



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF COSHOCTON  
COSHOCTON COUNTY  
DECEMBER 31, 2023**

**TABLE OF CONTENTS**

| <b>TITLE</b>  | <b>PAGE</b> |
|---|-------------|
| Independent Auditor's Report .....  | 1           |
| Prepared by Management:   |             |
| Management's Discussion and Analysis .....  | 5           |
| Basic Financial Statements:   |             |
| Government-wide Financial Statements:   |             |
| Statement of Net Position .....   | 23          |
| Statement of Activities.....  | 24          |
| Fund Financial Statements:  |             |
| Balance Sheet   |             |
| Governmental Funds .....  | 26          |
| Reconciliation of Total Governmental Fund Balances to<br>Net Position of Governmental Activities .....  | 28          |
| Statement of Revenues, Expenditures and Changes in Fund Balances<br>Governmental Funds .....  | 30          |
| Reconciliation of the Statement of Revenues, Expenditures<br>and Changes in Fund Balances of Governmental Funds<br>to the Statement of Activities ..... | 32          |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)                                       |             |
| General Fund.....   | 33          |
| Fire Fund .....   | 34          |
| Street Fund.....  | 35          |
| Safety, Security & Law Enforcement Fund .....   | 36          |
| Statement of Net Position<br>Proprietary Funds .....  | 37          |
| Statement of Revenues, Expenses and Changes in Net Position<br>Proprietary Funds .....  | 38          |
| Statement of Cash Flows<br>Proprietary Funds .....  | 39          |
| Statement of Fiduciary Net Position<br>Fiduciary Funds .....  | 40          |
| Statement of Changes in Fiduciary Net Position<br>Fiduciary Funds .....   | 41          |
| Notes to the Basic Financial Statements .....   | 43          |

**CITY OF COSHOCTON  
COSHOCTON COUNTY  
DECEMBER 31, 2023**

**TABLE OF CONTENTS  
(Continued)**

| <b><u>TITLE</u></b>   | <b><u>PAGE</u></b> |
|---|--------------------|
| Required Supplementary Information:   |                    |
| Schedule of the City's Proportionate Share of the Net Pension Liability/Net Pension Asset | 96                 |
| Ohio Public Employees Retirement System (OPERS) .....                                     | 96                 |
| Schedule of the City's Proportionate Share of the Net Pension Liability                   | 98                 |
| Ohio Police and Fire (OP&F) Pension Fund .....  | 98                 |
| Schedule of City's Pension Contributions  | 100                |
| Ohio Public Employees Retirement System (OPERS) .....                                     | 100                |
| Ohio Police and Fire (OP&F) Pension Fund .....  | 102                |
| Schedule of the City's Proportionate Share of the Net OPEB Liability/Net OPEB Asset       | 104                |
| Ohio Public Employees Retirement System (OPERS) .....                                     | 104                |
| Schedule of the City's Proportionate Share of the Net OPEB Liability                      | 106                |
| Ohio Police and Fire (OP&F) Pension Fund .....  | 106                |
| Schedule of City's OPEB Contributions   | 108                |
| Ohio Public Employees Retirement System (OPERS) .....                                     | 108                |
| Ohio Police and Fire (OP&F) Pension Fund .....  | 110                |
| Notes to Required Supplementary Information .....   | 112                |
| Independent Auditor's Report on Internal Control Over                                     |                    |
| Financial Reporting and on Compliance and Other Matters                                   | 117                |
| Required by <i>Government Auditing Standards</i> .....                                    | 117                |
| Schedule of Findings.....   | 119                |
| Prepared by Management:   |                    |
| Summary Schedule of Prior Audit Findings .....  | 121                |



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

## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coshocton, Coshocton County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire, Street and Safety, Security & Law Enforcement Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 30, 2025

**This page intentionally left blank.**

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023. 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 2023 are as follows:

- The total net position of the City decreased \$285,296 from the 2022 net position. Net position of governmental activities decreased \$132,308 or 1.64% below 2022's net position and net position of business-type activities decreased \$152,988 or 0.87% below the 2022's net position.
- General revenues accounted for \$9,895,969 or 87.75% of total governmental activities revenue. Program specific revenues accounted for \$1,382,038 or 12.25% of total governmental activities revenue.
- The City had \$11,410,315 in expenses related to governmental activities; \$1,382,038 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$10,028,277 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$9,895,969. General revenues were not adequate to cover expenses for 2023.
- The general fund had revenues and other financing sources of \$4,639,626 and expenditures of \$4,301,188. The general fund's fund balance increased \$338,438 from a balance of \$1,043,254 to a balance of \$1,381,692.
- The fire fund had revenues of \$1,476,205 and expenditures of \$1,368,229 in 2023. The net increase in fund balance for the fire fund was \$107,976.
- The street fund had revenues of \$1,350,926 and expenditures of \$1,497,763 in 2023. The net decrease in fund balance for the street fund was \$146,837.
- The safety, security and law enforcement fund had revenues of \$1,926,200 and expenditures of \$1,792,907 in 2023. The net increase in fund balance for the safety, security and law enforcement fund was \$133,293.
- Net position for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, decreased in 2023 by \$152,988 below the 2022 balance.
- The water fund, a major enterprise fund, had operating and nonoperating revenues of \$4,505,229, operating and nonoperating expenses of \$5,162,292 and capital contributions of \$333,500 in 2023. The net position of the water fund decreased \$414,846 or 3.17% from the 2022 net position balance.
- The sewer fund, a major enterprise fund, had operating revenues of \$2,890,267 and operating and nonoperating expenses of \$2,464,019 in 2023. The net position of the sewer fund increased \$426,248 or 12.19% from the 2022 net position balance.
- The solid waste fund, a major enterprise fund, had operating revenues of \$1,034,966 in 2023 and operating expenses of \$1,051,611 in 2023. The net position of the solid waste fund decreased \$16,645 or 2.08% from the 2022 net position balance.
- In the general fund, the actual revenues came in \$64,929 lower than they were in the final budget and actual expenditures were \$755,965 less than the amount in the final budget. Budgeted revenues increased \$608,643 from the original to the final budget due primarily to an increase in projected property tax revenues. Budgeted expenditures decreased \$78,256 from the original to the final budget due primarily to a decrease in the estimated cost of security of persons and property expenditures.

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **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 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the City is divided into two 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.

#### **Reporting the City's Most Significant Funds**

##### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### ***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, and the safety, security and law enforcement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

#### ***Proprietary Funds***

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

#### ***Fiduciary Funds***

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

#### ***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### ***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.

# CITY OF COSHOCTON, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

### 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, 2023 and December 31, 2022.

|                                       | Governmental Activities |                     | Business-Type Activities |                      | Total                |                      |
|---------------------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|                                       | 2023                    | 2022                | 2023                     | 2022                 | 2023                 | 2022                 |
| <b>Assets</b>                         |                         |                     |                          |                      |                      |                      |
| Current assets                        | \$ 10,672,528           | \$ 11,085,478       | \$ 7,686,517             | \$ 7,125,443         | \$ 18,359,045        | \$ 18,210,921        |
| Capital assets, net                   | <u>6,975,958</u>        | <u>7,234,913</u>    | <u>22,668,477</u>        | <u>23,288,984</u>    | <u>29,644,435</u>    | <u>30,523,897</u>    |
| Total assets                          | <u>17,648,486</u>       | <u>18,320,391</u>   | <u>30,354,994</u>        | <u>30,414,427</u>    | <u>48,003,480</u>    | <u>48,734,818</u>    |
| <b>Deferred outflows of resources</b> |                         |                     |                          |                      |                      |                      |
| Pension                               | 3,102,173               | 1,619,699           | 1,291,991                | 492,338              | 4,394,164            | 2,112,037            |
| OPEB                                  | <u>499,250</u>          | <u>332,096</u>      | <u>194,611</u>           | <u>39,040</u>        | <u>693,861</u>       | <u>371,136</u>       |
| Total deferred outflows of resources  | <u>3,601,423</u>        | <u>1,951,795</u>    | <u>1,486,602</u>         | <u>531,378</u>       | <u>5,088,025</u>     | <u>2,483,173</u>     |
| <b>Liabilities</b>                    |                         |                     |                          |                      |                      |                      |
| Current liabilities                   | 1,253,877               | 1,740,754           | 343,392                  | 263,605              | 1,597,269            | 2,004,359            |
| Long-term liabilities:                |                         |                     |                          |                      |                      |                      |
| Due within one year                   | 216,601                 | 196,299             | 1,091,963                | 989,834              | 1,308,564            | 1,186,133            |
| Net pension liability                 | 8,670,848               | 4,492,567           | 2,979,242                | 835,121              | 11,650,090           | 5,327,688            |
| Net OPEB liability                    | 438,853                 | 558,727             | 62,108                   | -                    | 500,961              | 558,727              |
| Other amounts                         | <u>958,752</u>          | <u>961,687</u>      | <u>9,918,165</u>         | <u>9,991,326</u>     | <u>10,876,917</u>    | <u>10,953,013</u>    |
| Total liabilities                     | <u>11,538,931</u>       | <u>7,950,034</u>    | <u>14,394,870</u>        | <u>12,079,886</u>    | <u>25,933,801</u>    | <u>20,029,920</u>    |
| <b>Deferred inflows of resources</b>  |                         |                     |                          |                      |                      |                      |
| Property taxes                        | 921,478                 | 918,628             | -                        | -                    | 921,478              | 918,628              |
| Pension                               | <u>449,069</u>          | <u>2,637,324</u>    | <u>961</u>               | <u>1,022,543</u>     | <u>450,030</u>       | <u>3,659,867</u>     |
| OPEB                                  | <u>425,606</u>          | <u>719,067</u>      | <u>20,523</u>            | <u>309,146</u>       | <u>446,129</u>       | <u>1,028,213</u>     |
| Lease                                 | <u>-</u>                | <u>-</u>            | <u>44,000</u>            | <u>-</u>             | <u>44,000</u>        | <u>-</u>             |
| Total deferred inflows of resources   | <u>1,796,153</u>        | <u>4,275,019</u>    | <u>65,484</u>            | <u>1,331,689</u>     | <u>1,861,637</u>     | <u>5,606,708</u>     |
| <b>Net Position</b>                   |                         |                     |                          |                      |                      |                      |
| Net investment in capital assets      | 6,498,807               | 6,695,843           | 12,511,103               | 12,617,558           | 19,009,910           | 19,313,401           |
| Restricted                            | <u>3,190,628</u>        | <u>3,264,360</u>    | <u>7,457</u>             | <u>-</u>             | <u>3,198,085</u>     | <u>3,264,360</u>     |
| Unrestricted (deficit)                | <u>(1,774,610)</u>      | <u>(1,913,070)</u>  | <u>4,862,682</u>         | <u>4,916,672</u>     | <u>3,088,072</u>     | <u>3,003,602</u>     |
| Total net position                    | <u>\$ 7,914,825</u>     | <u>\$ 8,047,133</u> | <u>\$ 17,381,242</u>     | <u>\$ 17,534,230</u> | <u>\$ 25,296,067</u> | <u>\$ 25,581,363</u> |

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

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

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

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the City's proportionate share of each plan's collective:

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2023, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$25,296,067. At year-end, net position was \$7,914,825 and \$17,381,242 for the governmental activities and the business-type activities, respectively.

## **CITY OF COSHOCTON, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 61.75% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, intangible right to use leased equipment, vehicles and infrastructure. Net investments in capital assets at December 31, 2023, were \$6,498,807 and \$12,511,103 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.

The net pension liability for governmental activities increased \$4,178,281 or 93.00%, deferred outflow of resources related to pension increased \$1,482,474 or 91.53% and deferred inflows of resources related to pension decreased \$2,188,255 or 82.97%. These changes were the result of changes at the pension system level for Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire (OP&F) Pension Fund. Primarily, net investment income on investments at the pension systems were negative for the 2022 measurement date that are used for the 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous year's large positive investment returns.

These changes also affected business-type activities: the net pension liability increased \$2,144,121 or 256.74%, deferred outflow of resources related to pension increased \$799,653 or 162.42% and deferred inflows of resources related to pension decreased \$1,021,582 or 99.91%.

As of December 31, 2023, the City's governmental activities unrestricted net position was a deficit balance of \$1,774,610. A portion of the City's governmental net position, \$3,190,628 represents resources that are subject to external restriction on how they may be used.

THIS SPACE INTENTIONALLY LEFT BLANK

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

The following tables show the changes in net position for 2023 and 2022.

|                                       | Change in Net Position |                      |                     |                      |                      |                      |
|---------------------------------------|------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
|                                       | Governmental           |                      | Business-type       |                      | Governmental         |                      |
|                                       | Activities             | Activities           | Activities          | Activities           | 2023                 | 2022                 |
|                                       | 2023                   | 2023                 | 2022                | 2022                 | Total                | Total                |
| <b>Revenues:</b>                      |                        |                      |                     |                      |                      |                      |
| Program revenues:                     |                        |                      |                     |                      |                      |                      |
| Charges for services                  | \$ 594,372             | \$ 8,360,623         | \$ 549,748          | \$ 7,106,625         | \$ 8,954,995         | \$ 7,656,373         |
| Operating grants and contributions    | 787,666                | -                    | 1,851,272           | -                    | 787,666              | 1,851,272            |
| Capital grants and contributions      | -                      | 333,500              | -                   | 470,058              | 333,500              | 470,058              |
| Total program revenues                | 1,382,038              | 8,694,123            | 2,401,020           | 7,576,683            | 10,076,161           | 9,977,703            |
| General revenues:                     |                        |                      |                     |                      |                      |                      |
| Property taxes                        | 968,291                | -                    | 958,322             | -                    | 968,291              | 958,322              |
| Income taxes                          | 7,799,699              | -                    | 7,146,898           | -                    | 7,799,699            | 7,146,898            |
| Lodging tax                           | 92,026                 | -                    | 88,555              | -                    | 92,026               | 88,555               |
| JEDD revenue                          | 195,557                | -                    | 132,055             | -                    | 195,557              | 132,055              |
| Unrestricted grants and entitlements  | 435,388                | -                    | 452,265             | -                    | 435,388              | 452,265              |
| Investment earnings                   | 183,759                | 609                  | 15,206              | -                    | 184,368              | 15,206               |
| Miscellaneous                         | 221,249                | 69,839               | 187,504             | 70,739               | 291,088              | 258,243              |
| Total general revenues                | 9,895,969              | 70,448               | 8,980,805           | 70,739               | 9,966,417            | 9,051,544            |
| Total revenues                        | 11,278,007             | 8,764,571            | 11,381,825          | 7,647,422            | 20,042,578           | 19,029,247           |
| <b>Expenses:</b>                      |                        |                      |                     |                      |                      |                      |
| General government                    | 2,728,455              | -                    | 2,405,722           | -                    | 2,728,455            | 2,405,722            |
| Security of persons and property      | 5,075,259              | -                    | 4,597,570           | -                    | 5,075,259            | 4,597,570            |
| Public health and welfare             | 638,904                | -                    | 366,361             | -                    | 638,904              | 366,361              |
| Transportation                        | 2,575,122              | -                    | 1,839,379           | -                    | 2,575,122            | 1,839,379            |
| Community environment                 | 32,707                 | -                    | 29,731              | -                    | 32,707               | 29,731               |
| Leisure time activity                 | 315,878                | -                    | 276,862             | -                    | 315,878              | 276,862              |
| Urban redevelopment and housing       | 19,552                 | -                    | 75,653              | -                    | 19,552               | 75,653               |
| Intergovernmental                     | 15,000                 | -                    | 15,000              | -                    | 15,000               | 15,000               |
| Other                                 | -                      | -                    | 30,300              | -                    | -                    | 30,300               |
| Interest and fiscal charges           | 9,438                  | -                    | 10,218              | -                    | 9,438                | 10,218               |
| Water                                 | -                      | 5,334,842            | -                   | 3,588,784            | 5,334,842            | 3,588,784            |
| Sewer                                 | -                      | 2,531,106            | -                   | 2,309,589            | 2,531,106            | 2,309,589            |
| Solid waste                           | -                      | 1,051,611            | -                   | 978,573              | 1,051,611            | 978,573              |
| Total expenses                        | 11,410,315             | 8,917,559            | 9,646,796           | 6,876,946            | 20,327,874           | 16,523,742           |
| Special Item - Transfer of Operations | -                      | -                    | (239,103)           | -                    | -                    | (239,103)            |
| Change in net position                | (132,308)              | (152,988)            | 1,495,926           | 770,476              | (285,296)            | 2,266,402            |
| Net position at beginning of year     | 8,047,133              | 17,534,230           | 6,551,207           | 16,763,754           | 25,581,363           | 23,314,961           |
| Net position at end of year           | <u>\$ 7,914,825</u>    | <u>\$ 17,381,242</u> | <u>\$ 8,047,133</u> | <u>\$ 17,534,230</u> | <u>\$ 25,296,067</u> | <u>\$ 25,581,363</u> |

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### Governmental Activities

Governmental activities net position decreased by \$132,308 from the 2022 net position.

Security of persons and property, which primarily supports the sheriff's contracts accounted for \$5,075,259 of the total expenses of the City. General government expenses totaled \$2,728,455. General government expenses were partially funded by \$594,372 in direct charges to users of the services.

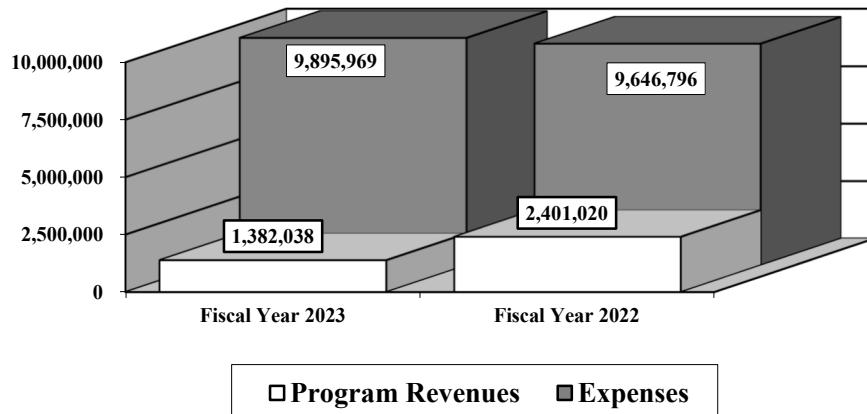
Expenses of the governmental activities increased \$1,763,519 or 18.28%. This increase is primarily the result of increased transportation costs and an increase in pension expense. The increase in pension was the result of an increase in expenses incurred at the pension system level for Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire (OP&F) Pension Fund due to a decrease in net investment income on investments compared to previous years.

The state and federal government contributed to the City a total of \$787,666 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of these total grants and contributions, \$719,256 subsidized transportation programs.

General revenues totaled \$9,895,969 and amounted to 87.75% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$8,767,990. 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 \$435,388. Miscellaneous general revenues were also a primary source of revenue during the current year. Miscellaneous revenues totaled \$221,249.

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 2023.

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



## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

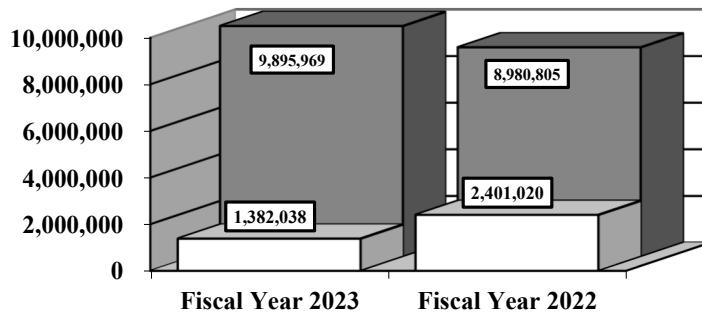
#### Governmental Activities

|                                  | <u>Total Cost of Services 2023</u> | <u>Net Cost of Services 2023</u> | <u>Total Cost of Services 2022</u> | <u>Net Cost of Services 2022</u> |
|----------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| <b>Program Expenses:</b>         |                                    |                                  |                                    |                                  |
| General government               | \$ 2,728,455                       | \$ 2,208,508                     | \$ 2,405,722                       | \$ 871,891                       |
| Security of persons and property | 5,075,259                          | 5,075,259                        | 4,597,570                          | 4,595,817                        |
| Public health and welfare        | 638,904                            | 528,264                          | 366,361                            | 275,862                          |
| Transportation                   | 2,575,122                          | 1,855,866                        | 1,839,379                          | 1,136,166                        |
| Community environment            | 32,707                             | 32,707                           | 29,731                             | 29,731                           |
| Leisure time activity            | 315,878                            | 292,493                          | 276,862                            | 253,162                          |
| Urban redevelopment and housing  | 19,552                             | 10,742                           | 75,653                             | 27,629                           |
| Intergovernmental                | 15,000                             | 15,000                           | 15,000                             | 15,000                           |
| Other                            | -                                  | -                                | 30,300                             | 30,300                           |
| Interest and fiscal charges      | <u>9,438</u>                       | <u>9,438</u>                     | <u>10,218</u>                      | <u>10,218</u>                    |
| <b>Total</b>                     | <b><u>\$ 11,410,315</u></b>        | <b><u>\$ 10,028,277</u></b>      | <b><u>\$ 9,646,796</u></b>         | <b><u>\$ 7,245,776</u></b>       |

The dependence upon general revenues for governmental activities is apparent, with 86.73% of expenses supported through taxes and other general revenues.

The chart below illustrates the City's program revenues versus general revenues for 2023 and 2022.

#### Governmental Activities – General and Program Revenues



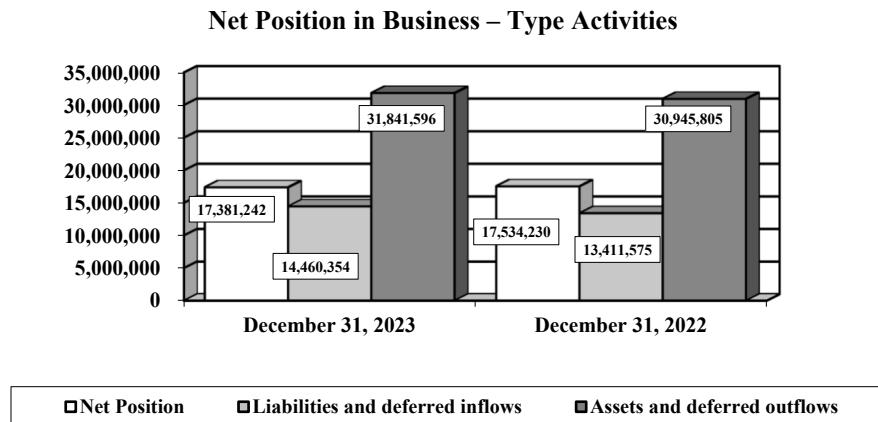
**Program Revenues**     **General Revenues**

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### Business-type Activities

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$8,694,123, general revenues of \$70,448 and expenses of \$8,917,559 for 2023. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end.



Overall, expenses of the business-type activities increased \$2,040,613 or 29.67%. This increase is primarily the result of an increase in pension expense. This increase was the result of an increase in expenses incurred at the pension system level for the Ohio Public Employees Retirement System (OPERS) due to a decrease in net investment income on investments compared to previous years.

#### 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 \$5,736,456, which is \$103,294 more than last year's total of \$5,633,162.

The table below indicates the fund balance and the total change in fund balance as of December 31, 2023 and December 31, 2022 for all major and nonmajor governmental funds.

|                                      | Fund Balances<br>12/31/23  | Fund Balances<br>12/31/22  | Change                   |
|--------------------------------------|----------------------------|----------------------------|--------------------------|
| <b>Major funds:</b>                  |                            |                            |                          |
| General                              | \$ 1,381,692               | \$ 1,043,254               | \$ 338,438               |
| Fire                                 | 870,790                    | 762,814                    | 107,976                  |
| Street                               | 557,454                    | 704,291                    | (146,837)                |
| Safety, security and law enforcement | 653,009                    | 519,716                    | 133,293                  |
| Other nonmajor governmental funds    | <u>2,273,511</u>           | <u>2,603,087</u>           | <u>(329,576)</u>         |
| <b>Total</b>                         | <b><u>\$ 5,736,456</u></b> | <b><u>\$ 5,633,162</u></b> | <b><u>\$ 103,294</u></b> |

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### ***General Fund***

The City's general fund balance increased \$338,438. The table that follows assists in illustrating the revenues of the general fund.

|                        | 2023                       | 2022                       | Percentage    |
|------------------------|----------------------------|----------------------------|---------------|
|                        | <u>Amount</u>              | <u>Amount</u>              | <u>Change</u> |
| <b><u>Revenues</u></b> |                            |                            |               |
| Taxes                  | \$ 3,235,153               | \$ 3,152,786               | 2.61 %        |
| Charges for services   | 190,760                    | 185,309                    | 2.94 %        |
| Licenses and permits   | 335,907                    | 275,781                    | 21.80 %       |
| Fines and forfeitures  | 4,188                      | 2,496                      | 67.79 %       |
| Investment income      | 183,759                    | 15,206                     | 1,108.46 %    |
| Special assessments    | 7,771                      | 9,883                      | (21.37) %     |
| Intergovernmental      | 420,678                    | 405,063                    | 3.85 %        |
| JEDD revenue           | 98,303                     | 66,381                     | 48.09 %       |
| Other                  | 144,171                    | 129,995                    | 10.91 %       |
| <b>Total</b>           | <b><u>\$ 4,620,690</u></b> | <b><u>\$ 4,242,900</u></b> | <b>8.90 %</b> |

Tax revenue represents 70.01% of all general fund revenue. The increase in investment income is due to the increase in the investments made by the City and the interest rate increase on the City's investment portfolio.

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

|                                  | 2023                       | 2022                       | Percentage    |
|----------------------------------|----------------------------|----------------------------|---------------|
|                                  | <u>Amount</u>              | <u>Amount</u>              | <u>Change</u> |
| <b><u>Expenditures</u></b>       |                            |                            |               |
| General government               | \$ 2,073,342               | \$ 1,854,885               | 11.78 %       |
| Security of persons and property | 1,321,811                  | 1,353,315                  | (2.33) %      |
| Public health and welfare        | 605,384                    | 505,975                    | 19.65 %       |
| Community environment            | 32,707                     | 29,731                     | 10.01 %       |
| Leisure time activity            | 228,018                    | 196,324                    | 16.14 %       |
| Capital outlay                   | 19,283                     | 16,256                     | 18.62 %       |
| Intergovernmental                | 15,000                     | 15,000                     | -             |
| Debt service                     | 5,643                      | 4,527                      | 24.65 %       |
| <b>Total</b>                     | <b><u>\$ 4,301,188</u></b> | <b><u>\$ 3,976,013</u></b> | <b>8.18 %</b> |

The City's total expenditures increased during 2023 by \$325,175. The increase in general governmental expenditures is related to an increase in expenses related to items such as mayor, auditor, general administration, and municipal court.

#### ***Fire Fund***

The fire fund had revenues of \$1,476,205 and expenditures of \$1,368,229 in 2023. The net increase in fund balance for the fire fund was \$107,976.

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### ***Street Fund***

The street fund had revenues of \$1,350,926 and expenditures of \$1,497,763 in 2023. The net decrease in fund balance for the street fund was \$146,837.

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

The safety, security and law enforcement fund had revenues of \$1,926,200 and expenditures of \$1,792,907 in 2023. The net increase in fund balance for the safety, security and law enforcement fund was \$133,293.

#### ***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 actual and final budgeted amount in the area of revenues, which decreased \$64,929 from \$4,664,343 to \$4,599,414. Final revenues were more than original budgeted revenues by \$608,643. Original budgeted expenditures came in \$78,256 higher than the final budgeted amounts. Actual expenditures of \$4,212,358 were less than final budgeted expenditures by \$755,965.

#### ***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 \$17,371,341. The schedule below indicates the net position and the total change in net position as of December 31, 2023 for all enterprise funds.

|                     | Net Position<br>12/31/23 | Net Position<br>12/31/22 | Change            |
|---------------------|--------------------------|--------------------------|-------------------|
| <b>Major funds:</b> |                          |                          |                   |
| Water               | \$ 12,665,159            | \$ 13,080,005            | \$ (414,846)      |
| Sewer               | 3,922,712                | 3,496,464                | 426,248           |
| Solid waste         | <u>783,470</u>           | <u>800,115</u>           | <u>(16,645)</u>   |
| Total               | <u>\$ 17,371,341</u>     | <u>\$ 17,376,584</u>     | <u>\$ (5,243)</u> |

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### ***Water Fund***

The City's Water fund net position decreased \$414,846 due to an increase in material and supplies expenses and personal service expenses.

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

|                                     | 2023<br>Amount             | 2022<br>Amount             | Percentage<br>Change |
|-------------------------------------|----------------------------|----------------------------|----------------------|
| <b><u>Operating Revenues</u></b>    |                            |                            |                      |
| Tap in fees                         | \$ 119,093                 | \$ -                       | N/A                  |
| Charges for services                | 4,314,327                  | 3,828,313                  | 12.70 %              |
| Special assessment revenue          | 23,450                     | 1,076                      | 2,079.37 %           |
| Other                               | <u>48,359</u>              | <u>29,434</u>              | 64.30 %              |
| <b>Total</b>                        | <b><u>\$ 4,505,229</u></b> | <b><u>\$ 3,858,823</u></b> | <b>16.75 %</b>       |
| <b><u>Operating Expenses</u></b>    |                            |                            |                      |
| Personal services                   | \$ 1,436,122               | \$ 736,586                 | 94.97 %              |
| Contractual services                | 166,129                    | 173,348                    | (4.16) %             |
| Materials and supplies              | 2,253,597                  | 1,383,724                  | 62.86 %              |
| Depreciation                        | 1,303,994                  | 1,265,943                  | 3.01 %               |
| Other                               | <u>2,450</u>               | <u>3,445</u>               | (28.88) %            |
| <b>Total</b>                        | <b><u>\$ 5,162,292</u></b> | <b><u>\$ 3,563,046</u></b> | <b>44.88 %</b>       |
| <b><u>Nonoperating Expenses</u></b> |                            |                            |                      |
| Interest revenue                    | \$ 609                     | \$ -                       | N/A                  |
| Interest expense and fiscal charges | <u>(91,892)</u>            | <u>(105,504)</u>           | (12.90) %            |
| <b>Total</b>                        | <b><u>\$ (91,283)</u></b>  | <b><u>\$ (105,504)</u></b> | <b>(13.48) %</b>     |
| <b><u>Capital Contributions</u></b> |                            |                            |                      |
| Capital contributions               | <u>\$ 333,500</u>          | <u>\$ 470,058</u>          | (29.05) %            |

THIS SPACE INTENTIONALLY LEFT BLANK

**CITY OF COSHOCTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

***Sewer Fund***

The City's sewer fund net position increased \$426,248 due to an increase in charges for services revenue which outpaced increases in personal services and materials and supplies. The following tables illustrate the revenues and expenses of the sewer fund.

|                                     | 2023<br>Amount      | 2022<br>Amount      | Percentage<br>Change |
|-------------------------------------|---------------------|---------------------|----------------------|
| <b><u>Operating Revenues</u></b>    |                     |                     |                      |
| Tap in fees                         | \$ 2,000            | \$ -                | N/A                  |
| Charges for services                | 2,849,958           | 2,365,013           | 20.50 %              |
| Special assessment revenue          | 16,829              | -                   | N/A                  |
| Other                               | 21,480              | 41,305              | (48.00) %            |
| <b>Total</b>                        | <b>\$ 2,890,267</b> | <b>\$ 2,406,318</b> | <b>20.11 %</b>       |
| <b><u>Operating Expenses</u></b>    |                     |                     |                      |
| Personal services                   | \$ 1,041,740        | \$ 803,006          | 29.73 %              |
| Contractual services                | 203,291             | 191,944             | 5.91 %               |
| Materials and supplies              | 677,857             | 634,597             | 6.82 %               |
| Depreciation                        | 403,776             | 602,867             | (33.02) %            |
| <b>Total</b>                        | <b>\$ 2,326,664</b> | <b>\$ 2,232,414</b> | <b>4.22 %</b>        |
| <b><u>Nonoperating Expenses</u></b> |                     |                     |                      |
| Interest expense and fiscal charges | (137,355)           | (143,646)           | (4.38) %             |
| <b>Total</b>                        | <b>\$ (137,355)</b> | <b>\$ (143,646)</b> | <b>(4.38) %</b>      |

THIS SPACE INTENTIONALLY LEFT BLANK

## CITY OF COSHOCTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### ***Solid Waste Fund***

The City's Solid Waste fund net position decreased \$16,645 due to an increase in contractual services expense outpacing the slight increase in charges for service revenue.

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

|                                  | <u>2023<br/>Amount</u> | <u>2022<br/>Amount</u> | <u>Percentage<br/>Change</u> |
|----------------------------------|------------------------|------------------------|------------------------------|
| <b><u>Operating Revenues</u></b> |                        |                        |                              |
| Charges for services             | <u>\$ 1,034,966</u>    | <u>\$ 912,223</u>      | 13.46 %                      |
| Total                            | <u>\$ 1,034,966</u>    | <u>\$ 912,223</u>      | 13.46 %                      |
| <b><u>Operating Expenses</u></b> |                        |                        |                              |
| Contractual services             | <u>889,352</u>         | <u>814,938</u>         | 9.13 %                       |
| Materials and supplies           | <u>158,798</u>         | <u>160,175</u>         | (0.86) %                     |
| Depreciation                     | <u>3,461</u>           | <u>3,460</u>           | 0.03 %                       |
| Total                            | <u>\$ 1,051,611</u>    | <u>\$ 978,573</u>      | 7.46 %                       |

#### **Capital Assets and Debt Administration**

##### ***Capital Assets***

At the end of 2023, the City had \$29,644,435 (net of accumulated depreciation/amortization) invested in land, construction in progress, buildings and improvements, land improvements, furniture and equipment, vehicles, intangible right to use leased equipment and infrastructure. Of this total, \$6,975,958 was reported in governmental activities and \$22,668,477 was reported in business-type activities. See Note 10 for further description of capital assets. The following table shows 2023 balances compared to 2022:

#### **Capital Assets at December 31 (Net of Depreciation/Amortization)**

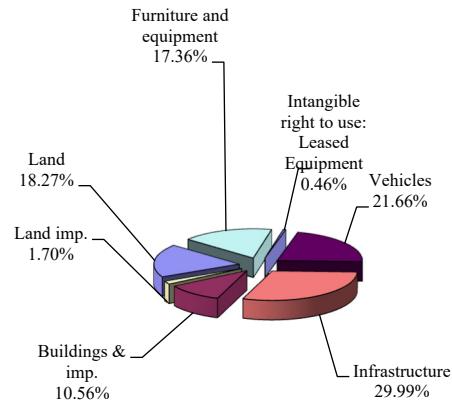
|   | <u>Governmental Activities</u> |                            | <u>Business-Type Activities</u> |                             | <u>Total</u>                |                             |
|---|--------------------------------|----------------------------|---------------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <u>2023</u>                    | <u>2022</u>                | <u>2023</u>                     | <u>2022</u>                 | <u>2023</u>                 | <u>2022</u>                 |
| Land                                      | \$ 1,274,518                   | \$ 1,274,518               | \$ 834,766                      | \$ 741,766                  | \$ 2,109,284                | \$ 2,016,284                |
| Land improvements                         | 118,819                        | 132,861                    | 20,208                          | 22,118                      | 139,027                     | 154,979                     |
| Buildings and improvements                | 736,500                        | 813,085                    | 3,888,713                       | 4,088,112                   | 4,625,213                   | 4,901,197                   |
| Furniture and equipment                   | 1,211,352                      | 1,017,657                  | 4,147,990                       | 4,506,473                   | 5,359,342                   | 5,524,130                   |
| Intangible right to use: Leased Equipment | 31,877                         | 16,549                     | -                               | 657                         | 31,877                      | 17,206                      |
| Vehicles                                  | 1,511,093                      | 1,631,252                  | 158,568                         | 205,359                     | 1,669,661                   | 1,836,611                   |
| Infrastructure                            | 2,091,799                      | 2,348,991                  | 12,812,202                      | 13,716,028                  | 14,904,001                  | 16,065,019                  |
| Construction in progress                  | -                              | -                          | 806,030                         | 8,471                       | 806,030                     | 8,471                       |
| <b>Totals</b>                             | <b><u>\$ 6,975,958</u></b>     | <b><u>\$ 7,234,913</u></b> | <b><u>\$ 22,668,477</u></b>     | <b><u>\$ 23,288,984</u></b> | <b><u>\$ 29,644,435</u></b> | <b><u>\$ 30,523,897</u></b> |

## CITY OF COSHOCOTON, OHIO

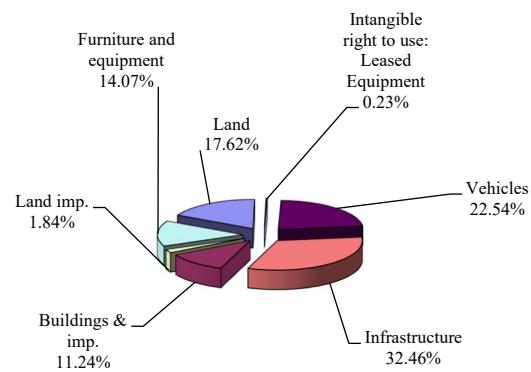
### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

The following graphs show the breakdown of governmental capital assets by category for 2023 and 2022.

**Capital Assets - Governmental Activities 2023**



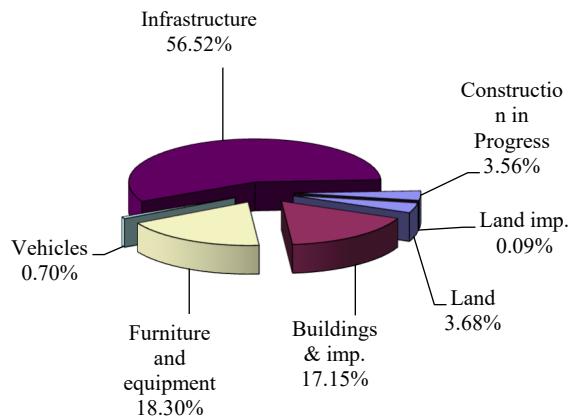
**Capital Assets - Governmental Activities 2022**



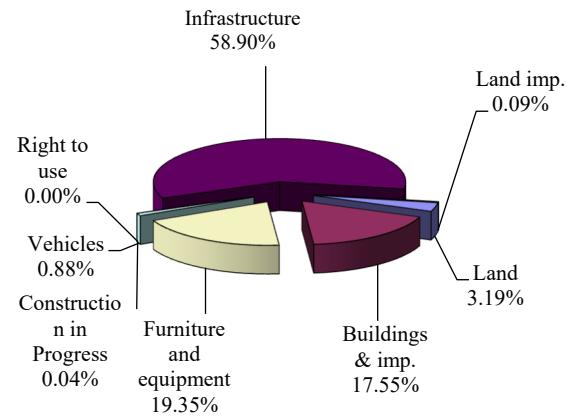
The City's largest governmental capital asset category is infrastructure. The net book value of this category (cost less accumulated depreciation/amortization) represents approximately 29.99% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2023 and 2022.

**Capital Assets - Business-Type Activities 2023**



**Capital Assets - Business-Type Activities 2022**



The City's largest business-type capital asset category is infrastructure which includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's water and sewer lines (cost less accumulated depreciation/amortization) represents approximately 56.52% of the City's total business-type capital assets.

## CITY OF COSHOCOTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

#### ***Debt Administration***

The City had the following debt outstanding at December 31, 2023 and 2022:

|                                 | Governmental Activities     |                             |
|---------------------------------|-----------------------------|-----------------------------|
|                                 | <u>2023</u>                 | <u>2022</u>                 |
| Acquisition bonds               | \$ 210,218                  | \$ 237,030                  |
| OPWC loans                      | 189,583                     | 216,666                     |
| Loan payable                    | 46,710                      | 69,042                      |
| Lease obligation                | <u>30,640</u>               | <u>16,332</u>               |
| <br>Total long-term obligations | <u><u>\$ 477,151</u></u>    | <u><u>\$ 539,070</u></u>    |
|                                 | Business-type Activities    |                             |
|                                 | <u>2023</u>                 | <u>2022</u>                 |
| OWDA loans                      | \$ 9,600,688                | \$ 9,372,804                |
| OPWC loans                      | 232,547                     | 255,188                     |
| Lease obligation                | -                           | 1,339                       |
| Acquisition bonds               | <u>936,770</u>              | <u>1,042,095</u>            |
| <br>Total long-term obligations | <u><u>\$ 10,770,005</u></u> | <u><u>\$ 10,671,426</u></u> |

Further detail on the City's long-term obligations can be found in Note 12 to the financial statements.

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

The Auditor continues to carefully monitor two primary sources of revenue – local income tax and shared intergovernmental revenue. In order to meet the objectives of the 2024 budget and going forward with the 2025 budget, efforts continue to contain costs while pursuing new sources of revenue. The overall income tax revenue for 2023 showed an increase of 5.32%. Other sources of revenue remain stable.

A 10-year Job Creation Grant Agreement with Kraft Heinz Foods signed in 2014 will end with tax year 2024. A total of \$873,140 has been rebated back to Kraft Heinz Foods and \$873,140 remitted to River View School District. The Rebate for 2023 tax year is \$164,321 to each entity. The last Rebate will be made in 2025 for tax year 2024. At the conclusion of the grant, those dollars will remain in the General Fund.

The Warsaw Waterline Extension project will begin in Fall of 2024. Continuing the efforts of regionalization, the extension project will see the addition of an estimated 326 Village customer; approximately 120 potential customers along US 36; water service to River View High and Junior High School; and the River View Elementary School. Nearly \$10,000,000 in grant dollars are currently awarded for this project.

Income Tax Revenue saw a 5.32% in 2023 with the largest percentage of increase coming from payroll withholdings.

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

#### **Contacting the City's Financial Management**

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

**BASIC  
FINANCIAL STATEMENTS**

**CITY OF COSHOCOTON, OHIO**

**STATEMENT OF NET POSITION**  
DECEMBER 31, 2023

| <b>Primary Government</b>                      |                                |                                 |                      |
|--|--------------------------------|---------------------------------|----------------------|
|  | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>         |
| <b>Assets:</b>                                 |                                |                                 |                      |
| Equity in pooled cash and cash equivalents     | \$ 6,961,898                   | \$ 5,924,144                    | \$ 12,886,042        |
| Receivables:                                   |                                |                                 |                      |
| Income taxes                                   | 1,850,037                      | -                               | 1,850,037            |
| Property and other local taxes                 | 956,111                        | -                               | 956,111              |
| Accounts                                       | 64,816                         | 1,073,046                       | 1,137,862            |
| Accrued interest                               | 29,329                         | 609                             | 29,938               |
| Leases   | -                              | 48,552                          | 48,552               |
| Special assessments                            | 3,582                          | 18,565                          | 22,147               |
| Internal balances                              | (9,901)                        | 9,901                           | -                    |
| Due from other governments                     | 572,825                        | 2,913                           | 575,738              |
| Materials and supplies inventory               | 137,139                        | 601,330                         | 738,469              |
| Prepayments                                    | 21,494                         | -                               | 21,494               |
| Due from JEDDS                                 | 75,436                         | -                               | 75,436               |
| Net pension asset                              | 9,762                          | 7,457                           | 17,219               |
| Capital assets:                                |                                |                                 |                      |
| Land and construction in progress              | 1,274,518                      | 1,640,796                       | 2,915,314            |
| Depreciable capital assets, net                | 5,701,440                      | 21,027,681                      | 26,729,121           |
| Total capital assets, net                      | 6,975,958                      | 22,668,477                      | 29,644,435           |
| Total assets                                   | <u>17,648,486</u>              | <u>30,354,994</u>               | <u>48,003,480</u>    |
| <b>Deferred outflows of resources:</b>         |                                |                                 |                      |
| Pension  | 3,102,173                      | 1,291,991                       | 4,394,164            |
| OPEB   | 499,250                        | 194,611                         | 693,861              |
| Total deferred outflows of resources           | <u>3,601,423</u>               | <u>1,486,602</u>                | <u>5,088,025</u>     |
| <b>Liabilities:</b>                            |                                |                                 |                      |
| Accounts payable                               | 338,921                        | 268,042                         | 606,963              |
| Accrued wages and benefits payable             | 65,109                         | 35,167                          | 100,276              |
| Due to other governments                       | 233,926                        | 20,987                          | 254,913              |
| Accrued interest payable                       | 88                             | 19,196                          | 19,284               |
| Claims payable                                 | 106,433                        | -                               | 106,433              |
| Unearned revenue                               | 509,400                        | -                               | 509,400              |
| Long-term liabilities:                         |                                |                                 |                      |
| Due within one year                            | 216,601                        | 1,091,963                       | 1,308,564            |
| Due in more than one year                      | 8,670,848                      | 2,979,242                       | 11,650,090           |
| Net pension liability                          | 438,853                        | 62,108                          | 500,961              |
| Net OPEB liability                             | 958,752                        | 9,918,165                       | 10,876,917           |
| Other amounts due in more than one year        | <u>11,538,931</u>              | <u>14,394,870</u>               | <u>25,933,801</u>    |
| <b>Deferred inflows of resources:</b>          |                                |                                 |                      |
| Property taxes levied for the next fiscal year | 921,478                        | -                               | 921,478              |
| Pension  | 449,069                        | 961                             | 450,030              |
| OPEB   | 425,606                        | 20,523                          | 446,129              |
| Leases   | -                              | 44,000                          | 44,000               |
| Total deferred inflows of resources            | <u>1,796,153</u>               | <u>65,484</u>                   | <u>1,861,637</u>     |
| <b>Net position:</b>                           |                                |                                 |                      |
| Net investment in capital assets               | 6,498,807                      | 12,511,103                      | 19,009,910           |
| Restricted for:                                |                                |                                 |                      |
| Capital projects                               | 1,185,787                      | -                               | 1,185,787            |
| Perpetual care:                                |                                |                                 |                      |
| Expendable                                     | 179,932                        | -                               | 179,932              |
| Nonexpendable                                  | 250,000                        | -                               | 250,000              |
| Transportation projects                        | 348,124                        | -                               | 348,124              |
| Public health and welfare programs             | 40,868                         | -                               | 40,868               |
| Public safety programs                         | 966,935                        | -                               | 966,935              |
| Pension and OPEB                               | 9,762                          | 7,457                           | 17,219               |
| Other purposes                                 | 209,220                        | -                               | 209,220              |
| Unrestricted (deficit)                         | <u>(1,774,610)</u>             | <u>4,862,682</u>                | <u>3,088,072</u>     |
| Total net position (deficit)                   | <u>\$ 7,914,825</u>            | <u>\$ 17,381,242</u>            | <u>\$ 25,296,667</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, OHIO**

**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED DECEMBER 31, 2023

|   | <b>Program Revenues</b> |                                       |   |   |
|---|-------------------------|---------------------------------------|---|---|
|   | <b>Expenses</b>         | <b>Charges for Services and Sales</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |
| <b>Governmental activities:</b>                             |                         |                                       |   |   |
| Current:  |                         |                                       |   |   |
| General government  | \$ 2,728,455            | \$ 507,697                            | \$ 12,250                                 | \$ -                                    |
| Security of persons and property                            | 5,075,259               | -                                     | -   | -                                       |
| Public health and welfare                                   | 638,904                 | 86,675                                | 23,965                                    | -                                       |
| Transportation  | 2,575,122               | -                                     | 719,256                                   | -                                       |
| Community environment                                       | 32,707                  | -                                     | -   | -                                       |
| Leisure time activity                                       | 315,878                 | -                                     | 23,385                                    | -                                       |
| Urban redevelopment and housing                             | 19,552                  | -                                     | 8,810                                     | -                                       |
| Intergovernmental   | 15,000                  | -                                     | -   | -                                       |
| Interest and fiscal charges                                 | 9,438                   | -                                     | -   | -                                       |
| Total governmental activities                               | <u>11,410,315</u>       | <u>594,372</u>                        | <u>787,666</u>                            | <u>-</u>                                |
| <b>Business-type activities:</b>                            |                         |                                       |   |   |
| Water   | 5,334,842               | 4,456,870                             | -   | 333,500                                 |
| Sewer   | 2,531,106               | 2,868,787                             | -   | -                                       |
| Solid waste   | 1,051,611               | 1,034,966                             | -   | -                                       |
| Total business-type activities                              | <u>8,917,559</u>        | <u>8,360,623</u>                      | <u>-</u>                                  | <u>333,500</u>                          |
| Total primary government                                    | <u>\$ 20,327,874</u>    | <u>\$ 8,954,995</u>                   | <u>\$ 787,666</u>                         | <u>\$ 333,500</u>                       |
| <b>General revenues:</b>                                    |                         |                                       |   |   |
| Property and other local taxes levied for:                  |                         |                                       |   |   |
| General purposes  |                         |                                       |   |   |
| Street levy fund  |                         |                                       |   |   |
| Fire pension fund   |                         |                                       |   |   |
| MVL fund  |                         |                                       |   |   |
| Income taxes levied for:                                    |                         |                                       |   |   |
| General purposes  |                         |                                       |   |   |
| Fire fund   |                         |                                       |   |   |
| Safety and Security fund                                    |                         |                                       |   |   |
| Retirement fund   |                         |                                       |   |   |
| Street fund   |                         |                                       |   |   |
| Street debt fund  |                         |                                       |   |   |
| Capital project fund  |                         |                                       |   |   |
| JEDD revenue levied for:                                    |                         |                                       |   |   |
| General purposes  |                         |                                       |   |   |
| Special revenue   |                         |                                       |   |   |
| Lodging tax levied for:                                     |                         |                                       |   |   |
| General purposes  |                         |                                       |   |   |
| Special revenue   |                         |                                       |   |   |
| Grants and entitlements not restricted to specific programs |                         |                                       |   |   |
| Investment earnings   |                         |                                       |   |   |
| Miscellaneous   |                         |                                       |   |   |
| Total general revenues                                      |                         |                                       |   |   |
| Change in net position                                      |                         |                                       |   |   |
| <b>Net position at beginning of year</b>                    |                         |                                       |   |   |
| <b>Net position at end of year</b>                          |                         |                                       |   |   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
|------------------------------------|-------------------------------------|---------------------|
| \$ (2,208,508)                     | \$ -                                | \$ (2,208,508)      |
| (5,075,259)                        | -                                   | (5,075,259)         |
| (528,264)                          | -                                   | (528,264)           |
| (1,855,866)                        | -                                   | (1,855,866)         |
| (32,707)                           | -                                   | (32,707)            |
| (292,493)                          | -                                   | (292,493)           |
| (10,742)                           | -                                   | (10,742)            |
| (15,000)                           | -                                   | (15,000)            |
| (9,438)                            | -                                   | (9,438)             |
| <u>(10,028,277)</u>                | <u>-</u>                            | <u>(10,028,277)</u> |
| <br>- (544,472)                    | <br>337,681                         | <br>(544,472)       |
| <u>-</u>                           | <u>(16,645)</u>                     | <u>(16,645)</u>     |
| <u>-</u>                           | <u>(223,436)</u>                    | <u>(223,436)</u>    |
| <u>(10,028,277)</u>                | <u>(223,436)</u>                    | <u>(10,251,713)</u> |
| <br>449,662                        | <br>-                               | <br>449,662         |
| 411,979                            | -                                   | 411,979             |
| 53,978                             | -                                   | 53,978              |
| 52,672                             | -                                   | 52,672              |
| <br>2,883,703                      | <br>-                               | <br>2,883,703       |
| 1,462,907                          | -                                   | 1,462,907           |
| 1,950,540                          | -                                   | 1,950,540           |
| 56,057                             | -                                   | 56,057              |
| 702,194                            | -                                   | 702,194             |
| 61,611                             | -                                   | 61,611              |
| 682,687                            | -                                   | 682,687             |
| <br>98,303                         | <br>-                               | <br>98,303          |
| 97,254                             | -                                   | 97,254              |
| <br>4,218                          | <br>-                               | <br>4,218           |
| 87,808                             | -                                   | 87,808              |
| <br>435,388                        | <br>-                               | <br>435,388         |
| 183,759                            | 609                                 | 184,368             |
| 221,249                            | 69,839                              | <u>291,088</u>      |
| <u>9,895,969</u>                   | <u>70,448</u>                       | <u>9,966,417</u>    |
| <br>(132,308)                      | <br>(152,988)                       | <br>(285,296)       |
| <u>8,047,133</u>                   | <u>17,534,230</u>                   | <u>25,581,363</u>   |
| <br>\$ 7,914,825                   | <br>\$ 17,381,242                   | <br>\$ 25,296,067   |

**CITY OF COSHOCTON, OHIO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

|   | <b>General</b>      | <b>Fire</b>         | <b>Street</b>     | <b>Safety, Security<br/>&amp; Law<br/>Enforcement</b> |
|---|---------------------|---------------------|-------------------|---|
| <b>Assets:</b>  |                     |                     |                   |   |
| Equity in pooled cash and cash equivalents                            | \$ 1,532,453        | \$ 806,772          | \$ 357,442        | \$ 485,053  |
| Receivables:  |                     |                     |                   |   |
| Income taxes  | 684,576             | 347,344             | 166,724           | 463,124   |
| Property and other local taxes  | 462,645             | -                   | -                 | -   |
| Accounts  | 62,078              | -                   | -                 | -   |
| Accrued interest  | 24,655              | -                   | 763               | -   |
| Special assessments   | 3,582               | -                   | -                 | -   |
| Due from other funds  | 452                 | -                   | -                 | -   |
| Due from other governments  | 186,526             | -                   | 304,751           | -   |
| Due from external parties   | 37,920              | 18,758              | -                 | 18,758  |
| Materials and supplies inventory                                      | 4,049               | -                   | 133,090           | -   |
| Prepayments   | -                   | -                   | -                 | -   |
| Total assets  | <u>\$ 2,998,936</u> | <u>\$ 1,172,874</u> | <u>\$ 962,770</u> | <u>\$ 966,935</u>                                     |
| <b>Liabilities:</b>   |                     |                     |                   |   |
| Accounts payable  | \$ 256,642          | \$ 7,916            | \$ 20,673         | \$ -  |
| Accrued wages and benefits payable                                    | 25,681              | 27,629              | 11,799            | -   |
| Due to other funds  | -                   | -                   | -                 | -   |
| Due to other governments  | 187,022             | 31,094              | 6,857             | -   |
| Unearned revenue  | -                   | -                   | -                 | -   |
| Total liabilities   | <u>469,345</u>      | <u>66,639</u>       | <u>39,329</u>     | <u>-</u>  |
| <b>Deferred inflows of resources:</b>                                 |                     |                     |                   |   |
| Property taxes levied for the next fiscal year                        | 449,296             | -                   | -                 | -   |
| Delinquent property tax revenue not available                         | 13,349              | -                   | -                 | -   |
| Special assessments revenue not available                             | 3,582               | -                   | -                 | -   |
| Miscellaneous revenue not available                                   | 54,274              | -                   | -                 | -   |
| Income tax revenue not available                                      | 464,036             | 235,445             | 113,013           | 313,926   |
| Other nonexchange transactions not available                          | 163,362             | -                   | 252,974           | -   |
| Total deferred inflows of resources                                   | <u>1,147,899</u>    | <u>235,445</u>      | <u>365,987</u>    | <u>313,926</u>  |
| Total liabilities and deferred inflows of resources                   | <u>1,617,244</u>    | <u>302,084</u>      | <u>405,316</u>    | <u>313,926</u>  |
| <b>Fund balances:</b>   |                     |                     |                   |   |
| Nonspendable  | 14,191              | -                   | 133,090           | -   |
| Restricted  | -                   | 870,790             | 424,364           | 653,009   |
| Committed   | -                   | -                   | -                 | -   |
| Assigned  | 636,580             | -                   | -                 | -   |
| Unassigned  | 730,921             | -                   | -                 | -   |
| Total fund balances   | <u>1,381,692</u>    | <u>870,790</u>      | <u>557,454</u>    | <u>653,009</u>  |
| Total liabilities, deferred inflows<br>of resources and fund balances | <u>\$ 2,998,936</u> | <u>\$ 1,172,874</u> | <u>\$ 962,770</u> | <u>\$ 966,935</u>                                     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|---|
| \$ 2,742,047                            | \$ 5,923,767                            |
| 188,269                                 | 1,850,037                               |
| 493,466                                 | 956,111                                 |
| 2,738                                   | 64,816                                  |
| 3,911                                   | 29,329                                  |
| -                                       | 3,582                                   |
| -                                       | 452                                     |
| 81,548                                  | 572,825                                 |
| -                                       | 75,436                                  |
| -                                       | 137,139                                 |
| <u>21,494</u>                           | <u>21,494</u>                           |
| <u>\$ 3,533,473</u>                     | <u>\$ 9,634,988</u>                     |
|   |   |
| \$ 53,690                               | \$ 338,921                              |
| -                                       | 65,109                                  |
| 452                                     | 452                                     |
| 8,953                                   | 233,926                                 |
| <u>509,400</u>                          | <u>509,400</u>                          |
| <u>572,495</u>                          | <u>1,147,808</u>                        |
|   |   |
| 472,182                                 | 921,478                                 |
| 14,029                                  | 27,378                                  |
| -                                       | 3,582                                   |
| -                                       | 54,274                                  |
| 127,617                                 | 1,254,037                               |
| 73,639                                  | 489,975                                 |
| <u>687,467</u>                          | <u>2,750,724</u>                        |
| <u>1,259,962</u>                        | <u>3,898,532</u>                        |
|   |   |
| 271,494                                 | 418,775                                 |
| 1,584,622                               | 3,532,785                               |
| 417,395                                 | 417,395                                 |
| -                                       | 636,580                                 |
| -                                       | 730,921                                 |
| <u>2,273,511</u>                        | <u>5,736,456</u>                        |
| <u>\$ 3,533,473</u>                     | <u>\$ 9,634,988</u>                     |

**CITY OF COSHOCOTON, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023**

|  |                     |
|--|---------------------|
| <b>Total governmental fund balances</b>  | \$ 5,736,456        |
| <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.  | 6,975,958           |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.   |                     |
| Income taxes receivable  | \$ 1,254,037        |
| Property taxes receivable  | 27,378              |
| Miscellaneous receivable   | 54,274              |
| Intergovernmental receivable   | 489,975             |
| Special assessments receivable   | <u>3,582</u>        |
| Total  | 1,829,246           |
| 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 \$9,901, is: | 921,797             |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.  | (88)                |
| 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  | (210,218)           |
| Lease payable  | (30,640)            |
| Loan payable   | (46,710)            |
| OPWC loans   | (189,583)           |
| Compensated absences   | <u>(698,202)</u>    |
| Total  | (1,175,353)         |
| 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  | 3,102,173           |
| Deferred inflows   | (449,069)           |
| Net pension asset  | 9,762               |
| Net pension liability  | <u>(8,670,848)</u>  |
| Total  | (6,007,982)         |
| The OPEB liability is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds.  |                     |
| Deferred outflows of resources   | 499,250             |
| Deferred inflows of resources  | (425,606)           |
| Net OPEB liability   | <u>(438,853)</u>    |
| Total  | <u>(365,209)</u>    |
| <b>Net position of governmental activities</b>   | <u>\$ 7,914,825</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF COSHOCOTON, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

|  | <b>General</b>      | <b>Fire</b>       | <b>Street</b>     | <b>Safety, Security<br/>&amp; Law<br/>Enforcement</b> |
|--|---------------------|-------------------|-------------------|---|
| <b>Revenues:</b>   |                     |                   |                   |   |
| Income taxes   | \$ 2,775,559        | \$ 1,408,181      | \$ 675,926        | \$ 1,877,573  |
| Property and other taxes                                     | 459,594             | -                 | -                 | -   |
| Charges for services   | 190,760             | -                 | -                 | -   |
| Licenses and permits   | 335,907             | -                 | -                 | -   |
| Fines and forfeitures  | 4,188               | -                 | -                 | -   |
| Intergovernmental  | 420,678             | -                 | 656,589           | -   |
| Special assessments  | 7,771               | -                 | -                 | -   |
| Investment income  | 183,759             | -                 | 6,640             | -   |
| JEDD revenue   | 98,303              | 48,627            | -                 | 48,627  |
| Other  | 144,171             | 19,397            | 11,771            | -   |
| <b>Total revenues</b>  | <b>4,620,690</b>    | <b>1,476,205</b>  | <b>1,350,926</b>  | <b>1,926,200</b>                                      |
| <b>Expenditures:</b>   |                     |                   |                   |   |
| Current:   |                     |                   |                   |   |
| General government   | 2,073,342           | -                 | -                 | -   |
| Security of persons and property                             | 1,321,811           | 1,368,229         | -                 | 1,792,907   |
| Public health and welfare                                    | 605,384             | -                 | -                 | -   |
| Transportation   | -                   | -                 | 1,473,137         | -   |
| Community environment  | 32,707              | -                 | -                 | -   |
| Leisure time activity  | 228,018             | -                 | -                 | -   |
| Urban redevelopment and housing                              | -                   | -                 | -                 | -   |
| Capital outlay   | 19,283              | -                 | -                 | -   |
| Intergovernmental  | 15,000              | -                 | -                 | -   |
| Debt service:  |                     |                   |                   |   |
| Principal retirement   | 4,628               | -                 | 22,332            | -   |
| Interest and fiscal charges                                  | 1,015               | -                 | 2,294             | -   |
| <b>Total expenditures</b>                                    | <b>4,301,188</b>    | <b>1,368,229</b>  | <b>1,497,763</b>  | <b>1,792,907</b>                                      |
| Excess (deficiency) of revenues<br>over (under) expenditures | 319,502             | 107,976           | (146,837)         | 133,293   |
| <b>Other financing sources:</b>                              |                     |                   |                   |   |
| Lease transaction  | 18,936              | -                 | -                 | -   |
| <b>Total other financing sources</b>                         | <b>18,936</b>       | <b>-</b>          | <b>-</b>          | <b>-</b>  |
| Net change in fund balances                                  | 338,438             | 107,976           | (146,837)         | 133,293   |
| <b>Fund balances at beginning of year</b>                    | <b>1,043,254</b>    | <b>762,814</b>    | <b>704,291</b>    | <b>519,716</b>  |
| <b>Fund balances at end of year</b>                          | <b>\$ 1,381,692</b> | <b>\$ 870,790</b> | <b>\$ 557,454</b> | <b>\$ 653,009</b>                                     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 772,259                     | \$ 7,509,498                   |
| 612,122                        | 1,071,716                      |
| -                              | 190,760                        |
| -                              | 335,907                        |
| 70,442                         | 74,630                         |
| 113,101                        | 1,190,368                      |
| -                              | 7,771                          |
| 25,418                         | 215,817                        |
| -                              | 195,557                        |
| 53,217                         | 228,556                        |
| <u>1,646,559</u>               | <u>11,020,580</u>              |

|                  |                   |
|------------------|-------------------|
| 159,655          | 2,232,997         |
| 59,812           | 4,542,759         |
| 9,592            | 614,976           |
| 720,282          | 2,193,419         |
| -                | 32,707            |
| -                | 228,018           |
| 19,552           | 19,552            |
| 947,242          | 966,525           |
| -                | 15,000            |
| 53,895           | 80,855            |
| 6,105            | 9,414             |
| <u>1,976,135</u> | <u>10,936,222</u> |

|                  |               |
|------------------|---------------|
| <u>(329,576)</u> | <u>84,358</u> |
|------------------|---------------|

|   |        |
|---|--------|
| - | 18,936 |
| - | 18,936 |

|                     |                     |
|---------------------|---------------------|
| (329,576)           | 103,294             |
| 2,603,087           | 5,633,162           |
| <u>\$ 2,273,511</u> | <u>\$ 5,736,456</u> |

**CITY OF COSHOCOTON, 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, 2023**

|  |   |
|--|---|
| <b>Net change in fund balances - total governmental funds</b>  | \$ 103,294  |
| <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  | \$ 586,497  |
| Current year depreciation  | (845,452)   |
| Total  | <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> (258,955)    |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |   |
|  |   |
| Income taxes   | 290,201   |
| Property taxes   | (11,399)  |
| Miscellaneous  | (9,821)   |
| Intergovernmental revenues   | 628   |
| Special assessments  | (12,182)  |
| Total  | <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> 257,427      |
| 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.   |   |
|  |   |
| 80,855   |   |
| Proceeds of leases 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   |   |
|  |   |
| (18,936)   |   |
| In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.   |   |
|  |   |
| Increase in accrued interest payable   | (24)  |
| 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.   |   |
|  |   |
| (79,286)   |   |
| 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  | 578,608   |
| OPEB   | 6,478   |
| Total  | <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> 585,086      |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.   |   |
|  |   |
| Pension  | (1,094,227)   |
| OPEB   | 113,867   |
| Total  | <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> (980,360)    |
| 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 \$147,745 is allocated among the governmental activities. |   |
|  |   |
| 178,591  |   |
| <b>Change in net position of governmental activities</b>   | <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> \$ (132,308) |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, 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, 2023

|   | <b>Budgeted Amounts</b> |                   |                     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |                   |
|---|-------------------------|-------------------|---------------------|---|-------------------|
|   | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>       |   |                   |
|   |                         |                   |                     |   |                   |
| <b>Revenues:</b>                            |                         |                   |                     |   |                   |
| Income taxes                                | \$ 2,516,400            | \$ 2,831,000      | \$ 2,783,872        | \$ (47,128)   |                   |
| Property and other taxes                    | 424,800                 | 459,398           | 459,546             |   | 148               |
| Charges for services                        | 210,000                 | 190,651           | 190,314             |   | (337)             |
| Licenses and permits                        | 288,500                 | 345,127           | 343,750             |   | (1,377)           |
| Fines and forfeitures                       | 2,500                   | 4,188             | 4,188               |   | -                 |
| Intergovernmental                           | 398,500                 | 425,114           | 424,556             |   | (558)             |
| Special assessments                         | 6,486                   | 8,256             | 7,771               |   | (485)             |
| Investment income                           | 10,000                  | 162,409           | 162,410             |   | 1                 |
| JEDD revenue                                | 80,000                  | 78,892            | 78,701              |   | (191)             |
| Other                                       | 118,514                 | 159,308           | 144,306             |   | (15,002)          |
| <b>Total revenues</b>                       | <b>4,055,700</b>        | <b>4,664,343</b>  | <b>4,599,414</b>    |   | <b>(64,929)</b>   |
| <b>Expenditures:</b>                        |                         |                   |                     |   |                   |
| Current:                                    |                         |                   |                     |   |                   |
| General government                          | 2,539,308               | 2,458,952         | 1,978,366           |   | 480,586           |
| Security of persons and property            | 1,470,000               | 1,470,000         | 1,322,090           |   | 147,910           |
| Public health and welfare                   | 695,860                 | 697,960           | 623,351             |   | 74,609            |
| Community environment                       | 65,122                  | 65,122            | 33,266              |   | 31,856            |
| Leisure time activity                       | 255,646                 | 255,646           | 234,642             |   | 21,004            |
| Intergovernmental                           | 15,000                  | 15,000            | 15,000              |   | -                 |
| Debt service:                               |                         |                   |                     |   |                   |
| Principal retirement                        | 4,628                   | 4,628             | 4,628               |   | -                 |
| Interest and fiscal charges                 | 1,015                   | 1,015             | 1,015               |   | -                 |
| <b>Total expenditures</b>                   | <b>5,046,579</b>        | <b>4,968,323</b>  | <b>4,212,358</b>    |   | <b>755,965</b>    |
| Net change in fund balances                 | (990,879)               | (303,980)         | 387,056             |   | 691,036           |
| <b>Fund balances at beginning of year</b>   | <b>1,129,859</b>        | <b>1,129,859</b>  | <b>1,129,859</b>    |   | <b>-</b>          |
| <b>Prior year encumbrances appropriated</b> | <b>1,433</b>            | <b>1,433</b>      | <b>1,433</b>        |   | <b>-</b>          |
| <b>Fund balance at end of year</b>          | <b>\$ 140,413</b>       | <b>\$ 827,312</b> | <b>\$ 1,518,348</b> |   | <b>\$ 691,036</b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, 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, 2023

|   | <b>Budgeted Amounts</b> |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |  |
|---|-------------------------|-------------------|-------------------|---|--|
|   | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>     |   |  |
|   |                         |                   |                   | <b>Positive<br/>(Negative)</b>                                    |  |
| <b>Revenues:</b>                            |                         |                   |                   |   |  |
| Income taxes                                | \$ 1,260,000            | \$ 1,455,000      | \$ 1,412,492      | \$ (42,508)   |  |
| JEDD revenue                                | 30,000                  | 30,000            | 38,930            | 8,930   |  |
| Other                                       | 10,000                  | 20,000            | 19,797            | (203)   |  |
| Total revenues                              | <u>1,300,000</u>        | <u>1,505,000</u>  | <u>1,471,219</u>  | <u>(33,781)</u>   |  |
| <b>Expenditures:</b>                        |                         |                   |                   |   |  |
| Current:                                    |                         |                   |                   |   |  |
| Security of persons and property            | 1,568,415               | 1,568,415         | 1,357,314         | 211,101   |  |
| Total expenditures                          | <u>1,568,415</u>        | <u>1,568,415</u>  | <u>1,357,314</u>  | <u>211,101</u>  |  |
| Net change in fund balances                 | (268,415)               | (63,415)          | 113,905           | 177,320   |  |
| <b>Fund balances at beginning of year</b>   | 692,452                 | 692,452           | 692,452           | -   |  |
| <b>Prior year encumbrances appropriated</b> | 415                     | 415               | 415               | -   |  |
| <b>Fund balance at end of year</b>          | <u>\$ 424,452</u>       | <u>\$ 629,452</u> | <u>\$ 806,772</u> | <u>\$ 177,320</u>   |  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, 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, 2023

|   | <b>Budgeted Amounts</b> |                  |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |                   |
|---|-------------------------|------------------|-------------------|---|-------------------|
|   | <b>Original</b>         | <b>Final</b>     | <b>Actual</b>     |   |                   |
|   |                         |                  |                   | <b>Positive</b>   | <b>(Negative)</b> |
| <b>Revenues:</b>                            |                         |                  |                   |   |                   |
| Income taxes                                | \$ 615,000              | \$ 698,000       | \$ 677,996        | \$ (20,004)   |                   |
| Intergovernmental                           | 628,000                 | 639,000          | 664,301           | 25,301  |                   |
| Investment income                           | 1,000                   | 1,000            | 6,031             | 5,031   |                   |
| Other                                       | 6,000                   | 6,000            | 11,771            | 5,771   |                   |
| <b>Total revenues</b>                       | <b>1,250,000</b>        | <b>1,344,000</b> | <b>1,360,099</b>  | <b>16,099</b>   |                   |
| <b>Expenditures:</b>                        |                         |                  |                   |   |                   |
| Current:                                    |                         |                  |                   |   |                   |
| Transportation                              | 1,745,068               | 1,745,068        | 1,591,719         | 153,349   |                   |
| Debt service:                               |                         |                  |                   |   |                   |
| Principal retirement                        | 22,332                  | 22,332           | 22,332            | -   |                   |
| Interest and fiscal charges                 | 3,668                   | 3,668            | 2,294             | 1,374   |                   |
| <b>Total expenditures</b>                   | <b>1,771,068</b>        | <b>1,771,068</b> | <b>1,616,345</b>  | <b>154,723</b>  |                   |
| Net change in fund balances                 | (521,068)               | (427,068)        | (256,246)         | 170,822   |                   |
| <b>Fund balances at beginning of year</b>   | <b>490,560</b>          | <b>490,560</b>   | <b>490,560</b>    | <b>-</b>  |                   |
| <b>Prior year encumbrances appropriated</b> | <b>33,568</b>           | <b>33,568</b>    | <b>33,568</b>     | <b>-</b>  |                   |
| <b>Fund balance at end of year</b>          | <b>\$ 3,060</b>         | <b>\$ 97,060</b> | <b>\$ 267,882</b> | <b>\$ 170,822</b>   |                   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, 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, 2023

|   | <b>Budgeted Amounts</b> |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------|-------------------|---|
|   | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>     |   |
|   |                         |                   |                   |   |
| <b>Revenues:</b>                          |                         |                   |                   |   |
| Income taxes                              | \$ 1,626,000            | \$ 1,901,000      | \$ 1,883,321      | \$ (17,679)   |
| JEDD revenue                              | 24,000                  | 30,000            | 38,930            | 8,930   |
| <b>Total revenues</b>                     | <b>1,650,000</b>        | <b>1,931,000</b>  | <b>1,922,251</b>  | <b>(8,749)</b>  |
| <b>Expenditures:</b>                      |                         |                   |                   |   |
| Current:                                  |                         |                   |                   |   |
| Security of persons and property          | 1,685,360               | 1,801,546         | 1,792,907         | 8,639   |
| <b>Total expenditures</b>                 | <b>1,685,360</b>        | <b>1,801,546</b>  | <b>1,792,907</b>  | <b>8,639</b>  |
| Net change in fund balances               | (35,360)                | 129,454           | 129,344           | (110)   |
| <b>Fund balances at beginning of year</b> | <b>355,709</b>          | <b>355,709</b>    | <b>355,709</b>    | <b>-</b>  |
| <b>Fund balance at end of year</b>        | <b>\$ 320,349</b>       | <b>\$ 485,163</b> | <b>\$ 485,053</b> | <b>\$ (110)</b>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, OHIO**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2023**

|   | <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>Water</b>                                       | <b>Sewer</b>        | <b>Solid Waste</b> | <b>Total</b>         |  |
| <b>Assets:</b>  |  |                     |                    |                      |  |
| Current assets:   |  |                     |                    |                      |  |
| Equity in pooled cash and cash equivalents  | \$ 3,472,570                                       | \$ 1,859,363        | \$ 592,211         | \$ 5,924,144         | \$ 1,038,131   |
| Receivables:  |  |                     |                    |                      |  |
| Accounts  | 439,199  | 475,612             | 158,235            | 1,073,046            | -  |
| Special assessments   | 10,808   | 7,757               | -                  | 18,565               | -  |
| Accrued interest  | 609  | -                   | -                  | 609                  | -  |
| Leases  | 48,552   | -                   | -                  | 48,552               | -  |
| Due from other governments  | -  | 2,913               | -                  | 2,913                | -  |
| Materials and supplies inventory  | 593,455  | 7,875               | -                  | 601,330              | -  |
| Total current assets  | <u>4,565,193</u>                                   | <u>2,353,520</u>    | <u>750,446</u>     | <u>7,669,159</u>     | <u>1,038,131</u>                                       |
| Noncurrent assets:  |  |                     |                    |                      |  |
| Net pension asset   | 5,362  | 2,095               | -                  | 7,457                | -  |
| Capital assets:   |  |                     |                    |                      |  |
| Land and construction in progress   | 1,422,775  | 184,344             | 33,677             | 1,640,796            | -  |
| Depreciable capital assets, net   | 14,247,594   | 6,704,457           | 75,630             | 21,027,681           | -  |
| Total capital assets, net   | <u>15,670,369</u>                                  | <u>6,888,801</u>    | <u>109,307</u>     | <u>22,668,477</u>    | <u>-</u>   |
| Total noncurrent assets   | <u>15,675,731</u>                                  | <u>6,890,896</u>    | <u>109,307</u>     | <u>22,675,934</u>    | <u>-</u>   |
| Total assets  | <u>20,240,924</u>                                  | <u>9,244,416</u>    | <u>859,753</u>     | <u>30,345,093</u>    | <u>1,038,131</u>                                       |
| <b>Deferred outflows of resources:</b>  |  |                     |                    |                      |  |
| Pension   | 932,099  | 359,892             | -                  | 1,291,991            | -  |
| OPEB  | 139,311  | 55,300              | -                  | 194,611              | -  |
| Total deferred outflows of resources  | <u>1,071,410</u>                                   | <u>415,192</u>      | <u>-</u>           | <u>1,486,602</u>     | <u>-</u>   |
| <b>Liabilities:</b>   |  |                     |                    |                      |  |
| Current liabilities:  |  |                     |                    |                      |  |
| Accounts payable  | 128,546  | 63,213              | 76,283             | 268,042              | -  |
| Accrued wages and benefits payable  | 21,710   | 13,457              | -                  | 35,167               | -  |
| Compensated absences payable - current  | 28,174   | 6,137               | -                  | 34,311               | -  |
| Due to other governments  | 13,785   | 7,202               | -                  | 20,987               | -  |
| Accrued interest payable  | 19,196   | -                   | -                  | 19,196               | -  |
| Claims payable  | -  | -                   | -                  | -                    | 106,433  |
| OWDA loans payable  | 699,083  | 228,125             | -                  | 927,208              | -  |
| OPWC loans payable  | 22,641   | -                   | -                  | 22,641               | -  |
| Acquisition bonds   | 107,803  | -                   | -                  | 107,803              | -  |
| Total current liabilities   | <u>1,040,938</u>                                   | <u>318,134</u>      | <u>76,283</u>      | <u>1,435,355</u>     | <u>106,433</u>   |
| Long-term liabilities:  |  |                     |                    |                      |  |
| Compensated absences payable  | 159,099  | 46,713              | -                  | 205,812              | -  |
| OWDA loans payable  | 4,161,862  | 4,511,618           | -                  | 8,673,480            | -  |
| OPWC loans payable  | 209,906  | -                   | -                  | 209,906              | -  |
| Acquisition bonds   | 828,967  | -                   | -                  | 828,967              | -  |
| Net pension liability   | 2,142,322  | 836,920             | -                  | 2,979,242            | -  |
| Net OPEB liability  | 44,661   | 17,447              | -                  | 62,108               | -  |
| Total long-term liabilities   | <u>7,546,817</u>                                   | <u>5,412,698</u>    | <u>-</u>           | <u>12,959,515</u>    | <u>-</u>   |
| Total liabilities   | <u>8,587,755</u>                                   | <u>5,730,832</u>    | <u>76,283</u>      | <u>14,394,870</u>    | <u>106,433</u>   |
| <b>Deferred inflows of resources:</b>   |  |                     |                    |                      |  |
| Pension   | 691  | 270                 | -                  | 961                  | -  |
| OPEB  | 14,729   | 5,794               | -                  | 20,523               | -  |
| Leases  | 44,000   | -                   | -                  | 44,000               | -  |
| Total deferred inflows of resources   | <u>59,420</u>                                      | <u>6,064</u>        | <u>-</u>           | <u>65,484</u>        | <u>-</u>   |
| <b>Net position:</b>  |  |                     |                    |                      |  |
| Net investment in capital assets  | 10,252,738   | 2,149,058           | 109,307            | 12,511,103           | -  |
| Restricted for pension & OPEB   | 5,362  | 2,095               | -                  | 7,457                | -  |
| Unrestricted  | 2,407,059  | 1,771,559           | 674,163            | 4,852,781            | 931,698  |
| Total net position  | <u>\$ 12,665,159</u>                               | <u>\$ 3,922,712</u> | <u>\$ 783,470</u>  | <u>17,371,341</u>    | <u>\$ 931,698</u>                                      |
| Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds. |  |                     |                    | 9,901                |  |
| Net position of business-type activities  |  |                     |                    | <u>\$ 17,381,242</u> |  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2023

|   | <b>Business-type Activities - Enterprise Funds</b> |                            |                          |                            | <b>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</b> |
|---|--|----------------------------|--------------------------|----------------------------|--|
|   | <b>Water</b>                                       | <b>Sewer</b>               | <b>Solid<br/>Waste</b>   | <b>Total</b>               |  |
|   |  |                            |                          |                            |  |
| <b>Operating revenues:</b>  |  |                            |                          |                            |  |
| Tap-in fees   | \$ 119,093   | \$ 2,000                   | \$ -                     | \$ 121,093                 | \$ -   |
| Charges for services  | 4,314,327  | 2,849,958                  | 1,034,966                | 8,199,251                  | 1,505,884  |
| Special assessments   | 23,450   | 16,829                     | -                        | 40,279                     | -  |
| Other   | 48,359   | 21,480                     | -                        | 69,839                     | -  |
| Total operating revenues  | <u>4,505,229</u>                                   | <u>2,890,267</u>           | <u>1,034,966</u>         | <u>8,430,462</u>           | <u>1,505,884</u>   |
| <b>Operating expenses:</b>  |  |                            |                          |                            |  |
| Personal services   | 1,436,122  | 1,041,740                  | -                        | 2,477,862                  | -  |
| Contract services   | 166,129  | 203,291                    | 889,352                  | 1,258,772                  | 368,189  |
| Materials and supplies  | 2,253,597  | 677,857                    | 158,798                  | 3,090,252                  | 2,240  |
| Claims  | -  | -                          | -                        | -                          | 1,104,609  |
| Other   | 2,450  | -                          | -                        | 2,450                      | -  |
| Depreciation  | 1,303,994  | 403,776                    | 3,461                    | 1,711,231                  | -  |
| Total operating expenses  | <u>5,162,292</u>                                   | <u>2,326,664</u>           | <u>1,051,611</u>         | <u>8,540,567</u>           | <u>1,475,038</u>   |
| Operating income (loss)   | <u>(657,063)</u>                                   | <u>563,603</u>             | <u>(16,645)</u>          | <u>(110,105)</u>           | <u>30,846</u>  |
| <b>Nonoperating (expenses):</b>   |  |                            |                          |                            |  |
| Interest and fiscal charges   | (91,892)   | (137,355)                  | -                        | (229,247)                  | -  |
| Interest income   | 609  | -                          | -                        | 609                        | -  |
| Total nonoperating (expenses)   | <u>(91,283)</u>                                    | <u>(137,355)</u>           | <u>-</u>                 | <u>(228,638)</u>           | <u>-</u>   |
| Income (loss) before capital contributions  | <u>(748,346)</u>                                   | <u>426,248</u>             | <u>(16,645)</u>          | <u>(338,743)</u>           | <u>30,846</u>  |
| Capital contributions   | 333,500  | -                          | -                        | 333,500                    | -  |
| Change in net position  | (414,846)  | 426,248                    | (16,645)                 | (5,243)                    | 30,846   |
| <b>Net position at beginning of year</b>  | <u>13,080,005</u>                                  | <u>3,496,464</u>           | <u>800,115</u>           |                            | <u>900,852</u>   |
| <b>Net position at end of year</b>  | <u><u>\$ 12,665,159</u></u>                        | <u><u>\$ 3,922,712</u></u> | <u><u>\$ 783,470</u></u> |                            | <u><u>\$ 931,698</u></u>   |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds. |  |                            |                          | <u>(147,745)</u>           |  |
| Change in net position of business-type activities.   |  |                            |                          | <u><u>\$ (152,988)</u></u> |  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, OHIO**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

|   | <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>Cash flows from operating activities:</b>  |  |                         |                       |                         |  |          |
| Cash received from customers  | \$ 4,391,852                                       | \$ 2,708,311            | \$ 1,026,540          | \$ 8,126,703            | \$ -   | -        |
| Cash received from interfund transactions   | -  | -                       | -                     | -                       | 1,505,884  | -        |
| Cash received from other operations   | 75,112   | 37,822                  | -                     | 112,934                 | -  | -        |
| Cash payments for personal services   | (1,320,386)  | (992,624)               | -                     | (2,313,010)             | -  | -        |
| Cash payments for contract services   | (163,443)  | (201,531)               | (881,204)             | (1,246,178)             | (368,189)  | -        |
| Cash payments for materials and supplies  | (2,493,279)  | (642,194)               | (164,804)             | (3,300,277)             | (2,240)  | -        |
| Cash payments for claims  | -  | -                       | -                     | -                       | (1,168,786)  | -        |
| Cash payments for other expenses  | (487)  | -                       | -                     | (487)                   | -  | -        |
| Net cash provided by (used in) operating activities                                     | <u>489,369</u>                                     | <u>909,784</u>          | <u>(19,468)</u>       | <u>1,379,685</u>        | <u>(33,331)</u>  | <u>-</u> |
| <b>Cash flows from capital and related financing activities:</b>                        |  |                         |                       |                         |  |          |
| Acquisition of capital assets   | (822,533)  | (241,606)               | -                     | (1,064,139)             | -  | -        |
| Proceeds of loans   | 1,280,543  | 170,000                 | -                     | 1,450,543               | -  | -        |
| Principal paid on debt obligations  | (796,814)  | (221,650)               | -                     | (1,018,464)             | -  | -        |
| Interest and fiscal charges   | (96,159)   | (137,355)               | -                     | (233,514)               | -  | -        |
| Net cash used in capital and related financing activities                               | <u>(434,963)</u>                                   | <u>(430,611)</u>        | <u>-</u>              | <u>(865,574)</u>        | <u>-</u>   | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents                                    | 54,406   | 479,173                 | (19,468)              | 514,111                 | (33,331)   | -        |
| <b>Cash and cash equivalents at beginning of year</b>                                   | <b>3,418,164</b>                                   | <b>1,380,190</b>        | <b>611,679</b>        | <b>5,410,033</b>        | <b>1,071,462</b>                                       | -        |
| <b>Cash and cash equivalents at end of year</b>   | <b><u>3,472,570</u></b>                            | <b><u>1,859,363</u></b> | <b><u>592,211</u></b> | <b><u>5,924,144</u></b> | <b><u>1,038,131</u></b>                                | -        |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |  |                         |                       |                         |  |          |
| Operating income (loss)   | \$ (657,063)                                       | \$ 563,603              | \$ (16,645)           | \$ (110,105)            | \$ 30,846  | -        |
| Adjustments:  |  |                         |                       |                         |  |          |
| Depreciation  | 1,303,994  | 403,776                 | 3,461                 | 1,711,231               | -  | -        |
| <b>Changes in assets, deferred outflows liabilities and deferred inflows:</b>           |  |                         |                       |                         |  |          |
| Accounts receivable   | (24,621)   | (135,890)               | (8,426)               | (168,937)               | -  | -        |
| Special assessments   | (9,092)  | (7,757)                 | -                     | (16,849)                | -  | -        |
| Lease receivable  | (48,552)   | -                       | -                     | (48,552)                | -  | -        |
| Intergovernmental receivable  | -  | (487)                   | -                     | (487)                   | -  | -        |
| Materials and supplies inventory  | (262,248)  | 5,250                   | -                     | (256,998)               | -  | -        |
| Net pension asset   | 2,742  | 1,185                   | -                     | 3,927                   | -  | -        |
| Net OPEB asset  | 209,139  | 84,658                  | -                     | 293,797                 | -  | -        |
| Deferred outflows - pension   | (592,184)  | (207,469)               | -                     | (799,653)               | -  | -        |
| Deferred outflows - OPEB  | (111,228)  | (44,343)                | -                     | (155,571)               | -  | -        |
| Accounts payable  | 28,493   | 30,490                  | 2,148                 | 61,131                  | -  | -        |
| Contracts payable   | -  | -                       | -                     | -                       | -  | -        |
| Accrued wages and benefits  | (5,170)  | 2,311                   | -                     | (2,859)                 | -  | -        |
| Intergovernmental payable   | (2,500)  | 1,703                   | (6)                   | (803)                   | -  | -        |
| Compensated absences payable  | (55,507)   | (14,104)                | -                     | (69,611)                | -  | -        |
| Net pension liability   | 1,547,843  | 596,278                 | -                     | 2,144,121               | -  | -        |
| Net OPEB liability  | 44,661   | 17,447                  | -                     | 62,108                  | -  | -        |
| Deferred inflows - pension  | (721,984)  | (299,598)               | -                     | (1,021,582)             | -  | -        |
| Deferred inflows - OPEB   | (201,354)  | (87,269)                | -                     | (288,623)               | -  | -        |
| Deferred inflows - lease  | 44,000   | -                       | -                     | 44,000                  | -  | -        |
| Claims payable  | -  | -                       | -                     | -                       | (64,177)   | -        |
| Net cash provided by (used in) operating activities                                     | <u>\$ 489,369</u>                                  | <u>\$ 909,784</u>       | <u>\$ (19,468)</u>    | <u>\$ 1,379,685</u>     | <u>\$ (33,331)</u>                                     | -        |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Non-cash transactions:**

At December 31, 2022, the Water enterprise fund purchased \$13,645 in capital assets on account. At December 31, 2023, the Water enterprise fund purchased \$40,230 in capital assets on account. In addition, the Ohio Water Development Authority (OWDA) forgave \$333,500 in loans for the Water enterprise fund.

**CITY OF COSHOCOTON, OHIO**

**STATEMENT OF FIUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

|   | <b>Private-Purpose<br/>Trust</b> | <b>Custodial</b>  |
|---|----------------------------------|-------------------|
| <b>Assets:</b>  |                                  |                   |
| Equity in pooled cash and cash equivalents                      | \$ 228,786                       | \$ 198,638        |
| Receivables:  |                                  |                   |
| Income taxes  | -                                | 120,254           |
| Accounts  | -                                | 50,108            |
| Accrued interest  | <u>192</u>                       | <u>-</u>          |
| Total assets  | <u>228,978</u>                   | <u>369,000</u>    |
| <b>Liabilities:</b>   |                                  |                   |
| Accounts payable  | -                                | 2,913             |
| Due to other governments  | -                                | 126,325           |
| Due to external parties   | <u>-</u>                         | <u>75,436</u>     |
| Total liabilities   | <u>-</u>                         | <u>204,674</u>    |
| <b>Net position:</b>  |                                  |                   |
| Restricted for individuals, organizations and other governments | <u>228,978</u>                   | <u>164,326</u>    |
| Total net position  | <u>\$ 228,978</u>                | <u>\$ 164,326</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF COSHOCOTON, OHIO**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

|   | <b>Private-Purpose<br/>Trust</b> | <b>Custodial</b>         |
|---|----------------------------------|--------------------------|
| <b>Additions:</b>   |                                  |                          |
| Licenses, permits and fees for other governments              | \$ -                             | \$ 439,808               |
| Fines and forfeitures for other governments                   | - -                              | 4,649                    |
| Earnings on investments                                       | 1,018                            | -                        |
| Income tax collections  | - -                              | 361,057                  |
| Other custodial fund collections                              | <u>-</u>                         | <u>528,207</u>           |
| Total additions   | <u>1,018</u>                     | <u>1,333,721</u>         |
| <b>Deductions:</b>  |                                  |                          |
| Licenses, permits and fees distributions to other governments | - -                              | 427,545                  |
| Fines and forfeitures distributions to other governments      | - -                              | 4,768                    |
| Other custodial fund disbursements                            | <u>102</u>                       | <u>820,022</u>           |
| Total deductions  | <u>102</u>                       | <u>1,252,335</u>         |
| Net change in fiduciary net position                          | 916                              | 81,386                   |
| <b>Net position beginning of year</b>                         | <u>228,062</u>                   | <u>82,940</u>            |
| <b>Net position end of year</b>                               | <u><u>\$ 228,978</u></u>         | <u><u>\$ 164,326</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

## CITY OF COSHOCOTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 1 - DESCRIPTION OF THE CITY

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Reporting Entity

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the City has no component units.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

The following organizations are described due to their relationship to the City:

##### *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 2023, OMEGA received \$1,658 from the City of Coshocton for an annual fee. OMEGA has no outstanding debt. Information can be obtained from 326 Highland Avenue, P.O. Box 130, Cambridge, Ohio 43725.

Coshocton - Franklin Joint Economic Development District (District) - The City of Coshocton has entered into a contractual agreement effective January 1, 2020 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 \$4,152 receivable from the District at year end.

Coshocton - Tuscarawas Joint Economic Development District (District) - The City of Coshocton has entered into a contractual agreement effective January 1, 2020 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 \$33,768 receivable from the District at year end.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

Coshocton Port Authority (Port Authority) - The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide or promote transportation, economic development, education, governmental operations, culture, or research within the County. The Port Authority is governed by a five-member Board of Directors. Two members of the Board are appointed by the Mayor of the City and approved by Council of the City of Coshocton. Two members are appointed by the County Commissioner and the fifth appointment shall be approved by the four current members. The City paid \$55,000 to the Port Authority during 2023.

#### *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.

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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

##### 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.

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

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

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

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

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

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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

***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 custodial funds that are used to account for state patrol, the collection and distribution of monies received for the joint economic development districts, municipal court and the collection and distribution of sanitary sewer revenues to the Village of West Lafayette.

#### **D. Measurement Focus and Basis of Accounting**

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

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

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

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

#### **E. Basis of Accounting**

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

***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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

***Deferred Outflows of Resources and Deferred Inflows of Resources*** - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related to net pension liability/asset and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. 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, 2023, but which were levied to finance 2024 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 14 and 15 for deferred inflows of resources related to net pension liability/asset and net OPEB liability, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

##### F. Budgetary Data

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

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

**Estimated Resources** - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or before December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include encumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2023.

**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 2023, investments were limited to non-negotiable certificates of deposit. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2023 amounted to \$183,759 which includes \$136,609 assigned from other City funds.

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

#### **H. Inventories of Materials and Supplies**

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

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

#### **I. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$100,000 for infrastructure and a \$5,000 threshold for all other assets. The City's infrastructure consists of storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated or amortized 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<br/>Estimated Lives</u> | <u>Business-type Activities<br/>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  |
| Intangible right to use    | 5 years  | -   |
| Vehicles                   | 8 - 10 years                                       | 8 - 10 years  |
| Infrastructure             | 10 - 20 years                                      | 10 - 50 years                                       |

The City is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### 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.

##### **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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

##### **M. Capital Contributions**

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2023, the water fund received capital contributions of \$333,500, from grants and governmental funds.

##### **N. Fund Balance**

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

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

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

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

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

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

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

##### **O. Estimates**

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

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

##### **P. Net Position**

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

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

##### **Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or event that are within the control of the City and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2023.

##### **R. 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.

#### **NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

##### **Change in Accounting Principles**

For 2023, the City has implemented GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 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, 2023

#### **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;
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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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, 2023, the City had \$381 of undeposited cash on hand which is included in "equity in pooled cash and cash equivalents".

#### **B. Deposits with Financial Institutions**

At December 31, 2023, the carrying amount of all City deposits was \$13,313,085 and the bank balance of all City deposits was \$13,574,094. Of the bank balance, \$23,336 was exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, one of the City's financial institutions was approved for a reduced collateral rate of 50 percent through the OPCS resulting in the uninsured and uncollateralized balance. 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, 2023:

| <u>Cash per note</u>        |                             |
|-----------------------------|-----------------------------|
| Carrying amount of deposits | \$ 13,313,085               |
| Cash on hand                | <u>381</u>                  |
| Total                       | <u><u>\$ 13,313,466</u></u> |

| <u>Cash per statement of net position</u> |                             |
|---|-----------------------------|
| Governmental activities                   | \$ 6,961,898                |
| Business-type activities                  | 5,924,144                   |
| Private-purpose trust fund                | 228,786                     |
| Custodial funds                           | <u>198,638</u>              |
| Total                                     | <u><u>\$ 13,313,466</u></u> |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 5 - INTERFUND ACTIVITY**

Due from/to other funds consisted of the following at December 31, 2023, as reported on the fund financial statements:

| <u>Receivable fund</u> | <u>Payable fund</u>   | <u>Amount</u> |
|------------------------|-----------------------|---------------|
| General                | Nonmajor governmental | <u>\$ 452</u> |

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

#### **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. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 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, 2023 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 2023 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, 2023 was \$5.2 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2022 property tax receipts were based are as follows:

|   |                       |
|---|-----------------------|
| Real property tax                         | \$ 182,514,790        |
| Public utility tangible personal property | <u>18,388,760</u>     |
| Total assessed value                      | <u>\$ 200,903,550</u> |

#### **NOTE 7 - RECEIVABLES**

##### **A. Other Receivables**

Receivables at December 31, 2023, 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, 2023.

## CITY OF COSHOCOTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 7 - RECEIVABLES - (Continued)**

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

##### **Governmental activities:**

|                            |              |
|----------------------------|--------------|
| Income taxes               | \$ 1,850,037 |
| Real and other local taxes | 956,111      |
| Accounts                   | 64,816       |
| Accrued interest           | 29,329       |
| Special assessments        | 3,582        |
| Due from other governments | 572,825      |
| Due from external parties  | 75,436       |

##### **Business-type activities:**

|                            |           |
|----------------------------|-----------|
| Accounts                   | 1,073,046 |
| Accrued interest           | 609       |
| Leases                     | 48,552    |
| Special assessments        | 18,565    |
| Due from other governments | 2,913     |

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, 2023 was \$22,147.

#### **B. Leases Receivable**

The District is the lessor of building space to Coshocton County Alternative School/Jefferson County Education Service Center. The City is reporting leases receivable of \$48,552 in the water fund. For 2023, the City did not recognize any lease revenue.

The City has entered into a lease agreement for building space as follows:

| <u>Description</u> | <u>Lease<br/>Commencement<br/>Date</u> | <u>Years</u> | <u>Lease<br/>End<br/>Date</u> | <u>Payment<br/>Method</u> |
|--------------------|--|--------------|-------------------------------|---------------------------|
| Building Space     | 2023                                   | 3            | 2026                          | Annual                    |

Lease payments will be paid into the water fund. The following is a schedule of future lease payments under the lease agreements:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--------------------|------------------|-----------------|------------------|
| 2024               | \$ 16,066        | \$ 1,434        | \$ 17,500        |
| 2025               | 15,838           | 1,662           | 17,500           |
| 2026               | 16,648           | 852             | 17,500           |
| <b>Total</b>       | <b>\$ 48,552</b> | <b>\$ 3,948</b> | <b>\$ 52,500</b> |

## **CITY OF COSHOCTON, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

#### **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.

THIS SPACE INTENTIONALLY LEFT BLANK

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 10 - CAPITAL ASSETS**

**A.** Governmental activities capital asset activity for the year ended December 31, 2023, was as follows:

| <u>Governmental activities:</u>  | <u>Balance</u><br><u>12/31/22</u> | <u>Additions</u>    | <u>Deductions</u> | <u>Balance</u><br><u>12/31/23</u> |
|--|-----------------------------------|---------------------|-------------------|-----------------------------------|
| <i>Capital assets, not being depreciated/amortized:</i>                              |                                   |                     |                   |                                   |
| Land   | \$ 1,274,518                      | \$ -                | \$ -              | \$ 1,274,518                      |
| Total capital assets, not being depreciated/amortized                                | 1,274,518                         | - -                 | - -               | 1,274,518                         |
| <i>Capital assets, being depreciated/amortized:</i>                                  |                                   |                     |                   |                                   |
| Land improvements  | 250,992                           | -                   | -                 | 250,992                           |
| Buildings and improvements   | 3,242,329                         | -                   | -                 | 3,242,329                         |
| Furniture and equipment  | 2,551,184                         | 395,643             | -                 | 2,946,827                         |
| Vehicles   | 5,200,159                         | 171,571             | -                 | 5,371,730                         |
| Infrastructure   | 11,948,214                        | -                   | -                 | 11,948,214                        |
| Intangible right to use:   |                                   |                     |                   |                                   |
| Leased equipment   | 35,681                            | 19,283              | -                 | 54,964                            |
| Total capital assets, being depreciated/amortized                                    | 23,228,559                        | 586,497             | -                 | 23,815,056                        |
| <i>Less: accumulated depreciation/amortization:</i>                                  |                                   |                     |                   |                                   |
| Land improvements  | (118,131)                         | (14,042)            | -                 | (132,173)                         |
| Buildings and improvements   | (2,429,244)                       | (76,585)            | -                 | (2,505,829)                       |
| Furniture and equipment  | (1,533,527)                       | (201,948)           | -                 | (1,735,475)                       |
| Vehicles   | (3,568,907)                       | (291,730)           | -                 | (3,860,637)                       |
| Infrastructure   | (9,599,223)                       | (257,192)           | -                 | (9,856,415)                       |
| Intangible right to use:   |                                   |                     |                   |                                   |
| Leased equipment   | (19,132)                          | (3,955)             | -                 | (23,087)                          |
| Total accumulated depreciation/amortization  | (17,268,164)                      | (845,452)           | -                 | (18,113,616)                      |
| Total capital assets, being depreciated/amortized, net                               | 5,960,395                         | (258,955)           | -                 | 5,701,440                         |
| Governmental activities capital assets, net  | <u>\$ 7,234,913</u>               | <u>\$ (258,955)</u> | <u>\$ -</u>       | <u>\$ 6,975,958</u>               |
| Depreciation/amortization expense was charged to governmental activities as follows: |                                   |                     |                   |                                   |
| <b><u>Governmental activities:</u></b>   |                                   |                     |                   |                                   |
| General government   | \$ 58,706                         |                     |                   |                                   |
| Security of persons and property   | 249,151                           |                     |                   |                                   |
| Public health and welfare  | 56,465                            |                     |                   |                                   |
| Transportation   | 392,889                           |                     |                   |                                   |
| Leisure time activity  | 88,241                            |                     |                   |                                   |
| Total depreciation/amortization expense  | <u>\$ 845,452</u>                 |                     |                   |                                   |

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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

B. Business-type activities capital asset activity for the year ended December 31, 2023, was as follows:

| <u><b>Business-type activities:</b></u>                 | <u>Balance</u>       | <u>12/31/22</u>     | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u>       | <u>12/31/23</u> |
|---|----------------------|---------------------|------------------|------------------|----------------------|-----------------|
| <i>Capital assets, not being depreciated/amortized:</i> |                      |                     |                  |                  |                      |                 |
| Land  | \$ 741,766           | \$ 93,000           | \$ -             | \$ 834,766       |                      |                 |
| Construction in progress                                | <u>8,471</u>         | <u>797,559</u>      | <u>-</u>         | <u>806,030</u>   |                      |                 |
| Total capital assets, not being depreciated/amortized   | <u>750,237</u>       | <u>890,559</u>      | <u>-</u>         | <u>1,640,796</u> |                      |                 |
| <i>Capital assets, being depreciated/amortized:</i>     |                      |                     |                  |                  |                      |                 |
| Land improvements                                       | 91,839               | -                   | -                | 91,839           |                      |                 |
| Buildings and improvements                              | 10,515,755           | -                   | -                | 10,515,755       |                      |                 |
| Furniture and equipment                                 | 11,923,030           | 184,884             | -                | 12,107,914       |                      |                 |
| Vehicles  | 1,161,344            | 15,281              | -                | 1,176,625        |                      |                 |
| Infrastructure  | 31,953,177           | -                   | -                | 31,953,177       |                      |                 |
| <i>Intangible right to use:</i>                         |                      |                     |                  |                  |                      |                 |
| Leased equipment  | <u>6,573</u>         | <u>-</u>            | <u>-</u>         | <u>-</u>         | <u>6,573</u>         |                 |
| Total capital assets, being depreciated/amortized       | <u>55,651,718</u>    | <u>200,165</u>      | <u>-</u>         | <u>-</u>         | <u>55,851,883</u>    |                 |
| <i>Less: accumulated depreciation/amortization:</i>     |                      |                     |                  |                  |                      |                 |
| Land improvements                                       | (69,721)             | (1,910)             | -                | (71,631)         |                      |                 |
| Buildings and improvements                              | (6,427,643)          | (199,399)           | -                | (6,627,042)      |                      |                 |
| Furniture and equipment                                 | (7,416,557)          | (543,367)           | -                | (7,959,924)      |                      |                 |
| Vehicles  | (955,985)            | (62,072)            | -                | (1,018,057)      |                      |                 |
| Infrastructure  | (18,237,149)         | (903,826)           | -                | (19,140,975)     |                      |                 |
| <i>Intangible right to use:</i>                         |                      |                     |                  |                  |                      |                 |
| Leased equipment  | <u>(5,916)</u>       | <u>(657)</u>        | <u>-</u>         | <u>-</u>         | <u>(6,573)</u>       |                 |
| Total accumulated depreciation/amortization             | <u>(33,112,971)</u>  | <u>(1,711,231)</u>  | <u>-</u>         | <u>-</u>         | <u>(34,824,202)</u>  |                 |
| Total capital assets, being depreciated/amortized, net  | <u>22,538,747</u>    | <u>(1,511,066)</u>  | <u>-</u>         | <u>-</u>         | <u>21,027,681</u>    |                 |
| Business-type activities capital assets, net            | <u>\$ 23,288,984</u> | <u>\$ (620,507)</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 22,668,477</u> |                 |

Depreciation/amortization expense was charged to the enterprise funds as follows:

**Business-type activities:**

|                            |                     |
|----------------------------|---------------------|
| Water                      | \$ 1,303,994        |
| Sewer                      | 403,776             |
| Solid Waste                | 3,461               |
| Total depreciation expense | <u>\$ 1,711,231</u> |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **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, 2023, the liability for unpaid compensated absences was \$938,325 for the entire City, which is reported as a fund liability and/or on the government-wide financial statements as applicable.

#### **NOTE 12 - LONG-TERM OBLIGATIONS**

##### **A. Governmental Activities**

During 2023, the following changes occurred in long-term obligations for governmental activities.

| <b>Governmental activities:</b>                   | Balance      |              |              | Amounts       |                 |
|---|--------------|--------------|--------------|---------------|-----------------|
|   | 12/31/22     | Additions    | Reductions   | 12/31/23      | Due in One Year |
| SIB loan payable - direct borrowing               | \$ 69,042    | \$ -         | \$ (22,332)  | \$ 46,710     | \$ 23,007       |
| OPWC loan - CN18R - 0% - direct borrowing         | 216,666      | -            | (27,083)     | 189,583       | 27,083          |
| Lease payable                                     | 16,332       | 18,936       | (4,628)      | 30,640        | 6,447           |
| Acquisition Bonds, Series 2020 - direct placement | 237,030      | -            | (26,812)     | 210,218       | 27,558          |
| Net pension liability                             | 4,492,567    | 4,178,281    | -            | 8,670,848     | -               |
| Net OPEB liability                                | 558,727      | 81,316       | (201,190)    | 438,853       | -               |
| Compensated absences                              | 618,916      | 195,538      | (116,252)    | 698,202       | 132,506         |
| Total governmental activities                     |              |              |              |               |                 |
| long-term obligations                             | \$ 6,209,280 | \$ 4,474,071 | \$ (398,297) | \$ 10,285,054 | \$ 216,601      |

##### 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 2023, 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

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 2023, principal payments were made from the street debt fund (a nonmajor governmental fund).

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

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

##### Series 2020 Acquisition Bonds

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

##### Lease Payable

The City has entered into a lease agreement for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease payments will be paid from the general fund.

The City has entered into lease agreements with the following terms:

| Purpose | Lease<br>Commencement |  | Years | Lease<br>End<br>Date | Payment<br>Method |
|---------|-----------------------|--|-------|----------------------|-------------------|
|         | Date                  |  |       |                      |                   |
| Copiers | 2018                  |  | 5     | 2023                 | Monthly           |
| Copiers | 2022                  |  | 5     | 2027                 | Monthly           |
| Copiers | 2022                  |  | 5     | 2027                 | Monthly           |
| Copiers | 2023                  |  | 5     | 2028                 | Monthly           |

##### Net pension liability and net OPEB liability

See Notes 14 and 15 for more information on net pension liability and net OPEB liability. The City pays obligations related to employee compensation from the fund benefitting from their service, which for the City, is primarily the general fund.

##### Compensated absences

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

At December 31, 2023, the City's future annual principal payments were as follows.

| Year Ending<br>December 31, | State Infrastructure Bank (SIB) |          |            |              |          |           |
|-----------------------------|---------------------------------|----------|------------|--------------|----------|-----------|
|                             | OPWC                            |          |            | Loan Payable |          |           |
|                             | Principal                       | Interest | Total      | Principal    | Interest | Total     |
| 2024                        | \$ 27,083                       | \$ -     | \$ 27,083  | \$ 23,007    | \$ 1,230 | \$ 24,237 |
| 2025                        | 27,083                          | -        | 27,083     | 23,703       | 535      | 24,238    |
| 2026                        | 27,083                          | -        | 27,083     | -            | -        | -         |
| 2027                        | 27,083                          | -        | 27,083     | -            | -        | -         |
| 2028                        | 27,083                          | -        | 27,083     | -            | -        | -         |
| 2029-2030                   | 54,168                          | -        | 54,168     | -            | -        | -         |
| Total                       | \$ 189,583                      | \$ -     | \$ 189,583 | \$ 46,710    | \$ 1,765 | \$ 48,475 |

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

| Year Ending<br>December 31, | Acquisition Bonds |                  |                   | Lease Payable    |                 |                  |
|-----------------------------|-------------------|------------------|-------------------|------------------|-----------------|------------------|
|                             | Principal         | Interest         | Total             | Principal        | Interest        | Total            |
| 2024                        | \$ 27,558         | \$ 5,748         | \$ 33,306         | \$ 6,447         | \$ 1,386        | \$ 7,833         |
| 2025                        | 28,355            | 4,951            | 33,306            | 6,777            | 1,056           | 7,833            |
| 2026                        | 29,160            | 4,146            | 33,306            | 7,123            | 709             | 7,832            |
| 2027                        | 29,987            | 3,319            | 33,306            | 6,567            | 348             | 6,915            |
| 2028                        | 30,832            | 2,474            | 33,306            | 3,726            | 94              | 3,820            |
| 2029-2030                   | <u>64,326</u>     | <u>2,286</u>     | <u>66,612</u>     | <u>-</u>         | <u>-</u>        | <u>-</u>         |
| Total                       | <u>\$ 210,218</u> | <u>\$ 22,924</u> | <u>\$ 233,142</u> | <u>\$ 30,640</u> | <u>\$ 3,593</u> | <u>\$ 34,233</u> |

**B. Business-Type Activities**

During 2023, the following changes occurred in long-term obligations for business-type activities.

|   | Amounts              |                     |                       |                      |                     |
|---|----------------------|---------------------|-----------------------|----------------------|---------------------|
|   | Balance<br>12/31/22  | Additions           | Reductions            | Balance<br>12/31/23  | Due in<br>One Year  |
| <b><u>Business-type activities:</u></b>                 |                      |                     |                       |                      |                     |
| <u>OWDA loans - direct borrowings</u>                   |                      |                     |                       |                      |                     |
| OWDA loan - 3.5%  | \$ 2,181,928         | \$ -                | \$ (596,611)          | \$ 1,585,317         | \$ 617,675          |
| OWDA loan - 3.0%  | 4,791,393            | -                   | (221,650)             | 4,569,743            | 228,125             |
| OWDA loan - 0.0%  | 2,391,012            | -                   | (70,898)              | 2,320,114            | 81,408              |
| OWDA loan - 0.0%  | 8,471                | 644,390             | -                     | 652,861              | -                   |
| OWDA loan - 0.0%  | -                    | 170,000             | -                     | 170,000              | -                   |
| OWDA loan - 0.0%  | -                    | 599,966             | (333,500)             | 266,466              | -                   |
| OWDA loan - 0.0%  | -                    | 36,187              | -                     | 36,187               | -                   |
| Total OWDA loans  | <u>9,372,804</u>     | <u>1,450,543</u>    | <u>(1,222,659)</u>    | <u>9,600,688</u>     | <u>927,208</u>      |
| <u>OPWC loans - direct borrowings</u>                   |                      |                     |                       |                      |                     |
| OPWC loan - 0%, CN090                                   | 118,125              | -                   | (11,250)              | 106,875              | 11,250              |
| OPWC loan - 0%, CN15N                                   | 96,747               | -                   | (9,675)               | 87,072               | 9,675               |
| OPWC loan - 0%, CN34R                                   | 40,316               | -                   | (1,716)               | 38,600               | 1,716               |
| Total OPWC loans  | <u>255,188</u>       | <u>-</u>            | <u>(22,641)</u>       | <u>232,547</u>       | <u>22,641</u>       |
| Water and sewer acquisition bonds                       | 1,042,095            | -                   | (105,325)             | 936,770              | 107,803             |
| Lease payable   | 1,339                | -                   | (1,339)               | -                    | -                   |
| Net pension liability                                   | 835,121              | 2,144,121           | -                     | 2,979,242            | -                   |
| Net OPEB liability                                      | -                    | 62,108              | -                     | 62,108               | -                   |
| Compensated absences                                    | 309,734              | -                   | (69,611)              | 240,123              | 34,311              |
| Total business-type activities<br>long-term obligations | <u>\$ 11,816,281</u> | <u>\$ 3,656,772</u> | <u>\$ (1,421,575)</u> | <u>\$ 14,051,478</u> | <u>\$ 1,091,963</u> |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 12 - 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. In 2019, 2020 and 2021, the City entered into debt financing arrangements through the OWDA to fund a waterline extension. The amounts due to the OWDA are payable solely from water fund revenues. The loan agreement functions similar to a line-of-credit agreement. At December 31, 2023, the City has outstanding borrowings of \$3,905,431. 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 2052. Annual principal and interest payments on the loan are expected to require 57.29 percent of water fund net revenues. The total estimated principal and interest remaining to be paid on the loan is \$3,989,623. Principal and interest paid for the current year was \$738,701 and total net revenues were \$1,289,314.

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, 2023, the City has outstanding borrowings of \$4,569,743. 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 37.34 percent of sewer fund net revenues. The total estimated principal and interest remaining to be paid on the loan is \$5,744,086. Principal and interest paid for the current year was \$359,005 and total net revenues were \$961,329.

In 2023, the City entered into debt refinancing arrangements through OWDA to fund water meter replacement, Warsaw waterline extension and Chestnut Street waterline improvement. The amounts due to the OWDA are payable solely from water fund revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2023, the City has outstanding borrowings of \$955,514. The loans are currently "open" meaning the final disbursements have not yet been made from OWDA. As of the date of this report, amortization schedules are not yet available.

In 2023, the City entered into debt financing arrangements through the OWDA to fund digester improvements. The amounts due to the OWDA are payable solely from sewer fund revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2023, the City has outstanding borrowings of \$170,000. The loan is currently "open" meaning the final disbursements have not yet been made from OWDA. As of the date of this report, amortization schedules are not yet available.

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, 2023, the City has outstanding borrowings of \$106,875. Principal payments for 2023 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, 2023, the City has outstanding borrowings of \$87,072. Principal payments for 2023 amounted to \$9,675.

In 2021, the City entered into a debt financing arrangement through OPWC to fund SR 751 waterlines. The amounts due to the OPWC are payable solely from water fund revenues. The loan is interest free. At December 31, 2023, the City has outstanding borrowings of \$38,600. Principal payments for 2023 amounted to \$1,716.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 12 - 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.

#### Water and sewer system acquisition bonds

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

#### Lease Payable

The City has entered into a lease agreement for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease payments will be paid from the water fund.

The City has entered into a lease agreement with the following terms:

| Purpose | Lease<br>Commencement |  | Years | Lease<br>End |  | Payment<br>Method |
|---------|-----------------------|--|-------|--------------|--|-------------------|
|         | Date                  |  |       | Date         |  |                   |
| Copiers | 2018                  |  | 5     | 2023         |  | Monthly           |

#### 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 loans, OWDA loans and water and sewer system acquisition bonds outstanding at December 31, 2023 are as follows:

| Year Ending<br>December 31, | OWDA                |                     |                     | OPWC              |             |                   |
|-----------------------------|---------------------|---------------------|---------------------|-------------------|-------------|-------------------|
|                             | Principal           | Interest            | Total               | Principal         | Interest    | Total             |
| 2024                        | \$ 927,208          | \$ 181,009          | \$ 1,108,217        | \$ 22,641         | \$ -        | \$ 22,641         |
| 2025                        | 955,679             | 152,538             | 1,108,217           | 22,641            | -           | 22,641            |
| 2026                        | 651,214             | 123,102             | 774,316             | 22,641            | -           | 22,641            |
| 2027                        | 330,113             | 110,300             | 440,413             | 22,641            | -           | 22,641            |
| 2028                        | 337,378             | 103,035             | 440,413             | 22,641            | -           | 22,641            |
| 2029 - 2033                 | 1,803,509           | 398,558             | 2,202,067           | 97,902            | -           | 97,902            |
| 2034 - 2038                 | 2,019,733           | 182,334             | 2,202,067           | 8,580             | -           | 8,580             |
| 2039 - 2043                 | 758,387             | 7,660               | 766,047             | 8,580             | -           | 8,580             |
| 2044 - 2048                 | 407,040             | -                   | 407,040             | 4,280             | -           | 4,280             |
| 2049 - 2052                 | 284,913             | -                   | 284,913             | -                 | -           | -                 |
| Total                       | <u>\$ 8,475,174</u> | <u>\$ 1,258,536</u> | <u>\$ 9,733,710</u> | <u>\$ 232,547</u> | <u>\$ -</u> | <u>\$ 232,547</u> |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

| Year Ending<br><u>December 31,</u> | <u>Water and Sewer Acquisition Bonds</u> |                          |                            |
|------------------------------------|--|--------------------------|----------------------------|
|                                    | <u>Principal</u>                         | <u>Interest</u>          | <u>Total</u>               |
| 2024                               | \$ 107,803                               | \$ 22,033                | \$ 129,836                 |
| 2025                               | 110,285                                  | 19,551                   | 129,836                    |
| 2026                               | 112,932                                  | 16,903                   | 129,835                    |
| 2027                               | 115,588                                  | 14,247                   | 129,835                    |
| 2028                               | 118,307                                  | 11,529                   | 129,836                    |
| 2029 - 2031                        | <u>371,855</u>                           | <u>17,651</u>            | <u>389,506</u>             |
| Total                              | <u><u>\$ 936,770</u></u>                 | <u><u>\$ 101,914</u></u> | <u><u>\$ 1,038,684</u></u> |

#### **C. Legal Debt Margin**

As of December 31, 2023, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$21,094,873.

#### **NOTE 13 - 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 2023, 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                            | 50,000          |
|  | Special Property                               | 3,179,066       |
|  | Electronic Equipment                           | 197,950         |
|  | Employers Liability (Ohio Stop Gap)            | 5,000,000       |
|  | Employee Benefits (each incident)              | 5,000,000       |
|  | Property                                       | 78,717,167      |
|  | 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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 13 - RISK MANAGEMENT - (Continued)**

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. 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.

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, 2023, there were \$106,433 in outstanding claims pending that are reported in the internal service fund.

| <u>Year Ended</u> | <u>Beginning Balance</u> | <u>Current Year Claims</u> | <u>Claims Payments</u> | <u>Ending Balance</u> |
|-------------------|--------------------------|----------------------------|------------------------|-----------------------|
| 2023              | \$ 170,610               | \$ 1,104,609               | \$ (1,168,786)         | \$ 106,433            |
| 2022              | 200,749                  | 1,180,417                  | (1,210,556)            | 170,610               |

THIS SPACE INTENTIONALLY LEFT BLANK

## CITY OF COSHOCOTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

##### *Net Pension Liability/Asset and Net OPEB Liability*

The net pension liability/asset and the net OPEB liability reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and 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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

##### *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 is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

|  | <u>State and Local</u> |               |
|--|------------------------|---------------|
|  | Traditional            | Combined      |
| <b>2023 Statutory Maximum Contribution Rates</b> |                        |               |
| Employer   | 14.0 %                 | 14.0 %        |
| Employee *                                       | 10.0 %                 | 10.0 %        |
| <b>2023 Actual Contribution Rates</b>            |                        |               |
| Employer:  |                        |               |
| Pension **                                       | 14.0 %                 | 12.0 %        |
| Post-employment Health Care Benefits **          | 0.0                    | 2.0           |
| Total Employer                                   | <u>14.0 %</u>          | <u>14.0 %</u> |
| Employee   | <u>10.0 %</u>          | <u>10.0 %</u> |

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

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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 \$507,554 for 2023. Of this amount, \$38,140 is reported as due to other governments.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - City full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report 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.

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 (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

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

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

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

|  | Police         | Firefighters   |
|--|----------------|----------------|
| <b>2023 Statutory Maximum Contribution Rates</b> |                |                |
| Employer   | 19.50 %        | 24.00 %        |
| Employee   | 12.25 %        | 12.25 %        |
| <b>2023 Actual Contribution Rates</b>            |                |                |
| Employer:  |                |                |
| Pension  | 19.00 %        | 23.50 %        |
| Post-employment Health Care Benefits             | 0.50 %         | 0.50 %         |
| Total Employer                                   | <u>19.50 %</u> | <u>24.00 %</u> |
| Employee   | 12.25 %        | 12.25 %        |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$290,844 for 2023. Of this amount, \$22,551 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, 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, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

|  | OPERS -<br>Traditional | OPERS -<br>Combined | OPERS -<br>Member-<br>Directed | OP&F                | Total         |
|--|------------------------|---------------------|--------------------------------|---------------------|---------------|
| Proportion of the net pension liability/asset prior measurement date   | 0.02463200%            | 0.00631200%         | 0.02392100%                    | 0.05097470%         |               |
| Proportion of the net pension liability/asset current measurement date | <u>0.02329000%</u>     | <u>0.00659900%</u>  | <u>0.02128600%</u>             | <u>0.05021790%</u>  |               |
| Change in proportionate share  | <u>-0.00134200%</u>    | <u>0.00028700%</u>  | <u>-0.00263500%</u>            | <u>-0.00075680%</u> |               |
| Proportionate share of the net pension liability                       | \$ 6,879,876           | \$ -                | \$ -                           | \$ 4,770,214        | \$ 11,650,090 |
| Proportionate share of the net pension asset                           | -                      | (15,554)            | (1,665)                        | -                   | (17,219)      |
| Pension expense  | 1,026,944              | 1,457               | 14,971                         | 597,458             | 1,640,830     |

**CITY OF COSHOCTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

|  | OPERS -<br>Traditional | OPERS -<br>Combined | OPERS -<br>Member-<br>Directed | OP&F                | Total               |
|--|------------------------|---------------------|--------------------------------|---------------------|---------------------|
| <b>Deferred outflows<br/>of resources</b>  |                        |                     |                                |                     |                     |
| Differences between<br>expected and<br>actual experience   | \$ 228,521             | \$ 957              | \$ 4,780                       | \$ 71,552           | \$ 305,810          |
| Net difference between<br>projected and actual earnings<br>on pension plan investments             | 1,960,985              | 5,669               | 781                            | 694,487             | 2,661,922           |
| Changes of assumptions   | 72,680                 | 1,030               | 104                            | 430,259             | 504,073             |
| Changes in employer's<br>proportionate percentage/<br>difference between<br>employer contributions | 101,225                | -                   | -                              | 22,736              | 123,961             |
| Contributions<br>subsequent to the<br>measurement date   | 506,127                | 253                 | 1,174                          | 290,844             | 798,398             |
| <b>Total deferred<br/>outflows of resources</b>  | <b>\$ 2,869,538</b>    | <b>\$ 7,909</b>     | <b>\$ 6,839</b>                | <b>\$ 1,509,878</b> | <b>\$ 4,394,164</b> |
| <br><b>Deferred inflows<br/>of resources</b>   |                        |                     |                                |                     |                     |
| Differences between<br>expected and<br>actual experience   | \$ -                   | \$ 2,219            | \$ -                           | \$ 108,680          | \$ 110,899          |
| Changes of assumptions   | -                      | -                   | -                              | 93,018              | 93,018              |
| Changes in employer's<br>proportionate percentage/<br>difference between<br>employer contributions | 192,888                | -                   | -                              | 53,225              | 246,113             |
| <b>Total deferred<br/>inflows of resources</b>   | <b>\$ 192,888</b>      | <b>\$ 2,219</b>     | <b>\$ -</b>                    | <b>\$ 254,923</b>   | <b>\$ 450,030</b>   |

\$798,398 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/increase to the net pension liability/asset in the year ending December 31, 2024.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

|                                 | OPERS -<br>Traditional | OPERS -<br>Combined | OPERS -<br>Member-<br>Directed | OP&F              | Total               |
|---------------------------------|------------------------|---------------------|--------------------------------|-------------------|---------------------|
| <b>Year Ending December 31:</b> |                        |                     |                                |                   |                     |
| 2024                            | \$ 220,611             | \$ 226              | \$ 792                         | \$ 108,766        | \$ 330,395          |
| 2025                            | 412,075                | 1,042               | 852                            | 235,919           | 649,888             |
| 2026                            | 577,212                | 1,450               | 860                            | 253,170           | 832,692             |
| 2027                            | 960,625                | 2,438               | 981                            | 383,455           | 1,347,499           |
| 2028                            | -                      | 2                   | 562                            | (17,199)          | (16,635)            |
| Thereafter                      | -                      | 279                 | 1,618                          | -                 | 1,897               |
| <b>Total</b>                    | <b>\$ 2,170,523</b>    | <b>\$ 5,437</b>     | <b>\$ 5,665</b>                | <b>\$ 964,111</b> | <b>\$ 3,145,736</b> |

#### ***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

|  |  |
|--|--|
| Wage inflation                               |  |
| Current measurement date                     | 2.75%  |
| Prior measurement date                       | 2.75%  |
| Future salary increases, including inflation |  |
| Current measurement date                     | 2.75% to 10.75% including wage inflation   |
| Prior measurement date                       | 2.75% to 10.75% including wage inflation   |
| COLA or ad hoc COLA                          |  |
| Current measurement date                     | Pre 1/7/2013 retirees: 3.00%, simple<br>Post 1/7/2013 retirees: 3.00%, simple<br>through 2023, then 2.05% simple |
| Prior measurement date                       | Pre 1/7/2013 retirees: 3.00%, simple<br>Post 1/7/2013 retirees: 3.00%, simple<br>through 2022, then 2.05% simple |
| Investment rate of return                    |  |
| Current measurement date                     | 6.90%  |
| Prior measurement date                       | 6.90%  |
| Actuarial cost method                        | Individual entry age   |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

| Asset Class            | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Geometric) |
|------------------------|-------------------|---|
| Fixed income           | 22.00 %           | 2.62 %  |
| Domestic equities      | 22.00             | 4.60  |
| Real estate            | 13.00             | 3.27  |
| Private equity         | 15.00             | 7.53  |
| International equities | 21.00             | 5.51  |
| Risk Parity            | 2.00              | 4.37  |
| Other investments      | 5.00              | 3.27  |
| Total                  | 100.00 %          |   |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 6.90%, 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, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

|                                       | Current       |               |              |
|---------------------------------------|---------------|---------------|--------------|
|                                       | 1% Decrease   | Discount Rate | 1% Increase  |
| <b>City's proportionate share</b>     |               |               |              |
| of the net pension liability (asset): |               |               |              |
| Traditional Pension Plan              | \$ 10,305,825 | \$ 6,879,876  | \$ 4,030,102 |
| Combined Plan                         | (8,117)       | (15,554)      | (21,447)     |
| Member-Directed Plan                  | (1,064)       | (1,665)       | (2,129)      |

#### ***Actuarial Assumptions - OP&F***

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, 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 retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Experience study assumptions were performed by OP&F's prior actuary and completed as of December 31, 2016. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful live of the participants which was 5.81 years at December 31, 2022.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2022, compared to December 31, 2021, are presented below.

|                            |  |
|----------------------------|--|
| Valuation date             | 1/1/22 with actuarial liabilities rolled forward to 12/31/22   |
| Actuarial cost method      | Entry age normal (level percent of payroll)  |
| Investment rate of return  |  |
| Current measurement date   | 7.50%  |
| Prior measurement date     | 7.50%  |
| Projected salary increases | 3.75% - 10.50%   |
| Payroll increases          | 3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50% |
| Cost of living adjustments | 2.20% per year simple  |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

##### *Health Mortality*

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

##### *Disabled Mortality*

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

##### *Contingent Annuitant Mortality*

For 2022, mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

##### *Pre-Retirement Mortality*

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

For 2021, 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%.

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

For 2021, 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, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

## CITY OF COSHOCOTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022 are summarized below:

| Asset Class                     | Target<br>Allocation | Long Term Expected<br>Real Rate of Return ** |
|---------------------------------|----------------------|--|
| Cash and cash equivalents       | 0.00 %               | 0.00 %                                       |
| Domestic equity                 | 18.60                | 4.80   |
| Non-US equity                   | 12.40                | 5.50   |
| Private markets                 | 10.00                | 7.90   |
| Core fixed income *             | 25.00                | 2.50   |
| High yield fixed income         | 7.00                 | 4.40   |
| Private credit                  | 5.00                 | 5.90   |
| U.S. inflation                  |                      |  |
| linked bonds *                  | 15.00                | 2.00   |
| Midstream energy infrastructure | 5.00                 | 5.90   |
| Real assets                     | 8.00                 | 5.90   |
| Gold                            | 5.00                 | 3.60   |
| Private real estate             | 12.00                | 5.30   |
| Commodities                     | 2.00                 | 3.60   |
| <br>Total                       | <br><u>125.00 %</u>  |  |

Note: assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation.

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

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 7.50% was used in the previous measurement date. 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 7.50%. 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 COSHOCOTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 14 - 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

|  | 1% Decrease  | Current<br>Discount Rate | 1% Increase  |
|--|--------------|--------------------------|--------------|
| City's proportionate share<br>of the net pension liability | \$ 6,292,832 | \$ 4,770,214             | \$ 3,504,461 |

#### NOTE 15 - DEFINED BENEFIT OPEB PLANS

##### ***Net OPEB Liability***

See Note 14 for a description of the net OPEB liability.

##### ***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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Medicare Retirees** Medicare-eligible with a minimum of 20 years of qualifying service credit

**Non-Medicare Retirees** Non-Medicare retirees qualify based on the following age-and-service criteria:

**Group A** 30 years of qualifying service credit at any age;

**Group B** 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

**Group C** 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$511 for 2023. Of this amount, \$38 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 health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$6,188 for 2023. Of this amount, \$480 is reported as due to other governments.

#### ***Net OPEB Liabilities, OPEB Expense, and Deferred Outflows of 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, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

|   | OPERS               | OP&F                | Total      |
|---|---------------------|---------------------|------------|
| Proportion of the net OPEB liability/asset prior measurement date | 0.02407100%         | 0.05097470%         |            |
| Proportion of the net OPEB liability current measurement date     | <u>0.02274700%</u>  | <u>0.05021790%</u>  |            |
| Change in proportionate share                                     | <u>-0.00132400%</u> | <u>-0.00075680%</u> |            |
| Proportionate share of the net OPEB liability                     | \$ 143,424          | \$ 357,537          | \$ 500,961 |
| OPEB expense  | (220,339)           | 18,404              | (201,935)  |

**CITY OF COSHOCOTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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

|  | <u>OPERS</u>             | <u>OP&amp;F</u>          | <u>Total</u>             |
|--|--------------------------|--------------------------|--------------------------|
| <b>Deferred outflows<br/>of resources</b>  |                          |                          |                          |
| Differences between<br>expected and<br>actual experience   | \$ -                     | \$ 21,336                | \$ 21,336                |
| Net difference between<br>projected and actual earnings<br>on OPEB plan investments                | 284,844                  | 30,667                   | 315,511                  |
| Changes of assumptions   | 140,086                  | 178,178                  | 318,264                  |
| Changes in employer's<br>proportionate percentage/<br>difference between<br>employer contributions | 20,344                   | 11,707                   | 32,051                   |
| Contributions<br>subsequent to the<br>measurement date   | 511                      | 6,188                    | 6,699                    |
| <b>Total deferred<br/>outflows of resources</b>  | <b><u>\$ 445,785</u></b> | <b><u>\$ 248,076</u></b> | <b><u>\$ 693,861</u></b> |
| <br><b>Deferred inflows<br/>of resources</b>   |                          |                          |                          |
| Differences between<br>expected and<br>actual experience   | \$ 35,775                | \$ 70,500                | \$ 106,275               |
| Changes of assumptions   | 11,526                   | 292,435                  | 303,961                  |
| Changes in employer's<br>proportionate percentage/<br>difference between<br>employer contributions | 1,529                    | 34,364                   | 35,893                   |
| <b>Total deferred<br/>inflows of resources</b>   | <b><u>\$ 48,830</u></b>  | <b><u>\$ 397,299</u></b> | <b><u>\$ 446,129</u></b> |

\$6,699 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, 2024.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - 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                    |
|--------------------------|--------------------------|----------------------------|--------------------------|
| 2024                     | \$ 66,397                | \$ (16,151)                | \$ 50,246                |
| 2025                     | 103,619                  | (11,153)                   | 92,466                   |
| 2026                     | 88,824                   | (14,848)                   | 73,976                   |
| 2027                     | 137,604                  | (8,625)                    | 128,979                  |
| 2028                     | -                        | (30,927)                   | (30,927)                 |
| Thereafter               | -                        | (73,707)                   | (73,707)                 |
| <b>Total</b>             | <b><u>\$ 396,444</u></b> | <b><u>\$ (155,411)</u></b> | <b><u>\$ 241,033</u></b> |

#### *Actuarial Assumptions - OPERS*

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

THIS SPACE INTENTIONALLY LEFT BLANK

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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                                     |  |
| Current measurement date                           | 2.75%                                      |
| Prior Measurement date                             | 2.75%                                      |
| Projected Salary Increases,<br>including inflation |  |
| Current measurement date                           | 2.75 to 10.75%<br>including wage inflation |
| Prior Measurement date                             | 2.75 to 10.75%<br>including wage inflation |
| Single Discount Rate:                              |  |
| Current measurement date                           | 5.22%                                      |
| Prior Measurement date                             | 6.00%                                      |
| Investment Rate of Return                          |  |
| Current measurement date                           | 6.00%                                      |
| Prior Measurement date                             | 6.00%                                      |
| Municipal Bond Rate                                |  |
| Current measurement date                           | 4.05%                                      |
| Prior Measurement date                             | 1.84%                                      |
| Health Care Cost Trend Rate                        |  |
| Current measurement date                           | 5.50% initial,<br>3.50% ultimate in 2036   |
| Prior Measurement date                             | 5.50% initial,<br>3.50% ultimate in 2034   |
| Actuarial Cost Method                              | Individual Entry Age Normal                |

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The 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 was a loss of 15.6% for 2022.

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

| Asset Class                           | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return<br>(Geometric) |
|---------------------------------------|-------------------|--|
| Fixed Income                          | 34.00 %           | 2.56 %   |
| Domestic equities                     | 26.00             | 4.60   |
| Real Estate Investment Trusts (REITs) | 7.00              | 4.70   |
| International equities                | 25.00             | 5.51   |
| Risk parity                           | 2.00              | 4.37   |
| Other investments                     | 6.00              | 1.84   |
| <b>Total</b>                          | <b>100.00 %</b>   | <b> </b>   |

**Discount Rate** - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

|   | Current     |               |              |
|---|-------------|---------------|--------------|
|   | 1% Decrease | Discount Rate | 1% Increase  |
| City's proportionate share<br>of the net OPEB liability/(asset) | \$ 488,151  | \$ 143,424    | \$ (141,031) |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the City'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 with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

|   | Current Health<br>Care Trend Rate |            |             |
|---|-----------------------------------|------------|-------------|
|   | 1% Decrease                       | Assumption | 1% Increase |
| City's proportionate share<br>of the net OPEB liability | \$ 134,435                        | \$ 143,424 | \$ 153,542  |

#### ***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

|                            |   |
|----------------------------|---|
| Valuation Date             | January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022 |
| Actuarial Cost Method      | Entry Age Normal (Level Percent of Payroll)                                     |
| Investment Rate of Return  |   |
| Current measurement date   | 7.50%   |
| Prior measurement date     | 7.50%   |
| Projected Salary Increases | 3.75% to 10.50%   |
| Payroll Growth             | 3.25%   |
| Single discount rate:      |   |
| Current measurement date   | 4.27%   |
| Prior measurement date     | 2.84%   |
| Cost of Living Adjustments | 2.20% simple per year   |

#### *Health Mortality*

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Disabled Mortality*

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Contingent Annuitant Mortality*

For 2022, mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Pre-Retirement Mortality*

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

For 2021, 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%.

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

## CITY OF COSHOCOTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For 2021, 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, 2021.

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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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, 2022, are summarized below:

| Asset Class                     | Target Allocation | Long Term Expected Real Rate of Return ** |
|---------------------------------|-------------------|---|
| Cash and cash equivalents       | 0.00 %            | 0.00 %                                    |
| Domestic equity                 | 18.60             | 4.80                                      |
| Non-US equity                   | 12.40             | 5.50                                      |
| Private markets                 | 10.00             | 7.90                                      |
| Core fixed income *             | 25.00             | 2.50                                      |
| High yield fixed income         | 7.00              | 4.40                                      |
| Private credit                  | 5.00              | 5.90                                      |
| U.S. inflation                  |                   |   |
| linked bonds *                  | 15.00             | 2.00                                      |
| Midstream energy infrastructure | 5.00              | 5.90                                      |
| Real assets                     | 8.00              | 5.90                                      |
| Gold                            | 5.00              | 3.60                                      |
| Private real estate             | 12.00             | 5.30                                      |
| Commodities                     | 2.00              | 3.60                                      |
| Total                           | <u>125.00 %</u>   |   |

Note: assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation.

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

## CITY OF COSHOCOTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

**Discount Rate** - For 2022, the total OPEB liability was calculated using the discount rate of 4.27%. For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. The projection of cash flows used to determine the discount rate assumed the contributions 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2035 and the Municipal Bond Index Rate of 3.65% was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27%.

**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 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%), or one percentage point higher (5.27%) than the current rate.

|   | Current     |               |             |
|---|-------------|---------------|-------------|
|   | 1% Decrease | Discount Rate | 1% Increase |
| City's proportionate share<br>of the net OPEB liability | \$ 440,273  | \$ 357,537    | \$ 287,686  |

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

#### NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### **NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

|   | <b>Net Change in Fund Balance</b> |                          |                            |   |
|---|-----------------------------------|--------------------------|----------------------------|---|
|   | <u>General fund</u>               | <u>Fire fund</u>         | <u>Street fund</u>         | <u>Safety, Security<br/>&amp; Law<br/>Enforcement</u> |
| Budget basis                            | \$ 387,056                        | \$ 113,905               | \$ (256,246)               | \$ 129,344  |
| Net adjustment for revenue accruals     | 21,287                            | 4,986                    | (9,173)                    | 3,949   |
| Net adjustment for expenditure accruals | (90,917)                          | (10,915)                 | 29,022                     | -   |
| Net adjustment for other sources/uses   | 18,936                            | -                        | -                          | -   |
| Funds budgeted elsewhere                | (1,887)                           | -                        | -                          | -   |
| Adjustment for encumbrances             | <u>3,963</u>                      | <u>-</u>                 | <u>89,560</u>              | <u>-</u>  |
| GAAP basis                              | <u><u>\$ 338,438</u></u>          | <u><u>\$ 107,976</u></u> | <u><u>\$ (146,837)</u></u> | <u><u>\$ 133,293</u></u>                              |

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

#### **NOTE 17 - 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, 2023.

##### **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 18 - 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                | \$ 3,963                |  |
| Street fund                 | 87,149                  |  |
| Nonmajor governmental funds | <u>277</u>              |  |
| Total                       | <u><u>\$ 91,389</u></u> |  |

# CITY OF COSHOCTON, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 19 - 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              | Street            | Safety, Security & | Nonmajor            | Total               |
|------------------------------------|---------------------|-------------------|-------------------|--------------------|---------------------|---------------------|
|                                    |                     | Fund              | Fund              | Law Enforcement    | Governmental        | Governmental        |
| <b>Nonspendable:</b>               |                     |                   |                   |                    |                     |                     |
| Materials and supplies inventory   | \$ 4,049            | \$ -              | \$ 133,090        | \$ -               | \$ -                | \$ 137,139          |
| Perpetual care                     | -                   | -                 | -                 | -                  | 250,000             | 250,000             |
| Unclaimed monies                   | 10,142              | -                 | -                 | -                  | -                   | 10,142              |
| Prepays                            | -                   | -                 | -                 | -                  | 21,494              | 21,494              |
| <b>Total nonspendable</b>          | <b>14,191</b>       | <b>-</b>          | <b>133,090</b>    | <b>-</b>           | <b>271,494</b>      | <b>418,775</b>      |
| <b>Restricted:</b>                 |                     |                   |                   |                    |                     |                     |
| Capital projects                   | -                   | -                 | -                 | -                  | 1,107,306           | 1,107,306           |
| Perpetual care                     | -                   | -                 | -                 | -                  | 179,932             | 179,932             |
| Transportation projects            | -                   | -                 | 424,364           | -                  | 45,553              | 469,917             |
| Public safety programs             | -                   | 870,790           | -                 | 653,009            | 1,743               | 1,525,542           |
| Public health and welfare programs | -                   | -                 | -                 | -                  | 16,075              | 16,075              |
| Other purposes                     | -                   | -                 | -                 | -                  | 234,013             | 234,013             |
| <b>Total restricted</b>            | <b>-</b>            | <b>870,790</b>    | <b>424,364</b>    | <b>653,009</b>     | <b>1,584,622</b>    | <b>3,532,785</b>    |
| <b>Committed:</b>                  |                     |                   |                   |                    |                     |                     |
| Capital projects                   | -                   | -                 | -                 | -                  | 173,443             | 173,443             |
| Other purposes                     | -                   | -                 | -                 | -                  | 243,952             | 243,952             |
| <b>Total committed</b>             | <b>-</b>            | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>417,395</b>      | <b>417,395</b>      |
| <b>Assigned:</b>                   |                     |                   |                   |                    |                     |                     |
| Other purposes                     | 327                 | -                 | -                 | -                  | -                   | 327                 |
| Public health and welfare programs | 3,636               | -                 | -                 | -                  | -                   | 3,636               |
| Subsequent year appropriations     | 632,617             | -                 | -                 | -                  | -                   | 632,617             |
| <b>Total assigned</b>              | <b>636,580</b>      | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>            | <b>636,580</b>      |
| Unassigned                         | 730,921             | -                 | -                 | -                  | -                   | 730,921             |
| <b>Total fund balances</b>         | <b>\$ 1,381,692</b> | <b>\$ 870,790</b> | <b>\$ 557,454</b> | <b>\$ 653,009</b>  | <b>\$ 2,273,511</b> | <b>\$ 5,736,456</b> |

## CITY OF COSHOCTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### NOTE 20 - TAX ABATEMENTS

##### Enterprise Zone

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

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

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

The County entered into an Enterprise Zone Agreement with McWane. The agreement will provide a 100% real property exemption, which was approved by River View Local School District as required by Ohio Revised Code § 5709.62(C). The total value of real property subject to exemption for 2023 was \$1,224,000. The total value of taxes abated for 2023 for this parcel was \$2,070.

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 2023 was \$2,522,086. The total value of taxes abated for 2023 for this parcel was \$4,266. 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 2023, the City compensated the District \$124,365, which included tax loss compensation for 2022.

##### 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 2023 was \$124,365 for tax year 2022.

#### NOTE 21 - ASSET RETIREMENT OBLIGATIONS

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

## **CITY OF COSHOCTON, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

#### **NOTE 22 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

#### **NOTE 23 - SUBSEQUENT EVENTS**

On May 1, 2024, the City approved the Chestnut Street Waterline project for approximately \$1,400,000.

In June 2024, the City was awarded and received One Time Strategic Community Investment grants from the State of Ohio totaling \$2,500,000. The grants were awarded for a fire training tower, cemetery improvements, pickle ball court upgrades, water plant electrical upgrades, a municipal building roof project and an emergency generator project.

On July 11, 2024, the City entered into a loan with the Ohio Public Works Commission for \$286,352 for wastewater treatment plant electrical upgrades.

In November 2024, the City bid out for the Warsaw Waterline Extension Project. The project is estimated to cost approximately \$12,700,000. The project is expected to be funded, in part, through grants and loans from the Ohio Water Development Authority as well as the U.S. Army Corps of Engineers, Ohio Department of Development and Appalachian Regional Commission.

In April 2025, the City authorized the issuance of \$1,000,000 in bonds for fire truck acquisition.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF COSHOCOTON, 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 TEN YEARS**

|  | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|--------------|--------------|
| <i>Traditional Plan:</i>   |              |              |              |              |
| City's proportion of the net pension liability   | 0.023290%    | 0.024632%    | 0.022047%    | 0.022235%    |
| City's proportionate share of the net pension liability  | \$ 6,879,876 | \$ 2,143,084 | \$ 3,264,706 | \$ 4,394,899 |
| City's covered payroll   | \$ 3,610,236 | \$ 3,324,043 | \$ 3,133,814 | \$ 3,042,343 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 190.57%      | 64.47%       | 104.18%      | 144.46%      |
| Plan fiduciary net position as a percentage of the total pension liability                     | 75.74%       | 96.62%       | 86.88%       | 82.17%       |
| <i>Combined Plan:</i>  |              |              |              |              |
| City's proportion of the net pension asset   | 0.006599%    | 0.006312%    | 0.058060%    | 0.002310%    |
| City's proportionate share of the net pension asset  | \$ 15,554    | \$ 24,870    | \$ 16,762    | \$ 4,817     |
| City's covered payroll   | \$ 30,621    | \$ 26,793    | \$ 25,750    | \$ 9,993     |
| City's proportionate share of the net pension asset as a percentage of its covered payroll     | 50.80%       | 92.82%       | 65.10%       | 48.20%       |
| Plan fiduciary net position as a percentage of the total pension asset                         | 137.14%      | 169.88%      | 157.67%      | 145.28%      |
| <i>Member Directed Plan:</i>   |              |              |              |              |
| City's proportion of the net pension asset   | 0.021286%    | 0.023921%    | 0.022285%    | 0.029218%    |
| City's proportionate share of the net pension asset  | \$ 1,665     | \$ 4,343     | \$ 4,062     | \$ 1,105     |
| City's covered payroll   | \$ 145,140   | \$ 139,620   | \$ 134,690   | \$ 168,870   |
| City's proportionate share of the net pension asset as a percentage of its covered payroll     | 1.15%        | 3.11%        | 3.02%        | 0.65%        |
| Plan fiduciary net position as a percentage of the total pension asset                         | 126.74%      | 171.84%      | 188.21%      | 118.84%      |

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

| <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 0.022141%    | 0.024100%    | 0.025071%    | 0.024813%    | 0.023854%    | 0.023854%    |
| \$ 6,063,868 | \$ 3,780,822 | \$ 5,693,198 | \$ 4,297,924 | \$ 2,877,058 | \$ 2,812,077 |
| \$ 3,002,614 | \$ 3,079,277 | \$ 3,137,008 | \$ 3,201,725 | \$ 2,983,700 | \$ 2,864,677 |
| 201.95%      | 122.78%      | 181.48%      | 134.24%      | 96.43%       | 98.16%       |
| 74.70%       | 84.66%       | 77.25%       | 81.08%       | 86.45%       | 86.36%       |
| n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| n/a          | n/a          | n/a          | n/a          | n/a          | n/a          |
| 0.029199%    | 0.023056%    | 0.020154%    | 0.020729%    | n/a          | n/a          |
| \$ 665       | \$ 805       | \$ 83        | \$ 79        | n/a          | n/a          |
| \$ 159,100   | \$ 125,810   | \$ 99,390    | \$ 138,530   | n/a          | n/a          |
| 0.42%        | 0.64%        | 0.08%        | 0.05%        | n/a          | n/a          |
| 113.42%      | 124.46%      | 103.40%      | 103.91%      | n/a          | n/a          |

**CITY OF COSHOCOTON, 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 TEN YEARS

|  | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability   | 0.05021790%  | 0.05097470%  | 0.05102950%  | 0.05115650%  |
| City's proportionate share of the net pension liability  | \$ 4,770,214 | \$ 3,184,604 | \$ 3,478,727 | \$ 3,446,175 |
| City's covered payroll   | \$ 1,232,549 | \$ 1,174,021 | \$ 1,128,170 | \$ 1,096,196 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 387.02%      | 271.26%      | 308.35%      | 314.38%      |
| Plan fiduciary net position as a percentage of the total pension liability                     | 62.90%       | 75.03%       | 70.65%       | 69.89%       |

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

| <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 0.04988600%  | 0.04935100%  | 0.05158400%  | 0.05026500%  | 0.05161490%  | 0.05161490%  |
| \$ 4,072,016 | \$ 3,028,863 | \$ 3,267,248 | \$ 3,233,564 | \$ 2,673,867 | \$ 2,513,808 |
| \$ 1,018,421 | \$ 973,162   | \$ 981,613   | \$ 721,766   | \$ 698,711   | \$ 903,238   |
| 399.84%      | 311.24%      | 332.84%      | 448.01%      | 382.69%      | 278.31%      |
| 63.07%       | 70.91%       | 68.36%       | 66.77%       | 72.20%       | 73.00%       |

**CITY OF COSHOCOTON, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

|  | <b>2023</b>      | <b>2022</b>      | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|------------------|------------------|
| <i>Traditional Plan:</i>   |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 506,127       | \$ 505,433       | \$ 465,366       | \$ 438,734       |
| Contributions in relation to the contractually required contribution | <u>(506,127)</u> | <u>(505,433)</u> | <u>(465,366)</u> | <u>(438,734)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered payroll   | \$ 3,615,193     | \$ 3,610,236     | \$ 3,324,043     | \$ 3,133,814     |
| Contributions as a percentage of covered payroll                     | 14.00%           | 14.00%           | 14.00%           | 14.00%           |
| <i>Combined Plan:</i>  |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 253           | \$ 4,287         | \$ 3,751         | \$ 3,605         |
| Contributions in relation to the contractually required contribution | <u>(253)</u>     | <u>(4,287)</u>   | <u>(3,751)</u>   | <u>(3,605)</u>   |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered payroll   | \$ 2,108         | \$ 30,621        | \$ 26,793        | \$ 25,750        |
| Contributions as a percentage of covered payroll                     | 12.00%           | 14.00%           | 14.00%           | 14.00%           |
| <i>Member Directed Plan:</i>   |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 1,174         | \$ 14,514        | \$ 13,962        | \$ 13,469        |
| Contributions in relation to the contractually required contribution | <u>(1,174)</u>   | <u>(14,514)</u>  | <u>(13,962)</u>  | <u>(13,469)</u>  |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered payroll   | \$ 11,740        | \$ 145,140       | \$ 139,620       | \$ 134,690       |
| Contributions as a percentage of covered payroll                     | 10.00%           | 10.00%           | 10.00%           | 10.00%           |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

|              |  | Restated     |  |              |  |              |  |              |  |              |  |
|--------------|--|--------------|--|--------------|--|--------------|--|--------------|--|--------------|--|
| 2019         |  | 2018         |  | 2017         |  | 2016         |  | 2015         |  | 2014         |  |
| \$ 425,928   |  | \$ 420,366   |  | \$ 400,306   |  | \$ 376,441   |  | \$ 384,207   |  | \$ 358,044   |  |
| (425,928)    |  | (420,366)    |  | (400,306)    |  | (376,441)    |  | (384,207)    |  | (358,044)    |  |
| <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  |
| \$ 3,042,343 |  | \$ 3,002,614 |  | \$ 3,079,277 |  | \$ 3,137,008 |  | \$ 3,201,725 |  | \$ 2,983,700 |  |
| 14.00%       |  | 14.00%       |  | 13.00%       |  | 12.00%       |  | 12.00%       |  | 12.00%       |  |
|              |  |              |  |              |  |              |  |              |  |              |  |
| \$ 1,399     |  | \$ -         |  | \$ -         |  | \$ -         |  | \$ -         |  | \$ -         |  |
| (1,399)      |  | (-)          |  | (-)          |  | (-)          |  | (-)          |  | (-)          |  |
| <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  |
| \$ 9,993     |  | \$ -         |  | \$ -         |  | \$ -         |  | \$ -         |  | \$ -         |  |
| 14.00%       |  | n/a          |  |
|              |  |              |  |              |  |              |  |              |  |              |  |
| \$ 16,887    |  | \$ 15,910    |  | \$ 12,581    |  | \$ 9,939     |  | \$ 13,853    |  | \$ -         |  |
| (16,887)     |  | (15,910)     |  | (12,581)     |  | (9,939)      |  | (13,853)     |  | (-)          |  |
| <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  | <u>\$ -</u>  |  |
| \$ 168,870   |  | \$ 159,100   |  | \$ 125,810   |  | \$ 99,390    |  | \$ 138,530   |  | \$ -         |  |
| 10.00%       |  | 10.00%       |  | 10.00%       |  | 10.00%       |  | 10.00%       |  | n/a          |  |

**CITY OF COSHOCOTON, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

|  | <b>2023</b>      | <b>2022</b>      | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|------------------|------------------|
| <i>Fire:</i>   |                  |                  |                  |                  |
| Contractually required contribution                                  | \$ 290,844       | \$ 289,649       | \$ 275,895       | \$ 265,120       |
| Contributions in relation to the contractually required contribution | <u>(290,844)</u> | <u>(289,649)</u> | <u>(275,895)</u> | <u>(265,120)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered payroll   | \$ 1,237,634     | \$ 1,232,549     | \$ 1,174,021     | \$ 1,128,170     |
| Contributions as a percentage of covered payroll                     | 23.50%           | 23.50%           | 23.50%           | 23.50%           |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <b>2019</b>        | <b>2018</b>        | <b>2017</b>        | <b>2016</b>        | <b>2015</b>        | <b>2014</b>        |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 257,606         | \$ 239,329         | \$ 228,693         | \$ 230,679         | \$ 169,615         | \$ 164,197         |
| <u>(257,606)</u>   | <u>(239,329)</u>   | <u>(228,693)</u>   | <u>(230,679)</u>   | <u>(169,615)</u>   | <u>(164,197)</u>   |
| <u><u>\$ -</u></u> |
| \$ 1,096,196       | \$ 1,018,421       | \$ 973,162         | \$ 981,613         | \$ 721,766         | \$ 698,711         |
| 23.50%             | 23.50%             | 23.50%             | 23.50%             | 23.50%             | 23.50%             |

**CITY OF COSHOCOTON, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST SEVEN YEARS**

|   | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability/asset   | 0.022747%    | 0.024071%    | 0.021586%    | 0.021926%    | 0.021768%    |
| City's proportionate share of the net OPEB liability/(asset)                                      | \$ 143,424   | \$ (753,941) | \$ (384,577) | \$ 3,028,525 | \$ 2,838,037 |
| City's covered payroll  | \$ 3,785,997 | \$ 3,490,456 | \$ 3,294,254 | \$ 3,221,206 | \$ 3,161,714 |
| City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll | 3.79%        | 21.60%       | 11.67%       | 94.02%       | 89.76%       |
| Plan fiduciary net position as a percentage of the total OPEB liability/asset                     | 94.79%       | 128.23%      | 115.57%      | 47.80%       | 46.33%       |

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

**2018**

**2017**

|              |              |
|--------------|--------------|
| 0.023380%    | 0.024123%    |
| \$ 2,538,896 | \$ 2,436,504 |
| \$ 3,205,087 | \$ 3,236,398 |

|        |        |
|--------|--------|
| 79.21% | 75.28% |
| 54.14% | 54.05% |

**CITY OF COSHOCOTON, 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 SEVEN YEARS**

|   | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability   | 0.05021790%  | 0.05097470%  | 0.05102950%  | 0.05115650%  | 0.04988600%  |
| City's proportionate share of the net OPEB liability  | \$ 357,537   | \$ 558,727   | \$ 540,666   | \$ 505,310   | \$ 454,289   |
| City's covered payroll  | \$ 1,232,549 | \$ 1,174,021 | \$ 1,128,170 | \$ 1,096,196 | \$ 1,018,421 |
| City's proportionate share of the net OPEB liability as a percentage of its covered payroll | 29.01%       | 47.59%       | 47.92%       | 46.10%       | 44.61%       |
| Plan fiduciary net position as a percentage of the total OPEB liability                     | 52.59%       | 46.86%       | 45.42%       | 47.08%       | 46.57%       |

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

**2018** **2017**

0.04935100% 0.05158400%

\$ 2,796,130 \$ 2,448,576

\$ 973,162 \$ 981,613

287.32% 249.44%

14.13% 15.96%

**CITY OF COSHOCOTON, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

|  | <b>2023</b>        | <b>2022</b>        | <b>2021</b>        | <b>2020</b>        |
|--|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution                                  | \$ 511             | \$ 5,805           | \$ 5,585           | \$ 5,387           |
| Contributions in relation to the contractually required contribution | <u>(511)</u>       | <u>(5,805)</u>     | <u>(5,585)</u>     | <u>(5,387)</u>     |
| Contribution deficiency (excess)                                     | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| City's covered payroll   | \$ 3,629,041       | \$ 3,785,997       | \$ 3,490,456       | \$ 3,294,254       |
| Contributions as a percentage of covered payroll                     | 0.01%              | 0.15%              | 0.16%              | 0.16%              |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2019           | Restated       |                 | 2017            | 2016            | 2015            | 2014 |
|----------------|----------------|-----------------|-----------------|-----------------|-----------------|------|
|                | 2018           |                 |                 |                 |                 |      |
| \$ 6,755       | \$ 6,364       | \$ 35,825       | \$ 67,448       | \$ 64,035       | \$ 58,517       |      |
| <u>(6,755)</u> | <u>(6,364)</u> | <u>(35,825)</u> | <u>(67,448)</u> | <u>(64,035)</u> | <u>(58,517)</u> |      |
| <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |      |
| \$ 3,221,206   | \$ 3,161,714   | \$ 3,205,087    | \$ 3,236,398    | \$ 3,340,255    | \$ 2,983,700    |      |
| 0.21%          | 0.20%          | 1.12%           | 2.08%           | 1.92%           | 1.96%           |      |

**CITY OF COSHOCOTON, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

|  | <b>2023</b>        | <b>2022</b>        | <b>2021</b>        | <b>2020</b>        |
|--|--------------------|--------------------|--------------------|--------------------|
| <i>Fire:</i>   |                    |                    |                    |                    |
| Contractually required contribution                                  | \$ 6,188           | \$ 6,163           | \$ 5,870           | \$ 5,641           |
| Contributions in relation to the contractually required contribution | <u>(6,188)</u>     | <u>(6,163)</u>     | <u>(5,870)</u>     | <u>(5,641)</u>     |
| Contribution deficiency (excess)                                     | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| City's covered payroll   | \$ 1,237,634       | \$ 1,232,549       | \$ 1,174,021       | \$ 1,128,170       |
| Contributions as a percentage of covered payroll                     | 0.50%              | 0.50%              | 0.50%              | 0.50%              |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <b>2019</b>        | <b>2018</b>        | <b>2017</b>        | <b>2016</b>        | <b>2015</b>        | <b>2014</b>        |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 5,481           | \$ 5,092           | \$ 4,866           | \$ 4,908           | \$ 3,609           | \$ 4,456           |
| <u>(5,481)</u>     | <u>(5,092)</u>     | <u>(4,866)</u>     | <u>(4,908)</u>     | <u>(3,609)</u>     | <u>(4,456)</u>     |
| <u><u>\$ -</u></u> |
| \$ 1,096,196       | \$ 1,018,421       | \$ 973,162         | \$ 981,613         | \$ 721,766         | \$ 698,711         |
| 0.50%              | 0.50%              | 0.50%              | 0.50%              | 0.50%              | 0.64%              |

**CITY OF COSHOCOTON, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**PENSION**

---

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.

(Continued)

**CITY OF COSHOCOTON, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

---

*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.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, 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 8.25% 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.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

(Continued)

**CITY OF COSHOCOTON, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

---

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

(Continued)

**CITY OF COSHOCOTON, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

---

*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.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.
- For 2023, 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 changed from 2.84% to 4.27% and (b) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.

**This page intentionally left blank.**



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

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

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

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 30, 2025.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a material weakness.

City of Coshocton  
Coshocton County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page 2

***Report on Compliance and Other Matters***

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

***City's Response to the Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the Finding identified in our audit and described in the accompanying Schedule of Findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 30, 2025

**CITY OF COSHOCTON  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023**

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

**FINDING NUMBER 2023-001**

**Material Weakness**

Management is responsible for developing a process for accurately reporting materials and supplies inventory at fiscal year-end. An approved inventory policy should also be in place documenting the types of items to be included in a formal inventory listing. The policy and procedures should also include identifying obsolete and spare parts and excluding them from the end of year inventory listing.

The City Utilities Department presented used spare parts and equipment as part of the Sewer Fund inventory. Spare parts should not be included in inventory as they were used parts from former capital assets. Equipment should not be included in inventory as it was capital assets. Including these items caused Sewer Fund materials and supplies inventory to be overstated by \$233,399. The financial statements have been adjusted accordingly.

Failure to properly update and maintain the inventory listing could result in undetected financial statement misstatements and potential loss of items. In addition, improper accounting of inventory could be problematic to the safeguarding of inventory.

The City should ensure inventory procedures are conducted in a way that facilitates accurate financial statement reporting and implement a formal policy outlining how often inventory is to be counted, who should perform the inventory count, what type of inventory should be included and what is considered to be outdated or obsolete inventory. This will help to ensure that reported inventory is accurate and complete.

**Officials' Response:** Discussion has been held with the Utilities Director and our Compilation team and this issue has been corrected for 2024.

**This page intentionally left blank.**

**CITY OF**

ESTABLISHED 1811

760 CHESTNUT ST.  
COSHOCTON,  
OHIO 43812



FLAG DESIGN  
ADOPTED 1970

Auditor/Treasurer

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

**City of Coshocton  
Coshocton County**

**Summary Schedule of Prior Audit Findings  
December 31, 2023**

| Finding Number | Finding Summary        | Status              | Additional Information                      |
|----------------|------------------------|---------------------|---|
| 2022-001       | Significant Deficiency | Partially Corrected | Partially corrected – see Management Letter |
| 2022-002       | Material Weakness      | Not Corrected       | See Comment 2023-001                        |

# 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 6/17/2025

65 East State 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)