9,342, is:		145,188
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	(400,000)	
Capital lease payable	(12,177)	
Loan payable	(132,184)	
OPWC loans	(308,805)	
Compensated absences	(643,254)	
Total	(1,496,420)	(1,496,420)
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	2,267,162	
Deferred inflows	(197,996)	
Net pension asset	413	
Net pension liability	(7,839,715)	
Total	(5,770,136)	(5,770,136)
The net OPEB liability is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	464,674	
Deferred inflows of resources	(225,001)	
Net OPEB liability	(2,217,664)	
Total	(1,977,991)	(1,977,991)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>5,379,917</b>

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, 2019

	<u>General</u>	<u>Fire</u>	<u>Street</u>	<u>Safety, Security &amp; Law Enforcement</u>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 2,446,525	\$ 1,237,120	\$ 586,403	\$ 1,649,479
Property and other taxes. . . . .	391,607	-	-	-
Charges for services. . . . .	179,764	-	-	-
Licenses and permits . . . . .	259,456	-	-	-
Fines and forfeitures . . . . .	771	-	-	-
Intergovernmental. . . . .	330,796	-	528,605	-
Special assessments . . . . .	2,335	-	-	-
Investment income. . . . .	200,305	-	3,792	-
JEDD revenue. . . . .	59,105	29,258	-	29,258
Other . . . . .	156,679	32,151	36,803	-
Total revenues . . . . .	<u>4,027,343</u>	<u>1,298,529</u>	<u>1,155,603</u>	<u>1,678,737</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,318,201	-	-	-
Security of persons and property . . . . .	761,546	1,281,047	-	1,852,497
Public health and welfare. . . . .	600,481	-	-	-
Transportation . . . . .	-	-	1,075,286	-
Community environment . . . . .	21,980	-	-	-
Leisure time activity . . . . .	184,438	-	-	-
Urban redevelopment and housing . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Principal retirement. . . . .	3,647	-	19,825	-
Interest and fiscal charges . . . . .	822	-	4,413	-
Total expenditures . . . . .	<u>3,891,115</u>	<u>1,281,047</u>	<u>1,099,524</u>	<u>1,852,497</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>136,228</u>	<u>17,482</u>	<u>56,079</u>	<u>(173,760)</u>
<b>Other financing sources:</b>				
Bond issuance . . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special item:</b>				
Transfer of health department operations . . . . .	<u>11,937</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	148,165	17,482	56,079	(173,760)
<b>Fund balances at beginning of year (restated) . . . . .</b>	<u>1,315,338</u>	<u>794,267</u>	<u>351,520</u>	<u>572,530</u>
<b>Fund balances at end of year. . . . .</b>	<u><u>\$ 1,463,503</u></u>	<u><u>\$ 811,749</u></u>	<u><u>\$ 407,599</u></u>	<u><u>\$ 398,770</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Fire Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 412,373	\$ 266,057	\$ 6,597,957
-	491,609	883,216
-	-	179,764
-	-	259,456
-	71,412	72,183
-	274,499	1,133,900
-	-	2,335
-	20,538	224,635
-	-	117,621
500	68,616	294,749
412,873	1,192,731	9,765,816
-	237,256	2,555,457
-	53,084	3,948,174
-	16,354	616,835
-	660,804	1,736,090
-	-	21,980
-	11,435	195,873
-	62,732	62,732
-	52,637	52,637
1,538,876	306,853	1,845,729
-	51,515	74,987
-	-	5,235
1,538,876	1,452,670	11,115,729
(1,126,003)	(259,939)	(1,349,913)
400,000	-	400,000
400,000	-	400,000
-	(277,979)	(266,042)
(726,003)	(537,918)	(1,215,955)
1,567,609	1,652,664	6,253,928
\$ 841,606	\$ 1,114,746	\$ 5,037,973

**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, 2019

<b>Net change in fund balances - total governmental funds</b>	\$	(1,215,955)
<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	\$ 1,616,430	
Current year depreciation	<u>(623,651)</u>	
Total		992,779
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(51,902)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	313,802	
Property taxes	2,712	
Miscellaneous	3,761	
Intergovernmental revenues	179,218	
Special assessments	<u>3,265</u>	
Total		502,758
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.		
		74,987
Proceeds of bonds are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position		
		(400,000)
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.		
		123,090
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	533,612	
OPEB	<u>9,678</u>	
Total		543,290
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,381,111)	
OPEB	<u>2,128,965</u>	
Total		747,854
The transfer of operations to the Coshocton City Health Department resulted in an increase in net position.		
		755,809
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 \$94,016 is allocated among the governmental activities.		
		<u>57,582</u>
<b>Change in net position of governmental activities</b>	\$	<u>2,130,292</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)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income taxes . . . . .	\$ 2,389,872	\$ 2,439,872	\$ 2,444,553	\$ 4,681
Property and other taxes . . . . .	429,455	429,455	391,660	(37,795)
Charges for services . . . . .	192,300	182,300	181,125	(1,175)
Licenses and permits . . . . .	265,300	261,700	259,456	(2,244)
Fines and forfeitures . . . . .	2,500	1,300	771	(529)
Intergovernmental . . . . .	90,661	328,473	326,901	(1,572)
Special assessments . . . . .	2,086	2,338	2,335	(3)
Investment income . . . . .	75,000	210,000	204,346	(5,654)
JEDD revenue . . . . .	60,000	60,000	60,505	505
Other . . . . .	127,914	156,662	156,282	(380)
<b>Total revenues . . . . .</b>	<u>3,635,088</u>	<u>4,072,100</u>	<u>4,027,934</u>	<u>(44,166)</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,483,980	2,518,580	2,320,858	197,722
Security of persons and property . . . . .	1,091,000	1,111,000	813,753	297,247
Public health and welfare . . . . .	435,310	445,010	589,445	(144,435)
Community environment . . . . .	57,747	57,747	31,022	26,725
Leisure time activity . . . . .	167,923	197,123	189,597	7,526
Debt service:				
Principal retirement . . . . .	3,647	3,647	3,647	-
Interest and fiscal charges . . . . .	822	822	822	-
<b>Total expenditures . . . . .</b>	<u>4,240,429</u>	<u>4,333,929</u>	<u>3,949,144</u>	<u>384,785</u>
<b>Net change in fund balances . . . . .</b>	<b>(605,341)</b>	<b>(261,829)</b>	<b>78,790</b>	<b>340,619</b>
<b>Fund balances at beginning of year . . . . .</b>	<b>1,469,862</b>	<b>1,469,862</b>	<b>1,469,862</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>14,013</b>	<b>14,013</b>	<b>14,013</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<u><b>\$ 878,534</b></u>	<u><b>\$ 1,222,046</b></u>	<u><b>\$ 1,562,665</b></u>	<u><b>\$ 340,619</b></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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,165,000	\$ 1,230,000	\$ 1,236,310	\$ 6,310
JEDD revenue. . . . .	50,000	30,000	29,950	(50)
Other . . . . .	10,000	33,000	32,553	(447)
<b>Total revenues . . . . .</b>	<u>1,225,000</u>	<u>1,293,000</u>	<u>1,298,813</u>	<u>5,813</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	1,283,450	1,283,450	1,228,124	55,326
<b>Total expenditures . . . . .</b>	<u>1,283,450</u>	<u>1,283,450</u>	<u>1,228,124</u>	<u>55,326</u>
<b>Net change in fund balances . . . . .</b>	(58,450)	9,550	70,689	61,139
<b>Fund balances at beginning of year . . . . .</b>	737,604	737,604	737,604	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,450	1,450	1,450	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 680,604</u>	<u>\$ 748,604</u>	<u>\$ 809,743</u>	<u>\$ 61,139</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 627,000	\$ 627,000	\$ 586,464	\$ (40,536)
Intergovernmental. . . . .	431,000	512,900	510,151	(2,749)
Investment income. . . . .	2,000	3,600	3,830	230
Other . . . . .	25,000	37,000	36,803	(197)
Total revenues . . . . .	1,085,000	1,180,500	1,137,248	(43,252)
<b>Expenditures:</b>				
Current:				
Transportation . . . . .	1,157,971	1,216,671	1,111,973	104,698
Debt service:				
Principal retirement. . . . .	19,825	19,825	19,825	-
Interest and fiscal charges . . . . .	5,175	5,175	4,412	763
Total expenditures . . . . .	1,182,971	1,241,671	1,136,210	105,461
Net change in fund balances . . . . .	(97,971)	(61,171)	1,038	62,209
<b>Fund balances at beginning of year . . . . .</b>	225,971	225,971	225,971	-
<b>Prior year encumbrances appropriated . . . . .</b>	10,171	10,171	10,171	-
<b>Fund balance at end of year . . . . .</b>	\$ 138,171	\$ 174,971	\$ 237,180	\$ 62,209

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,570,000	\$ 1,645,000	\$ 1,648,105	\$ 3,105
JEDD revenue. . . . .	30,000	30,000	29,950	(50)
Total revenues . . . . .	1,600,000	1,675,000	1,678,055	3,055
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	1,588,200	1,918,200	1,852,497	65,703
Total expenditures . . . . .	1,588,200	1,918,200	1,852,497	65,703
Net change in fund balances . . . . .	11,800	(243,200)	(174,442)	68,758
<b>Fund balances at beginning of year . . . . .</b>	443,129	443,129	443,129	-
<b>Prior year encumbrances appropriated . . .</b>	17,200	17,200	17,200	-
<b>Fund balance at end of year . . . . .</b>	\$ 472,129	\$ 217,129	\$ 285,887	\$ 68,758

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Total	
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and cash equivalents . . .	\$ 3,158,320	\$ 1,521,849	\$ 623,838	\$ 5,304,007	\$ 374,427
Receivables:					
Accounts . . . . .	391,864	371,620	177,829	941,313	3,848
Due from other governments . . . . .	3,750	-	-	3,750	-
Materials and supplies inventory . . . . .	232,705	-	-	232,705	-
Prepayments . . . . .	3,461	2,967	-	6,428	-
Total current assets . . . . .	<u>3,790,100</u>	<u>1,896,436</u>	<u>801,667</u>	<u>6,488,203</u>	<u>378,275</u>
Noncurrent assets:					
Net pension asset . . . . .	179	73	-	252	-
Capital assets:					
Land and construction in progress . . . . .	1,058,666	14,344	33,677	1,106,687	-
Depreciable capital assets, net . . . . .	8,730,561	7,751,105	89,471	16,571,137	-
Total capital assets, net . . . . .	<u>9,789,227</u>	<u>7,765,449</u>	<u>123,148</u>	<u>17,677,824</u>	<u>-</u>
Total noncurrent assets . . . . .	<u>9,789,406</u>	<u>7,765,522</u>	<u>123,148</u>	<u>17,678,076</u>	<u>-</u>
Total assets . . . . .	<u>13,579,506</u>	<u>9,661,958</u>	<u>924,815</u>	<u>24,166,279</u>	<u>378,275</u>
<b>Deferred outflows of resources:</b>					
Pension . . . . .	560,332	219,129	-	779,461	-
OPEB . . . . .	112,545	40,165	-	152,710	-
Total deferred outflows of resources . . . . .	<u>672,877</u>	<u>259,294</u>	<u>-</u>	<u>932,171</u>	<u>-</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable . . . . .	143,005	156,717	64,292	364,014	-
Accrued wages and benefits payable . . . . .	34,135	27,901	-	62,036	-
Compensated absences payable - current . . . . .	37,832	4,045	-	41,877	-
Due to other governments . . . . .	12,662	5,894	-	18,556	-
Accrued interest payable . . . . .	34,602	-	-	34,602	-
Claims payable . . . . .	-	-	-	-	242,429
OWDA loans payable . . . . .	537,632	203,309	-	740,941	-
OPWC loans payable . . . . .	24,485	4,593	-	29,078	-
Capital lease obligations payable . . . . .	1,261	-	-	1,261	-
Bond anticipation notes payable . . . . .	1,345,000	-	-	1,345,000	-
Total current liabilities . . . . .	<u>2,170,614</u>	<u>402,459</u>	<u>64,292</u>	<u>2,637,365</u>	<u>242,429</u>
Long-term liabilities:					
Compensated absences payable . . . . .	236,153	54,222	-	290,375	-
OWDA loans payable . . . . .	3,327,228	5,216,000	-	8,543,228	-
OPWC loans payable . . . . .	280,019	6,736	-	286,755	-
Capital lease obligations payable . . . . .	4,059	-	-	4,059	-
Net pension liability . . . . .	1,631,096	665,073	-	2,296,169	-
Net OPEB liability . . . . .	763,392	311,270	-	1,074,662	-
Total long-term liabilities . . . . .	<u>6,241,947</u>	<u>6,253,301</u>	<u>-</u>	<u>12,495,248</u>	<u>-</u>
Total liabilities . . . . .	<u>8,412,561</u>	<u>6,655,760</u>	<u>64,292</u>	<u>15,132,613</u>	<u>242,429</u>
<b>Deferred inflows of resources:</b>					
Pension . . . . .	32,142	21,721	-	53,863	-
OPEB . . . . .	7,101	8,628	-	15,729	-
Total deferred inflows of resources . . . . .	<u>39,243</u>	<u>30,349</u>	<u>-</u>	<u>69,592</u>	<u>-</u>
<b>Net position:</b>					
Net investment in capital assets . . . . .	4,269,543	2,334,811	123,148	6,727,502	-
Unrestricted . . . . .	1,531,036	900,332	737,375	3,168,743	135,846
Total net position . . . . .	<u>\$ 5,800,579</u>	<u>\$ 3,235,143</u>	<u>\$ 860,523</u>	<u>9,896,245</u>	<u>\$ 135,846</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds . . . . .				(9,342)	
Net position of business-type activities . . . . .				<u>\$ 9,886,903</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, 2019

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Total</b>	
<b>Operating revenues:</b>					
Charges for services . . . . .	\$ 3,320,972	\$ 2,184,321	\$ 895,695	\$ 6,400,988	\$ 1,692,355
Other . . . . .	48,528	11,045	-	59,573	-
Total operating revenues. . . . .	<u>3,369,500</u>	<u>2,195,366</u>	<u>895,695</u>	<u>6,460,561</u>	<u>1,692,355</u>
<b>Operating expenses:</b>					
Personal services . . . . .	1,430,830	938,996	18,707	2,388,533	-
Contract services. . . . .	98,574	182,295	753,671	1,034,540	269,800
Materials and supplies. . . . .	848,899	477,960	10,974	1,337,833	1,455
Claims . . . . .	-	-	-	-	1,457,534
Other . . . . .	238	-	-	238	-
Depreciation. . . . .	781,528	423,281	2,817	1,207,626	-
Total operating expenses. . . . .	<u>3,160,069</u>	<u>2,022,532</u>	<u>786,169</u>	<u>5,968,770</u>	<u>1,728,789</u>
Operating income . . . . .	<u>209,431</u>	<u>172,834</u>	<u>109,526</u>	<u>491,791</u>	<u>(36,434)</u>
<b>Nonoperating revenues (expenses):</b>					
Interest and fiscal charges . . . . .	(173,342)	(161,470)	-	(334,812)	-
Loss on sale of capital assets. . . . .	(14,165)	(42,103)	(33,256)	(89,524)	-
Total nonoperating revenues (expenses). . . . .	<u>(187,507)</u>	<u>(203,573)</u>	<u>(33,256)</u>	<u>(424,336)</u>	<u>-</u>
Income (loss) before capital contributions . . . . .	<u>21,924</u>	<u>(30,739)</u>	<u>76,270</u>	<u>67,455</u>	<u>(36,434)</u>
Capital contributions. . . . .	<u>420,659</u>	<u>-</u>	<u>-</u>	<u>420,659</u>	<u>-</u>
Change in net position . . . . .	<u>442,583</u>	<u>(30,739)</u>	<u>76,270</u>	<u>488,114</u>	<u>(36,434)</u>
<b>Net position at beginning of year . . . . .</b>	<u>5,357,996</u>	<u>3,265,882</u>	<u>784,253</u>		<u>172,280</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 5,800,579</u>	<u>\$ 3,235,143</u>	<u>\$ 860,523</u>		<u>\$ 135,846</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				(94,016)	
Change in net position of business-type activities.				<u>\$ 394,098</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCTON, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2019

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>					
Cash received from customers . . . . .	\$ 3,276,076	\$ 2,147,577	\$ 877,454	\$ 6,301,107	\$ -
Cash received from interfund services . . . . .	-	-	-	-	1,702,219
Cash received from other operations . . . . .	45,123	11,045	-	56,168	-
Cash payments for personal services . . . . .	(1,068,553)	(818,462)	(18,707)	(1,905,722)	-
Cash payments for contract services . . . . .	(129,750)	(172,664)	(750,000)	(1,052,414)	(269,800)
Cash payments for materials and supplies . . . . .	(1,019,415)	(545,893)	(17,407)	(1,582,715)	(1,455)
Cash payments for claims . . . . .	-	-	-	-	(1,273,690)
Cash payments for other expenses . . . . .	(238)	-	-	(238)	-
Net cash provided by operating activities . . . . .	<u>1,103,243</u>	<u>621,603</u>	<u>91,340</u>	<u>1,816,186</u>	<u>157,274</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets . . . . .	(706,431)	(275,054)	(40,110)	(1,021,595)	-
Capital contributions . . . . .	420,659	-	-	420,659	-
Proceeds of notes . . . . .	1,345,000	-	-	1,345,000	-
Proceeds of loans . . . . .	364,921	-	-	364,921	-
Principal retirement on loans . . . . .	(896,286)	(202,128)	-	(1,098,414)	-
Principal retirement on capital lease . . . . .	(1,200)	-	-	(1,200)	-
Principal retirement on notes . . . . .	(1,440,000)	-	-	(1,440,000)	-
Interest and fiscal charges . . . . .	(175,785)	(161,470)	-	(337,255)	-
Net cash used in capital and related financing activities . . . . .	<u>(1,089,122)</u>	<u>(638,652)</u>	<u>(40,110)</u>	<u>(1,767,884)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . . . . .	14,121	(17,049)	51,230	48,302	157,274
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>3,144,199</b>	<b>1,538,898</b>	<b>572,608</b>	<b>5,255,705</b>	<b>217,153</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 3,158,320</u></b>	<b><u>\$ 1,521,849</u></b>	<b><u>\$ 623,838</u></b>	<b><u>\$ 5,304,007</u></b>	<b><u>\$ 374,427</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss) . . . . .	\$ 209,431	\$ 172,834	\$ 109,526	\$ 491,791	\$ (36,434)
Adjustments:					
Depreciation . . . . .	781,528	423,281	2,817	1,207,626	-
Changes in assets, deferred outflows liabilities and deferred inflows:					
Accounts receivable . . . . .	(44,989)	(36,744)	(18,241)	(99,974)	9,864
Special assessments . . . . .	93	-	-	93	-
Intergovernmental receivable . . . . .	(3,405)	-	-	(3,405)	-
Materials and supplies inventory . . . . .	(140,338)	-	-	(140,338)	-
Prepayments . . . . .	(3,461)	(2,967)	-	(6,428)	-
Net pension asset . . . . .	(1)	2	-	1	-
Deferred outflows - pension . . . . .	(344,582)	(128,929)	-	(473,511)	-
Deferred outflows - OPEB . . . . .	(69,686)	(22,036)	-	(91,722)	-
Accounts payable . . . . .	(54,518)	(56,547)	(2,762)	(113,827)	-
Accrued wages and benefits . . . . .	3,302	11,755	-	15,057	-
Intergovernmental payable . . . . .	(357)	(96)	-	(453)	-
Compensated absences payable . . . . .	498	(13,412)	-	(12,914)	-
Net pension liability . . . . .	796,532	312,072	-	1,108,604	-
Net OPEB liability . . . . .	202,966	74,223	-	277,189	-
Deferred inflows - pension . . . . .	(185,484)	(87,889)	-	(273,373)	-
Deferred inflows - OPEB . . . . .	(44,286)	(23,944)	-	(68,230)	-
Claims payable . . . . .	-	-	-	-	183,844
Net cash provided by operating activities . . . . .	<u>\$ 1,103,243</u>	<u>\$ 621,603</u>	<u>\$ 91,340</u>	<u>\$ 1,816,186</u>	<u>\$ 157,274</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCTON, OHIO**

STATEMENT OF FIUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2019

	<b>Private-Purpose Trust</b>	<b>Custodial</b>
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 227,275	\$ 50,525
Cash in segregated accounts . . . . .	-	18,820
Receivables:		
Income taxes . . . . .	-	13,643
Accrued interest . . . . .	<u>3</u>	<u>-</u>
Total assets . . . . .	<u>227,278</u>	<u>82,988</u>
<b>Liabilities:</b>		
Due to other governments . . . . .	-	25,146
Due to other funds . . . . .	<u>-</u>	<u>25,269</u>
Total liabilities . . . . .	<u>-</u>	<u>50,415</u>
<b>Net position:</b>		
Restricted for individuals, organizations and other governments . . . . .	<u>227,278</u>	<u>32,573</u>
Total net position . . . . .	<u><u>\$ 227,278</u></u>	<u><u>\$ 32,573</u></u>

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, 2019

	<b>Private-Purpose Trust</b>	<b>Custodial</b>
<b>Additions:</b>		
Fines and forfeitures for other governments . . . . .	\$ -	\$ 6,990
Earnings on investments . . . . .	3,341	-
Income tax collections. . . . .	-	129,245
Other custodial fund collections . . . . .	-	596,123
	3,341	732,358
<b>Deductions:</b>		
Fines and forfeitures distributions to other governments . . . . .	-	7,217
Other custodial fund disbursements . . . . .	720	778,460
	720	785,677
Net change in fiduciary net position . . . . .	2,621	(53,319)
<b>Net position beginning of year (restated) . . . . .</b>	<b>224,657</b>	<b>85,892</b>
<b>Net position end of year . . . . .</b>	<b>\$ 227,278</b>	<b>\$ 32,573</b>

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, 2019

#### 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 staggered 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.

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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.

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 2019, 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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

Coshocton - Franklin Joint Economic Development District (District) - The City of Coshocton has entered into a contractual agreement effective November 24, 2004 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 \$3,352 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 November 23, 2004 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 \$21,917 receivable from the District at year end.

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 2019.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

*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, 2019

**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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

*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.

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

*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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

**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 and special assessments.

**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 liability, respectively.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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, 2019, but which were levied to finance 2020 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 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.

**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.



**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

***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 2019.

***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 2019, investments were limited to non-negotiable certificates of deposit and U.S. Government money markets. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2019 amounted to \$200,305 which includes \$170,848 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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

**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 \$5,000. 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

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**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.

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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

**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. 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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

#### **N. 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.

#### **O. 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.

#### **P. 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 events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. During 2019, the City recognized a loss of \$266,042 on the statement of revenues, expenditures, and changes in fund balances of governmental funds and a gain of \$489,767 in the statement of activities for the transfer of the health department operations, recorded as a special item.

#### **Q. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, the net pension 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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For 2019, the City has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

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

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary funds. These fund reclassifications resulted in the restatement of the City's financial statements.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 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, 2019

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Restatement of Net Position and Fund Balances**

The implementation of GASB 84 had the following effect on fund balance as reported at December 31, 2018:

	<u>General</u>	<u>Fire Fund</u>	<u>Street Fund</u>	<u>Safety, Security &amp; Law Enforcement Fund</u>	<u>Fire Capital Improvement Fund</u>
Fund Balance as previously reported	\$ 1,315,338	\$ 794,267	\$ 351,520	\$ 572,530	\$ 1,567,609
GASB Statement No. 84	-	-	-	-	-
Restated Fund Balance, at December 31, 2018	<u>\$ 1,315,338</u>	<u>\$ 794,267</u>	<u>\$ 351,520</u>	<u>\$ 572,530</u>	<u>\$ 1,567,609</u>
	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>			
Fund Balance as previously reported	\$ 1,642,067	\$ 6,243,331			
GASB Statement No. 84	<u>10,597</u>	<u>10,597</u>			
Restated Fund Balance, at December 31, 2018	<u>\$ 1,652,664</u>	<u>\$ 6,253,928</u>			

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at December 31, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position as previously reported	\$ 3,239,028	\$ 9,492,805
GASB Statement No. 84	<u>10,597</u>	<u>-</u>
Restated net position at December 31, 2018	<u>\$ 3,249,625</u>	<u>\$ 9,492,805</u>

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$85,892. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of \$96,489.

**C. Deficit Fund Balance**

Fund balances at December 31, 2019 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Bid Bond	\$ 19,920

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

**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;
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;



**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 4 - DEPOSITS - (Continued)**

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, 2019, the City had \$580 of undeposited cash on hand which is included in "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At December 31, 2019, the carrying amount of all City deposits was \$10,954,167 and the bank balance of all City deposits was \$11,247,384. Of the bank balance, \$2,292,489 was exposed to custodial credit risk.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 4 - DEPOSITS - (Continued)**

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 2019, 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, 2019:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 10,954,167
Cash on hand	<u>580</u>
Total	<u>\$ 10,954,747</u>
 <u>Cash per statement of net position</u>	
Governmental activities	\$ 5,354,120
Business-type activities	5,304,007
Private-purpose trust fund	227,275
Custodial funds	<u>69,345</u>
Total	<u>\$ 10,954,747</u>

**NOTE 5 - INTERFUND ACTIVITY**

- A. Due from/to other funds consisted of the following at December 31, 2019, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 230
Street	Nonmajor governmental	<u>44,348</u>
		<u>\$ 44,578</u>

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, 2019

**NOTE 5 - INTERFUND ACTIVITY - (Continued)**

- B.** Due from external parties at December 31, 2019, consisted of the following as reported on the fund statements:

	<u>Custodial</u>
General fund	\$ 12,697
Fire fund	6,286
Safety, security and law enforcement	6,286
	\$ 25,269

**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. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 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, 2019 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 2019 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, 2019 was \$5.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

Real property tax	\$ 180,366,060
Public utility tangible personal property	10,754,390
Total assessed value	\$ 191,120,450

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2019, 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, 2019.

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

**Governmental activities:**

Income taxes	\$ 1,388,708
Real and other local taxes	947,068
Accounts	86,749
Accrued interest	341
Special assessments	4,998
Due from other governments	600,226

**Business-type activities:**

Accounts	941,313
Due from other governments	3,750

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, 2019 was \$1,076.

**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, 2019

**NOTE 10 - CAPITAL ASSETS**

- A. Governmental activities capital assets have been restated as of December 31, 2018 to exclude the assets of the Coshocton City Health Department (Department) as it is reported as a component unit beginning in 2019. The removal of Department capital assets are reflected in the statement of activities for the transfer of the health department operations, recorded as a special item.

Governmental activities capital asset activity for the year ended December 31, 2019, was as follows:

	Restated Balance <u>12/31/18</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/19</u>
<b><u>Governmental activities:</u></b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,121,420	\$ 35,000	\$ (51,902)	\$ 1,104,518
Construction in progress	<u>-</u>	<u>1,386,257</u>	<u>-</u>	<u>1,386,257</u>
Total capital assets, not being depreciated	<u>1,121,420</u>	<u>1,421,257</u>	<u>(51,902)</u>	<u>2,490,775</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	124,467	103,659	-	228,126
Buildings and improvements	3,025,494	-	-	3,025,494
Furniture and equipment	1,598,806	85,894	-	1,684,700
Vehicles	3,228,902	-	-	3,228,902
Infrastructure	<u>11,927,280</u>	<u>5,620</u>	<u>-</u>	<u>11,932,900</u>
Total capital assets, being depreciated	<u>19,904,949</u>	<u>195,173</u>	<u>-</u>	<u>20,100,122</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(61,268)	(10,802)	-	(72,070)
Buildings and improvements	(2,054,625)	(73,033)	-	(2,127,658)
Furniture and equipment	(1,068,683)	(82,508)	-	(1,151,191)
Vehicles	(2,743,861)	(92,202)	-	(2,836,063)
Infrastructure	<u>(8,244,714)</u>	<u>(365,106)</u>	<u>-</u>	<u>(8,609,820)</u>
Total accumulated depreciation	<u>(14,173,151)</u>	<u>(623,651)</u>	<u>-</u>	<u>(14,796,802)</u>
Total capital assets, being depreciated, net	<u>5,731,798</u>	<u>(428,478)</u>	<u>-</u>	<u>5,303,320</u>
Governmental activities capital assets, net	<u>\$ 6,853,218</u>	<u>\$ 992,779</u>	<u>\$ (51,902)</u>	<u>\$ 7,794,095</u>

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental activities as follows:

**Governmental activities:**

General government	\$ 31,454
Security of persons and property	77,697
Public health and welfare	12,016
Transportation	418,117
Leisure time activity	84,367
	<u>                    </u>
Total depreciation expense	<u>\$ 623,651</u>

**B.** Business-type activities capital asset activity for the year ended December 31, 2019, was as follows:

<b><u>Business-type activities:</u></b>	<u>Balance</u>			<u>Balance</u>
	<u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/19</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 679,401	\$ 62,365	\$ -	\$ 741,766
Construction in progress	-	364,921	-	364,921
	<u>679,401</u>	<u>427,286</u>	<u>-</u>	<u>1,106,687</u>
Total capital assets, not being depreciated				
<i>Capital assets, being depreciated:</i>				
Land improvements	81,564	-	-	81,564
Buildings and improvements	10,511,466	15,646	(62,365)	10,464,747
Furniture and equipment	10,262,108	328,061	(28,901)	10,561,268
Vehicles	1,053,069	-	-	1,053,069
Infrastructure	22,648,687	250,602	-	22,899,289
	<u>44,556,894</u>	<u>594,309</u>	<u>(91,266)</u>	<u>45,059,937</u>
Total capital assets, being depreciated				
<i>Less: accumulated depreciation:</i>				
Land improvements	(62,160)	(2,856)	-	(65,016)
Buildings and improvements	(5,610,999)	(205,676)	779	(5,815,896)
Furniture and equipment	(5,631,429)	(381,453)	963	(6,011,919)
Vehicles	(692,028)	(67,232)	-	(759,260)
Infrastructure	(15,286,300)	(550,409)	-	(15,836,709)
	<u>(27,282,916)</u>	<u>(1,207,626)</u>	<u>1,742</u>	<u>(28,488,800)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>17,273,978</u>	<u>(613,317)</u>	<u>(89,524)</u>	<u>16,571,137</u>
Business-type activities capital assets, net	<u>\$ 17,953,379</u>	<u>\$ (186,031)</u>	<u>\$ (89,524)</u>	<u>\$ 17,677,824</u>

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to the enterprise funds as follows:

**Business-type activities:**

Water	\$ 781,528
Sewer	423,281
Solid Waste	<u>2,817</u>
Total depreciation expense	<u>\$ 1,207,626</u>

**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, 2019, the liability for unpaid compensated absences was \$1,012,714 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, 2019 was \$9,472, leaving a current book value of \$16,526. A corresponding liability was recorded in the government-wide and business-type financial statements. Principal and interest payments in 2019 totaled \$4,847 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, 2019.

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 4,469	\$ 1,498
2021	4,468	1,499
2022	3,545	1,499
2023	<u>873</u>	<u>1,373</u>
Total future minimum lease payments	13,355	5,869
Less: amount representing interest	<u>(1,178)</u>	<u>(549)</u>
Present value of net minimum lease payments	<u>\$ 12,177</u>	<u>\$ 5,320</u>

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 13 - LONG-TERM OBLIGATIONS**

**A. Governmental Activities**

Governmental activities long-term obligations have been restated as of December 31, 2018 to exclude the net pension liability, net OPEB liability and compensated absences of the Coshocton City Health Department (Department) as it is reported as a component unit beginning in 2019. The removal of Department long-term obligations are reflected in the statement of activities for the transfer of the health department operations, recorded as a special item. During 2019, the following changes occurred in long-term obligations for governmental activities.

	Restated Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Amounts Due in One Year
<b><u>Governmental activities:</u></b>					
SIB loan payable - direct borrowing	\$ 152,009	\$ -	\$ (19,825)	\$ 132,184	\$ 20,424
OPWC loan - CN19M - 0% - direct borrowing	48,863	-	(24,432)	24,431	24,431
OPWC loan - CN18R - 0% - direct borrowing	311,457	-	(27,083)	284,374	27,083
Capital lease	15,824	-	(3,647)	12,177	3,856
Acquisition Bonds, Series 2019 - direct placement	-	400,000	-	400,000	95,587
Net pension liability	5,124,308	2,715,407	-	7,839,715	-
Net OPEB liability	4,203,262	356,243	(2,341,841)	2,217,664	-
Compensated absences	766,344	16,948	(102,830)	680,462	137,587
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total governmental activities long-term obligations	<u>\$ 10,622,067</u>	<u>\$ 3,488,598</u>	<u>\$ (2,519,658)</u>	<u>\$ 11,591,007</u>	<u>\$ 308,968</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 12<sup>th</sup> month. From the first day of the 13<sup>th</sup> 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 2019, 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 matures July 1, 2020. The loan is payable in semi-annual installments. During the 2019, principal payments were made 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 2019, principal payments were made from the street debt fund (a nonmajor governmental fund).



**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

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.

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 will mature on December 13, 2023. 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 with 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, 2019, 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
2020	\$ 51,515	\$ -	\$ 51,515	\$ 20,424	\$ 3,813	\$ 24,237
2021	27,083	-	27,083	21,041	3,196	24,237
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
2025-2029	135,416	-	135,416	23,703	535	24,238
2030-2031	13,542	-	13,542	-	-	-
Total	<u>\$ 308,805</u>	<u>\$ -</u>	<u>\$ 308,805</u>	<u>\$ 132,184</u>	<u>\$ 13,239</u>	<u>\$ 145,423</u>

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

Year Ending December 31,	Acquisition Bonds		
	Principal	Interest	Total
2020	\$ 95,587	\$ 12,032	\$ 107,619
2021	98,487	9,132	107,619
2022	101,442	6,177	107,619
2023	104,484	3,136	107,620
Total	<u>\$ 400,000</u>	<u>\$ 30,477</u>	<u>\$ 430,477</u>

**B. Business-Type Activities**

During 2019, the following changes occurred in long-term obligations for business-type activities.

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Amounts Due in One Year
<b><u>Business-type activities:</u></b>					
<u>OWDA loans - direct borrowings</u>					
OWDA loan - 3.5%	\$ 4,371,736	\$ -	\$ (519,297)	\$ 3,852,439	\$ 537,632
OWDA loan - 3.0%	5,616,848	-	(197,539)	5,419,309	203,309
OWDA loan - 3.0%	-	364,921	(352,500)	12,421	-
Total OWDA loans	<u>9,988,584</u>	<u>364,921</u>	<u>(1,069,336)</u>	<u>9,284,169</u>	<u>740,941</u>
<u>OPWC loans - direct borrowings</u>					
OPWC loan - 0%, CN090	157,500	-	(11,250)	146,250	11,250
OPWC loan - 0%, CN12F	4,715	-	(856)	3,859	858
OPWC loan - 0%, CN06B	11,203	-	(3,733)	7,470	3,735
OPWC loan - 0%, CN10K	25,121	-	(2,393)	22,728	2,392
OPWC loan - 0%, CN23N	15,760	-	(1,168)	14,592	1,168
OPWC loan - 0%, CN15N	130,612	-	(9,678)	120,934	9,675
Total OPWC loans	<u>344,911</u>	<u>-</u>	<u>(29,078)</u>	<u>315,833</u>	<u>29,078</u>
Bond anticipation notes	1,440,000	1,345,000	(1,440,000)	1,345,000	1,345,000
Capital lease	6,520	-	(1,200)	5,320	1,261
Net pension liability	1,187,565	1,108,604	-	2,296,169	-
Net OPEB liability	797,473	277,189	-	1,074,662	-
Compensated absences	<u>345,166</u>	<u>27,421</u>	<u>(40,335)</u>	<u>332,252</u>	<u>41,877</u>
Total business-type activities long-term obligations	<u>\$ 14,110,219</u>	<u>\$ 3,123,135</u>	<u>\$ (2,579,949)</u>	<u>\$ 14,653,405</u>	<u>\$ 2,158,157</u>

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

##### 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, 2019, the City has outstanding borrowings of \$3,852,439. 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 72.51 percent of water fund net revenues. The total estimated principal and interest remaining to be paid on the loan is \$4,340,722. Principal and interest paid for the current year was \$718,588 and total net revenues were \$990,959.

In 2019, the City entered into a debt financing arrangement through the OWDA to fund a waterline extension. 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, 2019, the City has outstanding borrowings of \$12,421. The loan is currently "open" meaning the final disbursements have not yet been made from OWDA. As of the date of this report, an amortization schedule is not yet available.

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, 2019, the City has outstanding borrowings of \$5,419,309. 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 60.22 percent of sewer fund net revenues. The total estimated principal and interest remaining to be paid on the loan is \$7,180,107. Principal and interest paid for the current year was \$359,005 and total net revenues were \$596,115.

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, 2019, the City has outstanding borrowings of \$146,250. Principal payments for 2019 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, 2019, the City has outstanding borrowings of \$169,583. Principal payments for 2019 amounted to \$17,828.

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, 2019

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

Bond anticipation notes

On February 6, 2019, the City issued \$1,340,000 in bond anticipation notes bearing a 3.0% interest rate. This note matures on February 20, 2020. Payments of principal and interest were paid from the City's water 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 sewer fund and water fund.

Principal and interest requirements to retire the City's OPWC and OWDA loans outstanding at December 31, 2019 are as follows.

Year Ending December 31,	OWDA			OPWC		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 740,941	\$ 285,868	\$ 1,026,809	\$ 29,078	\$ -	\$ 29,078
2021	765,860	260,949	1,026,809	29,078	-	29,078
2022	791,625	235,184	1,026,809	25,343	-	25,343
2023	818,261	208,548	1,026,809	25,343	-	25,343
2024	845,800	181,009	1,026,809	24,912	-	24,912
2025 - 2029	2,212,200	584,532	2,796,732	121,233	-	121,233
2030 - 2034	1,437,260	357,767	1,795,027	60,846	-	60,846
2035 - 2039	1,659,801	135,226	1,795,027	-	-	-
Total	<u>\$ 9,271,748</u>	<u>\$ 2,249,083</u>	<u>\$ 11,520,831</u>	<u>\$ 315,833</u>	<u>\$ -</u>	<u>\$ 315,833</u>

**C. Legal Debt Margin**

As of December 31, 2019, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$20,067,647.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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 2019, 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	1,929,742
	Electronic Equipment	176,026
	Employers Liability (Ohio Stop Gap)	5,000,000
	Employee Benefits (each incident)	5,000,000
	Property	69,760,950
	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, 2019

**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, 2019, there were \$242,429 in outstanding claims pending that are reported in the internal service fund.

Year Ended	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2019	\$ 58,585	\$ 1,457,534	\$ (1,273,690)	\$ 242,429
2018	182,244	1,123,135	(1,246,794)	58,585

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability/Asset*

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

The net pension liability/asset represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability/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.

The 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 are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension 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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

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

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

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. 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. 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% each year. For additional information, see the Plan Statement in the OPERS CAFR.



**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	State and Local
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee ***	10.0 %
<b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

\*\*\* Member contributions within the combined plan are not used to fund the retirement allowance

\*\*\*\* This employer health care rate is for the traditional and combined plans. 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 \$444,214 for 2019. Of this amount, \$36,981 is reported as due to other governments.

***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](http://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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% 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.

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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

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

	<u>Firefighters</u>
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	24.00 %
Employee	12.25 %
<b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	23.50 %
Post-employment Health Care Benefits	0.50 %
Total Employer	24.00 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$257,606 for 2019. Of this amount, \$17,676 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 the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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&amp;F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.02092600%	0.00000000%	0.02002000%	0.04935100%	
Proportion of the net pension liability/asset current measurement date	<u>0.02214100%</u>	<u>0.00000000%</u>	<u>0.02919900%</u>	<u>0.04988600%</u>	
Change in proportionate share	<u>0.00121500%</u>	<u>0.00000000%</u>	<u>0.00917900%</u>	<u>0.00053500%</u>	
Proportionate share of the net pension liability	\$ 6,063,868	\$ -	\$ -	\$ 4,072,016	\$ 10,135,884
Proportionate share of the net pension asset	-	-	(665)	-	(665)
Pension expense	1,382,681	-	13,993	514,366	1,911,040

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

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>Member- Directed</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ 279	\$ -	\$ 2,769	\$ 167,303	\$ 170,351
Net difference between projected and actual earnings on pension plan investments	823,037	-	223	501,669	1,324,929
Changes of assumptions	527,874	-	205	107,955	636,034
Changes in employer's proportionate percentage/ difference between employer contributions	152,860	-	-	60,629	213,489
Contributions subsequent to the measurement date	425,928	1,399	16,887	257,606	701,820
Total deferred outflows of resources	<u>\$ 1,929,978</u>	<u>\$ 1,399</u>	<u>\$ 20,084</u>	<u>\$ 1,095,162</u>	<u>\$ 3,046,623</u>

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ 79,621	\$ -	\$ -	\$ 3,804	\$ 83,425
Changes in employer's proportionate percentage/ difference between employer contributions	31,010	-	-	137,424	168,434
Total deferred inflows of resources	<u>\$ 110,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,228</u>	<u>\$ 251,859</u>

\$701,820 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 or an increase to the net position asset in the year ending December 31, 2020.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2020	\$ 596,903	\$ -	\$ 460	\$ 213,550	\$ 810,913
2021	337,390	-	424	110,068	447,882
2022	76,353	-	430	147,927	224,710
2023	382,773	-	516	215,466	598,755
2024	-	-	378	9,317	9,695
Thereafter	-	-	989	-	989
Total	<u>\$ 1,393,419</u>	<u>\$ -</u>	<u>\$ 3,197</u>	<u>\$ 696,328</u>	<u>\$ 2,092,944</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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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/asset was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation for the traditional plan; 3.25% to 8.25% for the combined and member directed plans
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and 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 2.94% for 2018.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

**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, 2018 was 7.50%. 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 City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (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	\$ 8,958,096	\$ 6,063,868	\$ 3,658,738
Member-Directed Plan	(292)	(665)	(1,168)

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions – OP&F*

OP&F’s total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, 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 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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>Fire</u>
67 or less	68%
68-77	87%
78 and up	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>Fire</u>
59 or less	35%
60-69	45%
70-79	70%
80 and up	90%

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F’s Board and were effective beginning with the January 1, 2018 actuarial valuation.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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.

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, 2018 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
<b>Total</b>	<b>120.00 %</b>		

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 1.20 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, 2019

**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	\$ 5,352,384	\$ 4,072,016	\$ 3,002,083

**NOTE 16 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability*

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### **NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <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 requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### **NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

The City's contractually required contribution was \$6,755 for 2019. Of this amount, \$562 is reported as due to other governments.

#### **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 healthcare 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. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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](http://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.

OP&F maintains funds for health care in two separate accounts. There is 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. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, 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 and is limited by the provisions of Sections 115 and 401(h).

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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.

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$5,481 for 2019. Of this amount, \$376 is reported as due to other governments.

***Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. 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:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.02030100%	0.04935100%	
Proportion of the net OPEB liability current measurement date	<u>0.02176800%</u>	<u>0.04988600%</u>	
Change in proportionate share	<u>0.00146700%</u>	<u>0.00053500%</u>	
Proportionate share of the net OPEB liability	\$ 2,838,037	\$ 454,289	\$ 3,292,326
OPEB expense	\$ 303,846	\$ (2,313,016)	\$ (2,009,170)

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	OPERS	OP&F	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 964	\$ -	\$ 964
Net difference between projected and actual earnings on OPEB plan investments	130,107	15,378	145,485
Changes of assumptions	91,502	235,482	326,984
Changes in employer's proportionate percentage/difference between employer contributions	108,391	23,324	131,715
Contributions subsequent to the measurement date	6,755	5,481	12,236
Total deferred outflows of resources	<u>\$ 337,719</u>	<u>\$ 279,665</u>	<u>\$ 617,384</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 7,701	\$ 12,172	\$ 19,873
Changes of assumptions	-	125,768	125,768
Changes in employer's proportionate percentage/difference between employer contributions	12,813	82,276	95,089
Total deferred inflows of resources	<u>\$ 20,514</u>	<u>\$ 220,216</u>	<u>\$ 240,730</u>

\$12,236 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 in the year ending December 31, 2020.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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
2020	\$ 143,597	\$ 9,927	\$ 153,524
2021	78,258	9,927	88,185
2022	23,050	9,927	32,977
2023	65,545	14,577	80,122
2024	-	7,245	7,245
Thereafter	-	2,365	2,365
Total	\$ 310,450	\$ 53,968	\$ 364,418

**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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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.

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

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

The allocation of investment assets with 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 table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Discount Rate** - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,630,907	\$ 2,838,037	\$ 2,207,496

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 2,727,969	\$ 2,838,037	\$ 2,964,805



**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Actuarial Assumptions – OP&F*

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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 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, 2018, with actuarial liabilities rolled forward to December 31, 2018
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	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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  
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**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, 2018, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
<b>Total</b>	<b>120.00 %</b>		

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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 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, 2019

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Discount Rate** - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. 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 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 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

**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 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 553,447	\$ 454,289	\$ 371,053

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

**Changes Between Measurement Date and Report Date** - Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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).

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 &amp; Law Enforcement</u>
Budget basis	\$ 78,790	\$ 70,689	\$ 1,038	\$ (174,442)
Net adjustment for revenue accruals	(977)	(284)	18,355	682
Net adjustment for expenditure accruals	43,929	(52,923)	22,398	-
Net adjustment for other sources/uses	11,937	-	-	-
Funds budgeted elsewhere	386	-	-	-
Adjustment for encumbrances	<u>14,100</u>	<u>-</u>	<u>14,288</u>	<u>-</u>
GAAP basis	<u>\$ 148,165</u>	<u>\$ 17,482</u>	<u>\$ 56,079</u>	<u>\$ (173,760)</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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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, 2019.

**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>	Year-End <u>Encumbrances</u>
General fund	\$ 4,445
Street fund	14,288
Nonmajor governmental funds	<u>18,060</u>
Total	<u>\$ 36,793</u>

**NOTE 20 - TRANSFER OF OPERATIONS**

Consistent with the provisions of Ohio Revised Code Section 3709.36, the City of Coshocton's health department was reorganized as a legally separate organization (Coshocton City Health Department) rather than continuing to operate as a department of the City. This change was effective January 1, 2019 and is being accounted for by the City as a transfer of operations. The Health Department is reported as a discretely presented component unit of the City of Coshocton. For 2019, the City is reporting a special items of (\$266,042) on the statement of revenues, expenditures, and changes in fund balances of governmental funds and \$489,767 on the statement of activities for the transfer of operations. Other than the special item, the City did not report any revenues or expenditures/expenses related to the Health Department.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 21 - 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 & Law Enforcement Fund	Fire Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ 1,639	\$ -	\$ 96,417	\$ -	\$ -	\$ -	\$ 98,056
Perpetual care	-	-	-	-	-	250,000	250,000
Unclaimed monies	3,497	-	-	-	-	-	3,497
Prepays	552	1,681	593	-	-	-	2,826
Total nonspendable	<u>5,688</u>	<u>1,681</u>	<u>97,010</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>354,379</u>
Restricted:							
Capital projects	-	-	-	-	841,606	-	841,606
Perpetual care	-	-	-	-	-	181,492	181,492
Transportation projects	-	-	310,589	-	-	95,018	405,607
Public safety programs	-	810,068	-	398,770	-	11	1,208,849
Public health and welfare programs	-	-	-	-	-	2,154	2,154
Other purposes	-	-	-	-	-	173,643	173,643
Total restricted	<u>-</u>	<u>810,068</u>	<u>310,589</u>	<u>398,770</u>	<u>841,606</u>	<u>452,318</u>	<u>2,813,351</u>
Committed:							
Capital projects	-	-	-	-	-	213,227	213,227
Other purposes	-	-	-	-	-	219,121	219,121
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,348</u>	<u>432,348</u>
Assigned:							
Other purposes	2,968	-	-	-	-	-	2,968
Public health and welfare programs	31	-	-	-	-	-	31
Community environment	1,254	-	-	-	-	-	1,254
Leisure time activity	192	-	-	-	-	-	192
Subsequent year appropriations	821,342	-	-	-	-	-	821,342
Total assigned	<u>825,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>825,787</u>
Unassigned	632,028	-	-	-	-	(19,920)	612,108
Total fund balances	<u>\$ 1,463,503</u>	<u>\$ 811,749</u>	<u>\$ 407,599</u>	<u>\$ 398,770</u>	<u>\$ 841,606</u>	<u>\$ 1,114,746</u>	<u>\$ 5,037,973</u>

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 22 - 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 10 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 2019 was \$1,584,150. The total value of taxes abated for 2019 for this parcel was \$8,010. 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 2019, the City compensated the District \$94,609, which included tax loss compensation for 2018.

**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 2019 was \$94,609 for tax year 2018.

**NOTE 23 – SUBSEQUENT EVENTS**

On February 6, 2020, the City issued a \$1,245,000 bond anticipation note to retire a portion of the \$1,345,000 bond anticipation note issued on February 6, 2019. This note bears an interest rate of 2.50% and matures on February 18, 2021.

On July 23, 2020, the City issued a \$288,455 bond for the purchase of a street sweeper. The bond bears an interest rate of 2.818% and matures on July 23, 2030.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 23 – SUBSEQUENT EVENTS - (Continued)**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The investments of the pension and other employee benefit plan in which the City participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**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.



**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

*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 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 governmental-wide statement of net position.

**C. Change in Accounting Principles**

For 2019, the Department has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

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

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No 84 did not have an effect on the financial statements of the Department.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Department.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Department.

**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, 2019

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

**E. Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

<b><u>Department:</u></b>	Balance <u>01/01/19</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/19</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 211,620	\$ -	\$ -	\$ 211,620
Furniture and equipment	24,823	-	-	24,823
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>-</u>	<u>254,348</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(58,193)	(5,290)	-	(63,483)
Furniture and equipment	(19,092)	(1,433)	-	(20,525)
Vehicles	<u>(14,322)</u>	<u>(1,790)</u>	<u>-</u>	<u>(16,112)</u>
Total accumulated depreciation	<u>(91,607)</u>	<u>(8,513)</u>	<u>-</u>	<u>(100,120)</u>
Total capital assets being depreciated, net	<u>162,741</u>	<u>(8,513)</u>	<u>-</u>	<u>154,228</u>
Department capital assets, net	<u>\$ 162,741</u>	<u>\$ (8,513)</u>	<u>\$ -</u>	<u>\$ 154,228</u>

Depreciation expense was charged as follows:

Public Health and Welfare	<u>\$ 8,513</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 <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/19</u>	Due Within <u>One Year</u>
<b>Department:</b>					
Compensated absences	\$ 20,543	\$ 37,600	\$ -	\$ 58,143	\$ 9,436
Net pension liability	497,810	94,695	-	592,505	-
Net OPEB liability	<u>334,290</u>	<u>-</u>	<u>(56,983)</u>	<u>277,307</u>	<u>-</u>
Total Department long-term obligations	<u>\$ 852,643</u>	<u>\$ 132,295</u>	<u>\$ (56,983)</u>	<u>\$ 927,955</u>	<u>\$ 9,436</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, 2019

**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 2019, the Department’s contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$43,405 for 2019. Of this amount, \$3,292 is reported as due to other governments.

The net pension liability (asset) for OPERS was measured as of December 31, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Department’s proportion of the net pension liability (asset) was based on the Departments’ 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 of the Department’s defined benefit pension plans:

	<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	0.00317400%	0.00000000%	0.00303600%	
Proportion of the net pension liability/asset current measurement date	<u>0.00216300%</u>	<u>0.00000000%</u>	<u>0.00285300%</u>	
Change in proportionate share	<u>-0.00101100%</u>	<u>0.00000000%</u>	<u>-0.00018300%</u>	
Proportionate share of the net pension liability	\$ 592,505	\$ -	\$ -	\$ 592,505
Proportionate share of the net pension asset	-	-	(65)	(65)
Pension expense	66,849	-	2,329	69,178

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>Member- Directed</u>	<u>Total</u>
<b>Deferred outflows of resources</b>				
Differences between expected and actual experience	\$ 26	\$ -	\$ 271	\$ 297
Net difference between projected and actual earnings on pension plan investments	80,420	-	22	80,442
Changes of assumptions	51,579	-	20	51,599
Contributions subsequent to the measurement date	41,618	137	1,650	43,405
Total deferred outflows of resources	<u>\$ 173,643</u>	<u>\$ 137</u>	<u>\$ 1,963</u>	<u>\$ 175,743</u>
	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>Total</u>
<b>Deferred inflows of resources</b>				
Differences between expected and actual experience	\$ 7,780	\$ -	\$ -	\$ 7,780
Changes in employer's proportionate percentage/ difference between employer contributions	137,750	-	-	137,750
Total deferred inflows of resources	<u>\$ 145,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,530</u>

\$43,405 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 or an increase to the net pension asset in the year ending December 31, 2020.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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 -		OPERS -	Total
	Traditional	Combined	Member-Directed	
2020	\$ (30,438)	\$ -	\$ 45	\$ (30,393)
2021	(27,928)	-	42	(27,886)
2022	7,461	-	42	7,503
2023	37,400	-	51	37,451
2024	-	-	37	37
Thereafter	-	-	96	96
<b>Total</b>	<b>\$ (13,505)</b>	<b>\$ -</b>	<b>\$ 313</b>	<b>\$ (13,192)</b>

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

Department's proportionate share of the net pension liability (asset):	Current		
	1% Decrease	Discount Rate	1% Increase
Traditional Pension Plan	\$ 875,303	\$ 592,505	\$ 357,498
Member-Directed Plan	(29)	(65)	(114)

**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 \$660 for 2019. Of this amount, \$50 is reported as due to other governments.

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The 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. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the net OPEB liability prior measurement date	0.00307900%
Proportion of the net OPEB liability current measurement date	<u>0.00212700%</u>
Change in proportionate share	<u>-0.00095200%</u>
Proportionate share of the net OPEB liability	\$ 277,307
OPEB expense	\$ (21,483)

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

	OPERS
<b>Deferred outflows of resources</b>	
Differences between expected and actual experience	\$ 94
Net difference between projected and actual earnings on OPEB plan investments	12,713
Changes of assumptions	8,941
Contributions subsequent to the measurement date	660
Total deferred outflows of resources	<u>\$ 22,408</u>

**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

	OPERS
<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 752
Changes in employer's proportionate percentage/ difference between employer contributions	83,759
Total deferred inflows of resources	\$ 84,511

\$660 reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

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

	OPERS
Year Ending December 31:	
2020	\$ (37,484)
2021	(32,738)
2022	1,055
2023	6,404
Total	\$ (62,763)

***Sensitivity of the Department's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** - The following table presents the Department's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the Department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Department's proportionate share of the net OPEB liability	\$ 354,779	\$ 277,307	\$ 215,696

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



**CITY OF COSHOCTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Department's proportionate share of the net OPEB liability	\$ 266,552	\$ 277,307	\$ 289,693

**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, or 480 hours of accumulated, unused sick leave depending on the employee's hire date.

**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. 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.

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**L. Ohio Department of Health Funds**

During the year ended December 31, 2019, the Department received federal funding passed through the Ohio Department of Health as follows:

Federal Funding received from ODH for 2019: \$0  
State Subsidy from ODH received for 2019: \$2,104

**M. Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Department. The investments of the pension and other employee benefit plan in which the Department participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Department's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.022141%	0.024100%	0.025071%	0.024813%
City's proportionate share of the net pension liability	\$ 6,063,868	\$ 3,780,822	\$ 5,693,198	\$ 4,297,924
City's covered payroll	\$ 3,002,614	\$ 3,079,277	\$ 3,137,008	\$ 3,201,725
City's proportionate share of the net pension liability as a percentage of its covered payroll	201.95%	122.78%	181.48%	134.24%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.029199%	0.023056%	0.020154%	0.020729%
City's proportionate share of the net pension asset	\$ 665	\$ 805	\$ 83	\$ 79
City's covered payroll	\$ 159,100	\$ 125,810	\$ 99,390	\$ 138,530
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.42%	0.64%	0.08%	0.05%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%	103.40%	103.91%

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>2015</u>	<u>2014</u>
	0.023854%	0.023854%
\$	2,877,058	\$ 2,812,077
\$	2,983,700	\$ 2,864,677
	96.43%	98.16%
	86.45%	86.36%
	n/a	n/a
	n/a	n/a
	n/a	n/a
	n/a	n/a
	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 SIX YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.04988600%	0.04935100%	0.05158400%	0.05026500%
City's proportionate share of the net pension liability	\$ 4,072,016	\$ 3,028,863	\$ 3,267,248	\$ 3,233,564
City's covered payroll	\$ 1,018,421	\$ 973,162	\$ 981,613	\$ 721,766
City's proportionate share of the net pension liability as a percentage of its covered payroll	399.84%	311.24%	332.84%	448.01%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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>2015</u>	<u>2014</u>
0.05161490%	0.05161490%
\$ 2,673,867	\$ 2,513,808
\$ 698,711	\$ 903,238
382.69%	278.31%
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>2019</u>	<u>Restated 2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 425,928	\$ 420,366	\$ 400,306	\$ 376,441
Contributions in relation to the contractually required contribution	<u>(425,928)</u>	<u>(420,366)</u>	<u>(400,306)</u>	<u>(376,441)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,042,343	\$ 3,002,614	\$ 3,079,277	\$ 3,137,008
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 1,399	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(1,399)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 9,993	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	14.00%	n/a	n/a	n/a
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 16,887	\$ 15,910	\$ 12,581	\$ 9,939
Contributions in relation to the contractually required contribution	<u>(16,887)</u>	<u>(15,910)</u>	<u>(12,581)</u>	<u>(9,939)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 168,870	\$ 159,100	\$ 125,810	\$ 99,390
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 384,207	\$ 358,044	\$ 372,408	\$ 269,309	\$ 260,997	\$ 171,785
<u>(384,207)</u>	<u>(358,044)</u>	<u>(372,408)</u>	<u>(269,309)</u>	<u>(260,997)</u>	<u>(171,785)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,201,725	\$ 2,983,700	\$ 2,864,677	\$ 2,693,090	\$ 2,609,970	\$ 1,926,561
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
\$ -	\$ -	\$ -	\$ 1,622	\$ 1,398	\$ 7,650
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,622)</u>	<u>(1,398)</u>	<u>(7,650)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 20,403	\$ 17,585	\$ 78,975
n/a	n/a	n/a	7.95%	7.95%	9.69%
\$ 13,853	\$ -	\$ -	\$ -	\$ -	\$ -
<u>(13,853)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 138,530	\$ -	\$ -	\$ -	\$ -	\$ -
10.00%	n/a	n/a	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Fire:</i>				
Contractually required contribution	\$ 257,606	\$ 239,329	\$ 228,693	\$ 230,679
Contributions in relation to the contractually required contribution	<u>(257,606)</u>	<u>(239,329)</u>	<u>(228,693)</u>	<u>(230,679)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,096,196	\$ 1,018,421	\$ 973,162	\$ 981,613
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 169,615	\$ 164,197	\$ 184,080	\$ 143,984	\$ 146,346	\$ 153,710
<u>(169,615)</u>	<u>(164,197)</u>	<u>(184,080)</u>	<u>(143,984)</u>	<u>(146,346)</u>	<u>(153,710)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 721,766	\$ 698,711	\$ 903,238	\$ 834,690	\$ 848,383	\$ 891,072
23.50%	23.50%	20.38%	17.25%	17.25%	17.25%

**CITY OF COSHOCTON, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST THREE YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.021768%	0.023380%	0.024123%
City's proportionate share of the net OPEB liability	\$ 2,838,037	\$ 2,538,896	\$ 2,436,504
City's covered payroll	\$ 3,161,714	\$ 3,205,087	\$ 3,236,398
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.76%	79.21%	75.28%
Plan fiduciary net position as a percentage of the total OPEB liability	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 THREE YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.04988600%	0.04935100%	0.05158400%
City's proportionate share of the net OPEB liability	\$ 454,289	\$ 2,796,130	\$ 2,448,576
City's covered payroll	\$ 1,018,421	\$ 973,162	\$ 981,613
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	44.61%	287.32%	249.44%
Plan fiduciary net position as a percentage of the total OPEB liability	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>2019</u>	<u>Restated 2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 6,755	\$ 6,364	\$ 35,825	\$ 67,448
Contributions in relation to the contractually required contribution	<u>(6,755)</u>	<u>(6,364)</u>	<u>(35,825)</u>	<u>(67,448)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,221,206	\$ 3,161,714	\$ 3,205,087	\$ 3,236,398
Contributions as a percentage of covered payroll	0.21%	0.20%	1.12%	2.08%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 64,035	\$ 58,517	\$ 28,647	\$ 109,301	\$ 106,733	\$ 101,341
<u>(64,035)</u>	<u>(58,517)</u>	<u>(28,647)</u>	<u>(109,301)</u>	<u>(106,733)</u>	<u>(101,341)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,340,255	\$ 2,983,700	\$ 2,864,677	\$ 2,713,493	\$ 2,627,555	\$ 2,005,536
1.92%	1.96%	1.00%	4.03%	4.06%	5.05%

**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>2018</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Fire:</i>				
Contractually required contribution	\$ 5,481	\$ 5,092	\$ 4,866	\$ 4,908
Contributions in relation to the contractually required contribution	<u>(5,481)</u>	<u>(5,092)</u>	<u>(4,866)</u>	<u>(4,908)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,096,196	\$ 1,018,421	\$ 973,162	\$ 981,613
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 3,609	\$ 4,456	\$ 32,586	\$ 56,341	\$ 57,266	\$ 60,148
<u>(3,609)</u>	<u>(4,456)</u>	<u>(32,586)</u>	<u>(56,341)</u>	<u>(57,266)</u>	<u>(60,148)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 721,766	\$ 698,711	\$ 903,238	\$ 834,690	\$ 848,383	\$ 891,072
0.50%	0.64%	3.62%	6.75%	6.75%	6.75%

CITY OF COSHOCTON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2019.

*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%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2019.

*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 8.25% 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.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2017-2019.

*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.

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.

*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%.

# OHIO AUDITOR OF STATE KEITH FABER



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SoutheastRegion@ohioauditor.gov

## 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 and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 4, 2020, wherein we noted the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and also wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We also noted the Coshocton City Health Department was reorganized as a legally separate organization rather than continuing to operate as a department of the City and is being presented as a discretely presented component unit.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

November 4, 2020

**CITY OF**

ESTABLISHED 1811

760 CHESTNUT ST.  
COSHOCKTON,  
OHIO 43812



FLAG DESIGN  
ADOPTED 1970

Auditor/Treasurer

PHONE 740-622-1763  
FAX 740-622-8301

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
December 31, 2019

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Ohio Rev. Code § 1901.31 (F) – Not filing month end reports timely.	Management Letter	N/A
2018-002	Material Weakness - Financial Reporting	Management Letter	N/A

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# 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 11/17/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)