



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF JOHNSTOWN
LICKING COUNTY
DECEMBER 31, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Johnstown
Licking County
599 S. Main Street
Johnstown, Ohio 43031

To the City Council:

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Johnstown, Licking County, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Unmodified
General Fund	Unmodified
Capital Projects Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City, as of December 31, 2021, and the changes in its financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, General Fund, Capital Projects Fund, Water Fund, Sewer Fund, and the aggregate remaining fund information of the City of Johnstown, Licking County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on Governmental Activities

Capital Assets are reported at \$9,611,393 for the year ended December 31, 2021, which is 73 percent of the Governmental Activities assets for the year ended December 31, 2021. We were unable to obtain sufficient appropriate audit evidence to support the amounts recorded as Capital Assets. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

Emphasis of Matter

As described in Note 3 to the financial statements, during 2021, the City of Johnstown changed the presentation of its annual financial report from the cash basis of accounting to presenting its basic financial statements in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, during 2021 the City's legal status changed from Village to City as a result of the 2021 U.S. Census population determination. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 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
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 5, 2025

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

The management's discussion and analysis of the City of Johnstown's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- In 2021, the City prepared, for the first time, financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Restatements necessary to implement this change in accounting principle are presented in Note 3.B. to the basic financial statements.
- The total net position of the City increased \$3,207,666 or 13.79% from 2020's restated net position.
- General revenues accounted for \$3,133,522 or 73.20% of total governmental activities revenue. Program specific revenues accounted for \$1,147,454 or 26.80% of total governmental activities revenue.
- The City had \$3,398,390 in expenses related to governmental activities; \$1,147,454 of these expenses was offset by program specific charges for services and sales, grants or contributions. The remaining expenses of the governmental activities of \$2,250,936 were fully offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$3,133,522.
- The City's major governmental funds are the general fund and the capital projects fund. The general fund had \$3,344,251 in revenues and other financing sources and \$3,332,576 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance increased \$11,675 from a restated balance of \$1,180,609 to \$1,192,284.
- The capital projects fund had revenues and other financing sources of \$867,917 and \$1,537,709 in expenditures in 2021. During fiscal year 2021, the capital projects fund's fund balance decreased \$669,792 from a restated balance of \$998,784 to \$328,992.
- Net position for the business-type activities, which are made up of the water and sewer funds, increased in 2021 by \$2,325,080 from a restated 2020's net position of \$18,209,137.
- In the general fund, the actual revenues and other financing sources came in \$228,790 higher than they were in the final budget and actual expenditures and other financing uses were \$85,940 less than the amount in the final budget.

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.

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses 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, fire 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 and sewer 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 12.

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.

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

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 and the capital projects 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 one type of proprietary 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 and sewer management functions. The City reports the water and sewer funds as major enterprise funds. These major funds are presented separately in the proprietary fund financial statements.

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. Custodial funds are the City's only fiduciary fund type.

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 JOHNSTOWN
LICKING COUNTY, OHIO**

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

Government-Wide Financial Analysis

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2021. This is the City's first year for government-wide financial statements using the accrual basis of accounting; therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

	Net Position		
	Governmental Activities	Business-Type Activities	Total
	2021	2021	2021
Assets			
Current and other assets	\$ 3,597,357	\$ 12,256,166	\$ 15,853,523
Capital assets, net	<u>9,611,393</u>	<u>19,155,141</u>	<u>28,766,534</u>
Total assets	<u>13,208,750</u>	<u>31,411,307</u>	<u>44,620,057</u>
Deferred outflows of resources			
Pension	419,548	95,868	515,416
OPEB	<u>288,411</u>	<u>38,172</u>	<u>326,583</u>
Total deferred outflows	<u>707,959</u>	<u>134,040</u>	<u>841,999</u>
Liabilities			
Current liabilities	561,816	398,380	960,196
Long-term liabilities:			
Due within one year	414,572	546,979	961,551
Net pension liability	<u>1,703,364</u>	<u>434,729</u>	<u>2,138,093</u>
Net OPEB liability	<u>172,261</u>	<u>-</u>	<u>172,261</u>
Other amounts	<u>4,079,775</u>	<u>9,268,873</u>	<u>13,348,648</u>
Total liabilities	<u>6,931,788</u>	<u>10,648,961</u>	<u>17,580,749</u>
Deferred inflows of resources			
Property taxes	303,449	-	303,449
Pension	<u>443,855</u>	<u>196,894</u>	<u>640,749</u>
OPEB	<u>295,692</u>	<u>165,275</u>	<u>460,967</u>
Total deferred inflows	<u>1,042,996</u>	<u>362,169</u>	<u>1,405,165</u>
Net Position			
Net investment in			
capital assets	5,031,671	2,996,821	8,028,492
Restricted	<u>807,641</u>	<u>-</u>	<u>807,641</u>
Unrestricted	<u>102,613</u>	<u>17,537,396</u>	<u>17,640,009</u>
Total net position	<u>\$ 5,941,925</u>	<u>\$ 20,534,217</u>	<u>\$ 26,476,142</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/asset to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

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

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/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/asset. 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/asset 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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,476,142. At year-end, net position was \$5,941,925 and \$20,534,217 for the governmental activities and the business-type activities, respectively.

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 72.77% and 60.98% of total assets for the governmental activities and business-type activities, respectively. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. The City's net investment in capital assets at December 31, 2021, were \$5,031,671 and \$9,209,921 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$807,641 represents resources that are subject to external restriction on how they may be used.

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**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

The following table shows the changes in net position for 2021. This is the City's first year for government-wide financial statements using the accrual basis of accounting; therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

	Change in Net Position		
	Governmental Activities	Business-type Activities	Total
	<u>2021</u>	<u>2021</u>	<u>2021</u>
Revenues			
Program revenues:			
Charges for services and sales	\$ 246,828	\$ 4,540,594	\$ 4,787,422
Operating grants and contributions	553,304	-	553,304
Capital grants and contributions	<u>347,322</u>	<u>747,399</u>	<u>1,094,721</u>
Total program revenues	<u>1,147,454</u>	<u>5,287,993</u>	<u>6,435,447</u>
General revenues:			
Property taxes	2,570,075	-	2,570,075
Income taxes	304,763	-	304,763
Payment in lieu of taxes	64,000	-	64,000
Unrestricted grants and entitlements	111,350	-	111,350
Investment earnings and change in investments	5,512	14,353	19,865
Miscellaneous	<u>77,822</u>	<u>14,450</u>	<u>92,272</u>
Total general revenues	<u>3,133,522</u>	<u>28,803</u>	<u>3,162,325</u>
Total revenues	<u>4,280,976</u>	<u>5,316,796</u>	<u>9,597,772</u>
Expenses:			
General government	759,481	-	759,481
Security of persons and property	1,415,692	-	1,415,692
Public health and welfare	15,546	-	15,546
Transportation	935,783	-	935,783
Community environment	95,986		95,986
Leisure time activity	38,827	-	38,827
Utility services	18,131	-	18,131
Interest, fiscal & issuance costs	118,944	-	118,944
Water	-	1,470,982	1,470,982
Sewer	<u>-</u>	<u>1,520,734</u>	<u>1,520,734</u>
Total expenses	<u>3,398,390</u>	<u>2,991,716</u>	<u>6,390,106</u>
Change in net position	882,586	2,325,080	3,207,666
Net position at beginning of year (restated)	<u>5,059,339</u>	<u>18,209,137</u>	<u>23,268,476</u>
Net position at end of year	<u>\$ 5,941,925</u>	<u>\$ 20,534,217</u>	<u>\$ 26,476,142</u>

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

Governmental Activities

For fiscal year 2021, the net position of the District's governmental activities increased \$882,586 from 2020's restated net position. Total governmental expenses of \$3,398,390 were fully offset by program revenues of \$1,147,454 and general revenues of \$3,133,522 were adequate to cover the remaining expense.

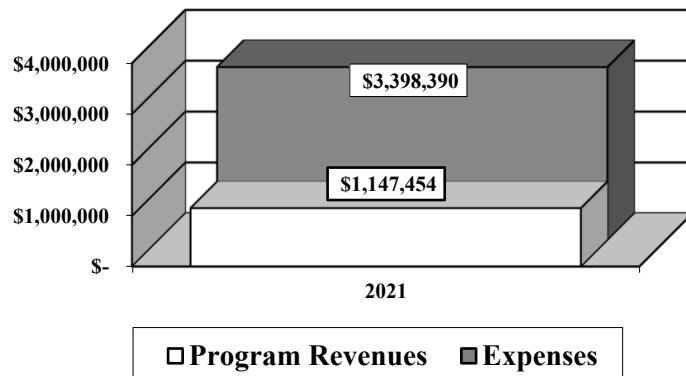
Security of persons and property which primarily supports the operations of the police department accounted for \$1,415,692 or 41.66% of the total expenses of the City. Security of persons and property expenses were partially funded by \$607 in direct charges to users of the services and \$45,648 in operating grants and contributions. General government expenses totaled \$759,481. General government expenses were partially funded by \$246,221 in direct charges to users of the services and \$97,428 in operating grants and contributions.

The State and federal government contributed to the City a total of \$553,304 in operating grants and contributions and \$347,322 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$3,133,522 and amounted to 73.20% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$2,874,838. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue, making up \$111,350.

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities - Program Revenues vs. Total Expenses



**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

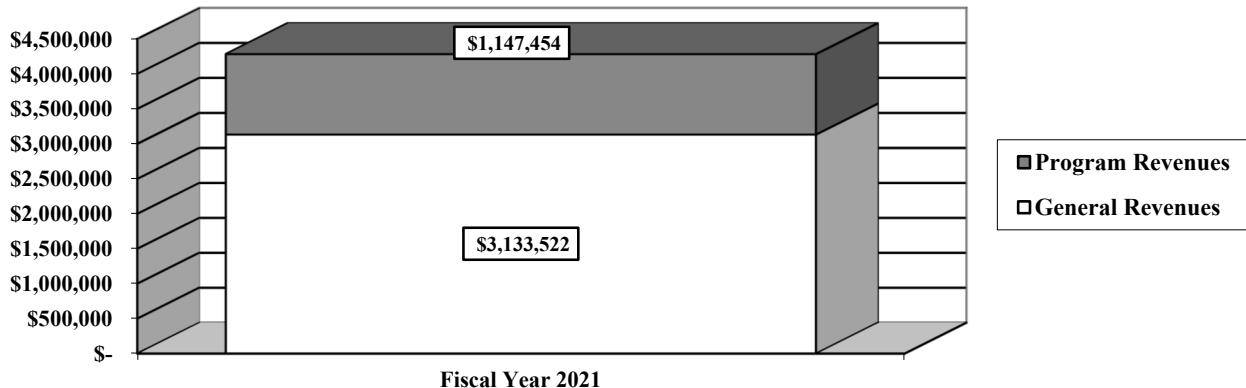
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Governmental Activities

	2021	
	Total Cost of Services	Net Cost of Services
Program Expenses:		
General government	\$ 759,481	\$ 415,832
Security of persons and property	1,415,692	1,369,437
Public health and welfare	15,546	15,546
Transportation	935,783	178,233
Community environment	95,986	95,986
Leisure time activity	38,827	38,827
Utility services	18,131	18,131
Interest and fiscal charges	<u>118,944</u>	<u>118,944</u>
Total	<u><u>\$ 3,398,390</u></u>	<u><u>\$ 2,250,936</u></u>

The dependence upon general revenues for governmental activities is apparent, with 66.24% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2021.

Governmental Activities - General and Program Revenues



Business-Type Activities

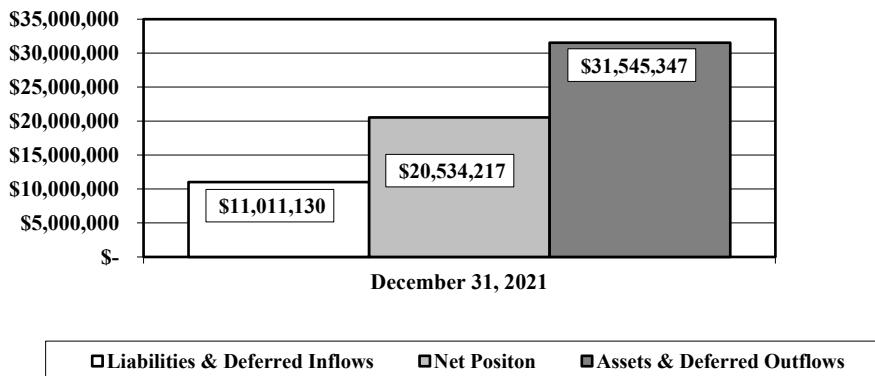
Business-type activities include the water and sewer enterprise funds. These programs had program revenues of \$5,287,993, general revenues of \$28,803, and expenses of \$2,991,716 for 2021.

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end.

Net Position in Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The City's governmental funds (as presented on the balance sheet) reported a combined fund balance of \$2,116,896 which is \$698,495 below last year's restated fund balance of \$2,815,391.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2021 for all major and non-major governmental funds. The fund balances at December 31, 2020 have been restated as described in Note 3.B.

	Fund Balances		Fund Balances	Change
	12/31/2021	12/31/2020		
Major funds:				
General	\$ 1,192,284	\$ 1,180,609		\$ 11,675
Capital projects	328,992	998,784		(669,792)
Other nonmajor governmental funds	<u>595,620</u>	<u>635,998</u>		<u>(40,378)</u>
Total	<u>\$ 2,116,896</u>	<u>\$ 2,815,391</u>		<u>\$ (698,495)</u>

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

General Fund

For the tables below, since this is the City's first year for governmental fund financial statements using the modified accrual basis of accounting, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information will be available.

The City's general fund balance increased \$11,675. The table that follows assists in illustrating the revenues of the general fund.

	2021
	<u>Amount</u>
<u>Revenues</u>	
Taxes	\$ 2,848,239
Charges for services	400
Fines, licenses and permits	240,144
Investment income	5,647
Intergovernmental	108,457
Other	<u>112,146</u>
Total	<u>\$ 3,315,033</u>

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

	2021
	<u>Amount</u>
<u>Expenditures</u>	
General government	\$ 849,905
Security of persons and property	1,414,631
Public health and welfare	18,729
Transportation	8,461
Community environment	138,491
Leisure time activity	28,312
Utility services	18,131
Debt service	<u>7,245</u>
Total	<u>\$ 2,483,905</u>

In total, expenditures were \$2,483,905 in the general fund. General fund expenditures consists of the same categories as described in the governmental activities.

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 revenues 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.

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

Budgetary information is presented for the general fund. In the general fund, the actual revenues and financing sources came in \$228,790 higher than they were in the final budget and actual expenditures and other financing uses were \$85,940 less than the amount in the final budget. Original budgeted revenues and other financing sources increased \$172,900 from an original budget of \$2,907,550 to a final budget of \$3,080,450. Budgeted expenditures and other financing uses increased \$297,925 from an original budget of \$3,165,424 to a final budget of \$3,463,349.

Capital Projects Fund

The capital projects fund had revenues and other financing sources of \$867,917 and \$1,537,709 in expenditures in 2021. During fiscal year 2021, the capital projects fund's fund balance decreased \$669,792 from a restated balance of \$998,784 to \$328,992.

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.

Capital Assets and Debt Administration

Capital Assets

At the end of 2021, the City had \$28,766,534 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and construction in progress. Of this total, \$9,611,393 was reported in governmental activities and \$19,155,141 was reported in business-type activities. See Note 9 for further description of capital assets.

The following table shows 2021 balances compared to 2020.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 3,121,305	\$ 3,121,305	\$ 183,700	\$ 183,700	\$ 3,305,005	\$ 3,305,005
Land improvements	404,042	418,579	233,889	201,410	637,931	619,989
Buildings and improvements	770,964	782,782	5,796,830	5,987,108	6,567,794	6,769,890
Furniture and equipment	111,117	98,135	2,019,586	2,125,877	2,130,703	2,224,012
Vehicles	334,545	198,936	76,638	98,266	411,183	297,202
Infrastructure	3,861,655	3,815,343	8,435,587	6,478,409	12,297,242	10,293,752
Construction in progress	<u>1,007,765</u>	<u>73,847</u>	<u>2,408,911</u>	<u>1,636,113</u>	<u>3,416,676</u>	<u>1,709,960</u>
Totals	<u>\$ 9,611,393</u>	<u>\$ 8,508,927</u>	<u>\$ 19,155,141</u>	<u>\$ 16,710,883</u>	<u>\$ 28,766,534</u>	<u>\$ 25,219,810</u>

Infrastructure is the largest capital asset category for the City's governmental activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 40.18% of the City's total governmental capital assets.

The City's largest business-type capital asset category is infrastructure. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 44.84% of the City's total business-type capital assets.

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2021 and 2020:

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Bonds	\$ 3,531,572	\$ 3,769,317
OPWC Loans	741,976	619,949
Capital lease	<u>7,343</u>	<u>14,036</u>
Total long-term obligations	<u>\$ 4,280,891</u>	<u>\$ 4,403,302</u>
	<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>
Bonds	\$ 7,970,000	\$ 8,150,000
OPWC loans	63,404	89,455
OWDA loans	1,423,723	1,729,400
Capital lease	<u>2,472</u>	<u>3,156</u>
Total long-term obligations	<u>\$ 9,459,599</u>	<u>\$ 9,972,011</u>

See Note 12 to the basic financial statements for detail on the City's long-term obligations.

Economic Conditions and Outlook

Johnstown is a quaint, "small-town America" community that balances residential, commercial and community space uses to create an excellent quality of life for residents and employers of all sizes. Johnstown officially obtained classification as a city in October 2021. The physical location of the City in relation to the vastly growing suburbs of central Ohio has played a factor in Johnstown's success and has positively influenced its fiscal stability.

The City's primary source of revenue is local income tax. A one percent (1.0%) tax on residents' income was established in 1971. Residents who work outside of Johnstown have benefited from a 0.5% tax credit until 2015, when that credit was rescinded. Since 2014, annual income tax has increased by \$1.3M or 98.84%. The average annual increase in tax revenue over the past 6 years is 12.4%. With the 2022 announcement of Intel's \$20 billion project just outside of Johnstown, future growth and development is imminent. Projections are that 30+ suppliers are expected locate operations around the plant. There is potential for the construction to go on for years, meaning long-term employment for thousands of construction workers at the site.

Johnstown currently has a thriving business park housing a variety of companies. Technical Rubber Company, an international rubber and tire manufacturing company is headquartered in Johnstown. In the downtown area, the city hosts several boutique-type shops, unique restaurants, and the sales office of Crow Works, a commercial furniture manufacturer. In 2021, a second business park was constructed through a partnership with the Heath-Newark-Licking County Port Authority. This 20-acre enterprise center is workforce-ready and includes water, sanitary sewer, roadway infrastructure, as well as gas and electric services. This enterprise center is located 3 miles from the Intel Site.

Johnstown is the home of many parks. Trailhead Park sits at the head of the 14.3-mile T.J. Evans bike trail which spans from Johnstown to Newark, Ohio. Accompanied by the trailhead is a newly developed dog park and a wetlands area which is the site where a prehistoric mastodon skeleton was discovered in 1926. Four other parks are located throughout the city. The Johnstown-Monroe Local School District has built a new Elementary School (2017) and a new High School (2018) and two renovated buildings for Middle School (2018) and Intermediate School (2022).

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

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 the Finance Department, City of Johnstown, 599 South Main Street, Johnstown, Ohio 43031 or email finance@johnstownohio.org.

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 2,027,360	\$ 11,803,105	\$ 13,830,465
Receivables:			
Income taxes	721,211	-	721,211
Property taxes	305,428	-	305,428
Accounts	76,957	286,684	363,641
Accrued interest	1,525	4,338	5,863
Due from other governments	240,983	-	240,983
Materials and supplies inventory	82,840	71,681	154,521
Prepayments	30,047	9,254	39,301
Net OPEB asset	73,430	53,650	127,080
Net pension asset	37,576	27,454	65,030
Capital assets:			
Land and construction in progress	4,129,070	2,592,611	6,721,681
Depreciable capital assets, net	5,482,323	16,562,530	22,044,853
Total capital assets, net	<u>9,611,393</u>	<u>19,155,141</u>	<u>28,766,534</u>
Total assets	<u>13,208,750</u>	<u>31,411,307</u>	<u>44,620,057</u>
Deferred outflows of resources:			
Pension	419,548	95,868	515,416
OPEB	288,411	38,172	326,583
Total deferred outflows of resources	<u>707,959</u>	<u>134,040</u>	<u>841,999</u>
Liabilities:			
Accounts payable	129,383	58,558	187,941
Contracts payable	158,968	165,063	324,031
Accrued wages and benefits payable	49,860	23,291	73,151
Due to other governments	30,861	151,468	182,329
Accrued interest payable	10,594	-	10,594
Deposits held and due to others	49,068	-	49,068
Unearned revenue	133,082	-	133,082
Long-term liabilities:			
Due within one year	414,572	546,979	961,551
Due greater than one year:			
Net Pension Liability	1,703,364	434,729	2,138,093
Net OPEB Liability	172,261	-	172,261
Other amounts due in more than one year	<u>4,079,775</u>	<u>9,268,873</u>	<u>13,348,648</u>
Total liabilities	<u>6,931,788</u>	<u>10,648,961</u>	<u>17,580,749</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	303,449	-	303,449
Pension	443,855	196,894	640,749
OPEB	295,692	165,275	460,967
Total deferred inflows of resources	<u>1,042,996</u>	<u>362,169</u>	<u>1,405,165</u>
Net position:			
Net investment in capital assets	5,031,671	9,209,921	14,241,592
Restricted for:			
Transportation	99,552	-	99,552
Public safety	11,006	-	11,006
Other purposes	28,997	-	28,997
Debt service	186,669	-	186,669
Capital projects	481,417	-	481,417
Unrestricted	<u>102,613</u>	<u>11,324,296</u>	<u>11,426,909</u>
Total net position	<u><u>\$ 5,941,925</u></u>	<u><u>\$ 20,534,217</u></u>	<u><u>\$ 26,476,142</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Expenses	Program Revenues			
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental activities:</i>					
Current:					
General government	\$ 759,481	\$ 246,221	\$ 97,428	\$ -	
Security of persons and property	1,415,692	607	45,648	-	
Public health	15,546	-	-	-	
Transportation	935,783	-	410,228	347,322	
Community environment	95,986	-	-	-	
Leisure time activities	38,827	-	-	-	
Utility services	18,131	-	-	-	
Interest and fiscal charges	118,944	-	-	-	
Total governmental activities	<u>3,398,390</u>	<u>246,828</u>	<u>553,304</u>	<u>347,322</u>	
<i>Business-type activities:</i>					
Water	1,470,982	2,305,362	-	-	
Sewer	1,520,734	2,235,232	-	747,399	
Total business-type activities	<u>2,991,716</u>	<u>4,540,594</u>	<u>-</u>	<u>747,399</u>	
Total primary government	<u>\$ 6,390,106</u>	<u>\$ 4,787,422</u>	<u>\$ 553,304</u>	<u>\$ 1,094,721</u>	

General revenues:

Municipal income taxes levied for:

General purposes

Property and other taxes

Payments in lieu of taxes

Grants and entitlements not restricted

to specific programs

Interest and investment earnings

Decrease in fair value of investments

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
\$	(415,832)	\$ -	\$ (415,832)
	(1,369,437)	-	(1,369,437)
	(15,546)	-	(15,546)
	(178,233)	-	(178,233)
	(95,986)	-	(95,986)
	(38,827)	-	(38,827)
	(18,131)	-	(18,131)
	(118,944)	-	(118,944)
	<u>(2,250,936)</u>	<u>-</u>	<u>(2,250,936)</u>

-	834,380	834,380
-	<u>1,461,897</u>	<u>1,461,897</u>
-	<u>2,296,277</u>	<u>2,296,277</u>
<u>(2,250,936)</u>	<u>2,296,277</u>	<u>45,341</u>

2,570,075	-	2,570,075
304,763	-	304,763
64,000	-	64,000
111,350	-	111,350
5,970	15,656	21,626
(458)	(1,303)	(1,761)
<u>77,822</u>	<u>14,450</u>	<u>92,272</u>
<u>3,133,522</u>	<u>28,803</u>	<u>3,162,325</u>
882,586	2,325,080	3,207,666
<u>5,059,339</u>	<u>18,209,137</u>	<u>23,268,476</u>
<u>\$ 5,941,925</u>	<u>\$ 20,534,217</u>	<u>\$ 26,476,142</u>

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 920,255	\$ 463,360	\$ 643,745	\$ 2,027,360
Receivables:				
Accounts	41,360	24,600	10,997	76,957
Accrued interest	1,525	-	-	1,525
Municipal income taxes	721,211	-	-	721,211
Property and other taxes	305,428	-	-	305,428
Due from other governments	51,314	-	189,669	240,983
Materials and supplies inventory	13,743	-	69,097	82,840
Prepayments	<u>27,730</u>	<u>-</u>	<u>2,317</u>	<u>30,047</u>
Total assets	<u><u>\$ 2,082,566</u></u>	<u><u>\$ 487,960</u></u>	<u><u>\$ 915,825</u></u>	<u><u>\$ 3,486,351</u></u>
Liabilities:				
Accounts payable	\$ 83,372	\$ -	\$ 46,011	\$ 129,383
Contracts payable	-	158,968	-	158,968
Accrued wages and benefits payable	39,106	-	10,754	49,860
Due to other governments	26,328	-	4,533	30,861
Unearned revenue	-	-	133,082	133,082
Deposits held and due to others	<u>49,068</u>	<u>-</u>	<u>-</u>	<u>49,068</u>
Total liabilities	<u><u>197,874</u></u>	<u><u>158,968</u></u>	<u><u>194,380</u></u>	<u><u>551,222</u></u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	303,449	-	-	303,449
Delinquent property tax revenue not available	1,979	-	-	1,979
Accrued interest not available	393	-	-	393
Income tax revenue not available	348,243	-	-	348,243
Intergovernmental revenue not available	<u>38,344</u>	<u>-</u>	<u>125,825</u>	<u>164,169</u>
Total deferred inflows of resources	<u><u>692,408</u></u>	<u><u>-</u></u>	<u><u>125,825</u></u>	<u><u>818,233</u></u>
Fund balances:				
Nonspendable	41,473	-	71,414	112,887
Restricted	-	328,992	524,206	853,198
Assigned	239,931	-	-	239,931
Unassigned	<u>910,880</u>	<u>-</u>	<u>-</u>	<u>910,880</u>
Total fund balances	<u><u>1,192,284</u></u>	<u><u>328,992</u></u>	<u><u>595,620</u></u>	<u><u>2,116,896</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,082,566</u></u>	<u><u>\$ 487,960</u></u>	<u><u>\$ 915,825</u></u>	<u><u>\$ 3,486,351</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

Total governmental fund balances	\$ 2,116,896
<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.	9,611,393
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Delinquent property taxes receivable	\$ 1,979
Income taxes receivable	348,243
Intergovernmental receivable	164,169
Accrued interest receivable	<u>393</u>
Total	514,784
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(10,594)
Unamortized premiums on bond issuances are not recognized in the funds.	(139,863)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds:	
Deferred outflows of resources - pension	419,548
Deferred inflows of resources - pension	(443,855)
Net pension asset	37,576
Net pension liability	<u>(1,703,364)</u>
Total	(1,690,095)
The net OPEB asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds:	
Deferred outflows of resources - OPEB	288,411
Deferred inflows of resources - OPEB	(295,692)
Net OPEB asset	73,430
Net OPEB liability	<u>(172,261)</u>
Total	(106,112)
Long-term liabilities, including loans and notes payable and capital lease obligations, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(3,531,572)
Loans payable	(741,976)
Capital lease obligations	(7,343)
Compensated absences payable	<u>(73,593)</u>
Total	<u>(4,354,484)</u>
Net position of governmental activities	<u><u>\$ 5,941,925</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and other taxes	\$ 304,153	\$ -	\$ -	\$ 304,153
Municipal income taxes	2,544,086	- -	- -	2,544,086
Charges for services	400	- -	- -	400
Fines, licenses and permits	240,144	- -	15,787	255,931
Intergovernmental	108,457	295,722	529,150	933,329
Investment income	5,647	- -	- -	5,647
Payment in lieu of taxes	64,000	- -	- -	64,000
Decrease in fair value of investments	(458)	- -	- -	(458)
Other	48,604	51,600	9,148	109,352
Total revenues	3,315,033	347,322	554,085	4,216,440
Expenditures:				
Current:				
General government	849,905	- -	107,822	957,727
Security of persons and property	1,414,631	- -	42,073	1,456,704
Public health and welfare	18,729	- -	- -	18,729
Transportation	8,461	- -	524,667	533,128
Community environment	138,491	- -	- -	138,491
Leisure time activities	28,312	- -	- -	28,312
Utility services	18,131	- -	- -	18,131
Capital outlay	- -	1,537,709	975	1,538,684
Debt service:				
Principal retirement	6,693	- -	325,642	332,335
Interest and fiscal charges	552	- -	131,284	131,836
Total expenditures	2,483,905	1,537,709	1,132,463	5,154,077
Excess (deficiency) of revenues over (under) expenditures	831,128	(1,190,387)	(578,378)	(937,637)
Other financing sources (uses):				
Bond issuance	- -	60,000	- -	60,000
Issuance of loans	- -	149,924	- -	149,924
Transfers in	- -	310,671	538,000	848,671
Transfers (out)	(848,671)	- -	- -	(848,671)
Insurance proceeds	29,218	- -	- -	29,218
Total other financing sources (uses)	(819,453)	520,595	538,000	239,142
Net change in fund balances	11,675	(669,792)	(40,378)	(698,495)
Fund balances at beginning of year (restated)	1,180,609	998,784	635,998	2,815,391
Fund balances at end of year	\$ 1,192,284	\$ 328,992	\$ 595,620	\$ 2,116,896

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$ (698,495)
<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 are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.	
Capital asset additions	\$ 1,572,352
Current year depreciation	<u>(469,886)</u>
Total	1,102,466
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Property and other taxes	610
Municipal income taxes	25,989
Intergovernmental revenue	17,899
Fines, licenses and permits	(9,503)
Interest	<u>323</u>
Total	35,318
The issuance of loans and bonds are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.	
	(209,924)
Repayment of note, loan, bond and capital lease principal are an expenditures in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
General obligation bond principal payments	250,000
Loan principal payments	47,745
Note principal payments	27,897
Capital lease principal payments	<u>6,693</u>
Total	332,335
Premiums on general obligation bonds are recognized as other financing sources in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.	
	12,322
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.	
	570
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	203,333
OPEB	<u>2,836</u>
Total	206,169
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	(243,557)
OPEB	<u>353,534</u>
Total	109,977
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.	
	(8,152)
Change in net position of governmental activities	<u><u>\$ 882,586</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property and other taxes	\$ 267,234	\$ 283,125	\$ 304,153	\$ 21,028
Municipal income taxes	2,221,936	2,354,067	2,528,906	174,839
Charges for services	351	372	400	28
Fines, licenses and permits	205,852	218,093	234,291	16,198
Intergovernmental	93,668	99,238	106,609	7,371
Investment income	6,061	6,421	6,898	477
Payment in lieu of taxes	56,231	59,575	64,000	4,425
Other	42,704	45,244	48,604	3,360
Decrease in fair value of investments	(6,156)	(6,523)	(7,007)	(484)
Total revenues	<u>2,887,881</u>	<u>3,059,612</u>	<u>3,286,854</u>	<u>227,242</u>
Expenditures:				
Current:				
General government	918,569	1,005,524	866,792	138,732
Security of persons and property	1,363,892	1,492,260	1,419,091	73,169
Public health and welfare	17,823	19,500	18,729	771
Transportation	9,048	9,900	9,461	439
Community environment	144,125	157,870	153,908	3,962
Leisure time activity	35,142	38,450	28,312	10,138
Utility services	18,005	19,700	19,700	-
Debt service:				
Principal retirement	6,693	6,693	6,693	-
Interest and fiscal charges	552	552	552	-
Total expenditures	<u>2,513,849</u>	<u>2,750,449</u>	<u>2,523,238</u>	<u>227,211</u>
Excess of revenues over expenditures	<u>374,032</u>	<u>309,163</u>	<u>763,616</u>	<u>454,453</u>
Other financing sources (uses):				
Transfers in	19,669	20,838	22,386	1,548
Transfers out	(651,575)	(712,900)	(854,171)	(141,271)
Total other financing sources (uses)	<u>(631,906)</u>	<u>(692,062)</u>	<u>(831,785)</u>	<u>(139,723)</u>
Net change in fund balance	(257,874)	(382,899)	(68,169)	314,730
Fund balance at beginning of year	<u>593,106</u>	<u>593,106</u>	<u>593,106</u>	<u>-</u>
Fund balance at end of year	<u>\$ 335,232</u>	<u>\$ 210,207</u>	<u>\$ 524,937</u>	<u>\$ 314,730</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 5,609,610	\$ 6,193,495	\$ 11,803,105
Receivables:			
Accounts	167,803	118,881	286,684
Accrued interest	1,993	2,345	4,338
Materials and supplies inventory	51,277	20,404	71,681
Prepayments	5,482	3,772	9,254
Total current assets	<u>5,836,165</u>	<u>6,338,897</u>	<u>12,175,062</u>
Non-current assets:			
Net pension asset	13,019	14,435	27,454
Net OPEB asset	25,442	28,208	53,650
Capital assets:			
Land and construction in progress	1,925,598	667,013	2,592,611
Depreciable capital assets, net	6,780,963	9,781,567	16,562,530
Total capital assets, net	<u>8,706,561</u>	<u>10,448,580</u>	<u>19,155,141</u>
Total noncurrent assets	<u>8,745,022</u>	<u>10,491,223</u>	<u>19,236,245</u>
Total assets	<u>14,581,187</u>	<u>16,830,120</u>	<u>31,411,307</u>
Deferred outflows of resources:			
Pension	40,892	54,976	95,868
OPEB	15,867	22,305	38,172
Total deferred outflows of resources	<u>56,759</u>	<u>77,281</u>	<u>134,040</u>
Total assets and deferred outflows of resources	<u>14,637,946</u>	<u>16,907,401</u>	<u>31,545,347</u>
Liabilities:			
Current liabilities:			
Accounts payable	42,410	16,148	58,558
Contracts payable	154,588	10,475	165,063
Accrued wages and benefits payable	10,694	12,597	23,291
Due to other governments	75,945	75,523	151,468
General obligation bonds payable	115,000	70,000	185,000
OWDA loans payable	14,354	298,483	312,837
OPWC loans payable	21,051	5,000	26,051
Compensated absences payable - current	11,410	10,963	22,373
Capital lease obligations payable	359	359	718
Total current liabilities	<u>445,811</u>	<u>499,548</u>	<u>945,359</u>
Non-current liabilities:			
General obligation bonds payable	5,950,998	2,154,560	8,105,558
OWDA loans payable	174,858	936,028	1,110,886
OPWC loans payable	24,853	12,500	37,353
Capital lease obligations payable	877	877	1,754
Compensated absences payable	6,661	6,661	13,322
Net pension liability	206,161	228,568	434,729
Total non-current liabilities	<u>6,364,408</u>	<u>3,339,194</u>	<u>9,703,602</u>
Total liabilities	<u>6,810,219</u>	<u>3,838,742</u>	<u>10,648,961</u>
Deferred inflows of resources:			
Pension	93,373	103,521	196,894
OPEB	79,089	86,186	165,275
Total deferred inflows of resources	<u>172,462</u>	<u>189,707</u>	<u>362,169</u>
Total liabilities and deferred inflows of resources	<u>6,982,681</u>	<u>4,028,449</u>	<u>11,011,130</u>
Net position:			
Net investment in capital assets	2,249,623	6,960,298	9,209,921
Unrestricted	5,405,642	5,918,654	11,324,296
Total net position	<u>\$ 7,655,265</u>	<u>\$ 12,878,952</u>	<u>\$ 20,534,217</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Charges for services	\$ 2,305,362	\$ 2,235,232	\$ 4,540,594
Other operating revenues	14,450	-	14,450
Total operating revenues	<u>2,319,812</u>	<u>2,235,232</u>	<u>4,555,044</u>
Operating expenses:			
Personal services	151,523	145,614	297,137
Fringe benefits	117,709	118,085	235,794
Contract services	119,909	182,402	302,311
Materials and supplies	487,621	504,887	992,508
Depreciation	265,775	370,376	636,151
Other	28,550	25,584	54,134
Total operating expenses	<u>1,171,087</u>	<u>1,346,948</u>	<u>2,518,035</u>
Operating income	<u>1,148,725</u>	<u>888,284</u>	<u>2,037,009</u>
Nonoperating revenues (expenses):			
Interest and fiscal charges	(228,849)	(102,740)	(331,589)
Interest income	7,671	7,985	15,656
Settlement payment	(71,046)	(71,046)	(142,092)
Decrease in fair value of investments	(599)	(704)	(1,303)
Total nonoperating revenues (expenses)	<u>(292,823)</u>	<u>(166,505)</u>	<u>(459,328)</u>
Income before contributions	855,902	721,779	1,577,681
Capital contributions	-	747,399	747,399
Change in net position	855,902	1,469,178	2,325,080
Net position at beginning of year (restated)	<u>6,799,363</u>	<u>11,409,774</u>	<u>18,209,137</u>
Net position at end of year	<u><u>\$ 7,655,265</u></u>	<u><u>\$ 12,878,952</u></u>	<u><u>\$ 20,534,217</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from customers	\$ 2,270,296	\$ 2,236,532	\$ 4,506,828
Cash received from other operating revenues	14,450	-	14,450
Cash payments for personal services	(291,407)	(308,488)	(599,895)
Cash payments for fringe benefits	(117,709)	(118,085)	(235,794)
Cash payments for contractual services	(116,639)	(184,925)	(301,564)
Cash payments for materials and supplies	(318,248)	(501,603)	(819,851)
Cash payments for other operating expenses	(28,292)	(26,292)	(54,584)
Net cash provided by operating activities	<u>1,412,451</u>	<u>1,097,139</u>	<u>2,509,590</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(2,370,094)	(1,089,430)	(3,459,524)
Capital contributions	-	192,500	192,500
Loan issuance costs	-	554,899	554,899
Principal retirement	(150,104)	(362,308)	(512,412)
Interest and fiscal charges	<u>(237,366)</u>	<u>(107,949)</u>	<u>(345,315)</u>
Net cash used in capital and related financing activities	<u>(2,757,564)</u>	<u>(812,288)</u>	<u>(3,569,852)</u>
Cash flows from investing activities:			
Interest received	<u>6,972</u>	<u>8,045</u>	<u>15,017</u>
Net cash provided by investing activities	<u>6,972</u>	<u>8,045</u>	<u>15,017</u>
Net increase (decrease) in cash and cash equivalents	(1,338,141)	292,896	(1,045,245)
Cash and cash equivalents at beginning of year	6,947,751	5,900,599	12,848,350
Cash and cash equivalents at end of year	<u>\$ 5,609,610</u>	<u>\$ 6,193,495</u>	<u>\$ 11,803,105</u>

- (Continued)

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,148,725	\$ 888,284	\$ 2,037,009
Adjustments:			
Depreciation	265,775	370,376	636,151
Changes in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in accounts receivable	(35,066)	1,300	(33,766)
(Increase) decrease in materials and supplies inventory	334	(5,956)	(5,622)
(Increase) in prepayments	(1,442)	(3,772)	(5,214)
Increase (decrease) in accounts payable	(25,441)	5,723	(19,718)
Increase in contracts payable	218,018	10,475	228,493
Increase in accrued wages and benefits	1,382	1,018	2,400
Increase (decrease) in due to other governments	1,284	(161)	1,123
(Increase) in net pension asset	(3,118)	(3,981)	(7,099)
(Increase) in net OPEB asset	(25,442)	(28,208)	(53,650)
Decrease in deferred outflows of resources - pension	23,190	13,311	36,501
Decrease in deferred outflows of resources - OPEB	23,447	19,581	43,028
Increase in deferred inflows of resources - pension	31,159	37,828	68,987
Increase in deferred inflows of resources - OPEB	50,740	56,251	106,991
(Decrease) in net pension liability	(70,115)	(63,159)	(133,274)
(Decrease) in net OPEB liability	(199,115)	(210,251)	(409,366)
Increase in compensated absences payable	<u>8,136</u>	<u>8,480</u>	<u>16,616</u>
Net cash provided by operating activities	<u><u>\$ 1,412,451</u></u>	<u><u>\$ 1,097,139</u></u>	<u><u>\$ 2,509,590</u></u>

Non-Cash Transactions:

As of December 31, 2020, the water operating fund and sewer operating fund had purchased \$376,757 and \$2,358, in capital assets on account, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021**

	<u>Custodial</u>
Assets:	
Cash in segregated accounts	\$ 14,309
Receivables (net of allowances for uncollectibles):	
Accounts	<u>536</u>
Total assets	<u>14,845</u>
Liabilities:	
Accounts payable	<u>536</u>
Total liabilities	<u>536</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>14,309</u>
Total net position	<u><u>\$ 14,309</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

	<u>Custodial</u>
Additions:	
Fines and forfeitures for other governments	<u>\$ 8,400</u>
Total additions	<u>8,400</u>
Deductions:	
Fines and forfeitures distributions to other governments	<u>12,413</u>
Total deductions	<u>12,413</u>
Net change in fiduciary net position	<u>(4,013)</u>
Net position beginning of year (restated)	<u>18,322</u>
Net position end of year	<u><u>\$ 14,309</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JOHNSTOWN, OHIO

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

NOTE 1 - DESCRIPTION OF THE CITY

The City of Johnstown, Licking County, Ohio (the “City”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Effective October 21, 2021, the previous Village of Johnstown transitioned to the City of Johnstown, in accordance with Ohio law following the results of the 2020 Census. The City operates under a government that is directed by a publicly-elected seven-member Council and a Mayor. The City Administrator is the chief executive officer, and the Finance Director is the chief fiscal officer. The City provides the following services: general government, including finance and legal; police protection; public health; street maintenance; community development; parks and recreation; and water and sewer utilities.

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 most significant of the City’s accounting policies are described below.

A. Reporting Entity

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: (1) able to impose its will on that organization; or (2) 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 primary government consists of all funds and departments which provide various services including police protection, street maintenance and repair, recreational programing and water/sewer 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; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. The Community Improvement Corporation is a component unit of the City, however, it has had no activity since its inception and therefore, is not reported in these financial statements.

JOINTLY GOVERNED ORGANIZATIONS

Mid-Ohio Regional Planning Commission - The City participates in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 126 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes 64 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking, and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC’s members.

CITY OF JOHNSTOWN, OHIO

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

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

Regional Income Tax Agency (RITA) - In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form RITA. Today, RITA serves as the income tax collection agency for 317 municipalities and 37 JEDD/JEDZ/ENTPZ districts throughout the State of Ohio.

Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA.

B. Basis of Presentation - Fund Accounting

The City's basic financial statements (BFS) consist 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 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. Fiduciary funds are reported by type.

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.

CITY OF JOHNSTOWN, OHIO

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

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

Governmental Funds - Governmental funds are those through which most governmental functions are typically 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 plus deferred outflows of resources and liabilities plus deferred inflow of resources 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.

Capital projects fund – This fund accounts for resources that are restricted for various construction projects throughout the City.

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

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. The City has no internal service funds.

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

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

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

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 distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial fund accounts for the Mayor's Court fund.

D. Measurement Focus

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

CITY OF JOHNSTOWN, OHIO

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

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

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 of resources, current liabilities and current deferred inflows of resources 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 of resources, liabilities and deferred inflows of resources 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.

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 the operations of the enterprise activities. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Fiduciary funds present a statement of changes in fiduciary new position which reports additions to and deductions from custodial funds.

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 custodial funds 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 of resources 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal 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 sixty days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, payments in lieu of taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Payments in lieu of taxes (PILOT) are treated the same way property taxes are in the financial statements. 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.

CITY OF JOHNSTOWN, OHIO

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

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

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

Unearned Revenues - The City defers revenue recognition in connection with resources that have been received, but not earned. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements.

Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 14 and 15 for deferred inflows of resources related to the City's net pension asset/liability and net OPEB asset/liability, respectively. These deferred inflow 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.

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. All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are 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. The City's legal level of budgetary control is established at the category level within each department/function, within each fund. Budgetary modifications may only be made by ordinance by the City Council at the legal level of control.

CITY OF JOHNSTOWN, OHIO

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

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

Tax Budget - The ORC calls for the City Administrator to presents an estimate of the following year's annual operating budget, or tax budget, by mid-July, to City Council for consideration and passage. The Council approved estimated is then submitted to the Licking 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 on or before 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 fiscal 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 unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during 2021.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the category level within each department, within each fund. 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 at the legal level of control may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the original and 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 fund balance. Encumbrances are carried forward and included in the budget, but subsequent years are not reappropriated as part of the subsequent year appropriations.

G. Cash and Investments

Cash balances of the City's funds are pooled and invested in investments in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank accounts is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During 2021, investments were limited to federal agency securities, negotiable certificates of deposit, commercial paper and U.S. Government money markets. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The City has a segregated bank account for Mayor's Court monies separate from the City's central bank account. This interest-bearing depository account is presented on the financial statements as "cash in segregated accounts" since it is not required to be deposited into the City treasury. At December 31, 2021, this account had a bank balance of \$14,211 and a book balance of \$14,308.

Interest income is distributed to the funds according to statutory requirements and City policy. Interest revenue earned and credited to the general fund during 2021 amounted to \$5,647, which included \$5,274 assigned from other funds of the City.

CITY OF JOHNSTOWN, OHIO

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

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

For purposes of the statement of cash flows and for presentation on the financial statement, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent they are purchased from a specific fund.

An analysis of the City's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On the government-wide and fund financial statements, inventories are stated at cost. For all funds, cost is determined on a first-in, first-out (FIFO) basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental funds when consumed. Inventories of the proprietary funds are expensed when used.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

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 \$1,000. The City's infrastructure consists of culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land, certain land improvements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	40 years	40 years
Buildings and improvements	25-50 years	25-50 years
Furniture and equipment	5-30 years	5-30 years
Vehicles	7-15 years	7-15 years
Infrastructure	20-50 years	20-50 years

CITY OF JOHNSTOWN, OHIO

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

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 accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if: (a) employees’ rights to payment are attributable to services already rendered; and (b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any employee with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16. Sick leave benefits were accrued using the “vesting” method.

The total liability for vacation, compensatory time, 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 based upon tenure and specific labor agreements. 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. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

At year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

L. 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.

CITY OF JOHNSTOWN, OHIO

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner in full from current financial resources, are reported as obligations of the funds. However, compensated absences and claims and judgements 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 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.

M. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable" and "interfund loans payable". These amounts are eliminated in the governmental activities column of the statement of net position, with the exception of the net residual amounts due between governmental and business-type activities which are presented as internal balances. At December 31, 2021, there were no interfund loans receivable/payable.

N. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds are eliminated for reporting of governmental activities on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures or expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources and uses in governmental funds, and after non-operating revenues and expenses in proprietary funds. Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the BFS. Interfund services provided and used are not eliminated on the government-wide financial statements.

O. 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.

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, 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.

CITY OF JOHNSTOWN, OHIO

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

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

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 (resolution) of City Council, which includes giving the Finance Director 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 one of 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.

P. 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.

Q. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources. 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also are included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

S. Unamortized Bond Premium and Discount/Unamortized Accounting Gain or Loss/Bond Issuance Costs

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds.

On the governmental fund financial statements, bond premiums and discounts are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.

Bond issuance costs are expensed when they occur.

CITY OF JOHNSTOWN, OHIO

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

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, like quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which significant inputs are observable; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

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

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

B. Restatement of fund balances/net position

For the year ended December 31, 2021, the City has presented for the first time its basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). In conjunction with this presentation, the City has (1) converted its governmental funds to the modified accrual basis of accounting and (2) converted its governmental activities to the accrual basis of accounting.

CITY OF JOHNSTOWN, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Modified Accrual Basis Adjustments – the conversion of the governmental funds from the cash-basis of accounting to the modified accrual basis of accounting required certain adjustments to be recorded at December 31, 2020 to the fund cash balances as previously reported to reflect the prior year's effect of adopting these new accounting principles.

The restatement to the December 31, 2020 fund cash balances for the governmental funds follows:

	General	Capital Projects	Capital Projects - US62	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 593,106	\$ 1,166,357	\$ 153,400	\$ 720,493	\$ 2,633,356
Modified Accrual Basis Adjustments	<u>587,503</u>	<u>(167,573)</u>	<u>-</u>	<u>(237,895)</u>	<u>182,035</u>
Restated Fund Balance, at December 31, 2020	<u><u>\$ 1,180,609</u></u>	<u><u>\$ 998,784</u></u>	<u><u>\$ 153,400</u></u>	<u><u>\$ 482,598</u></u>	<u><u>\$ 2,815,391</u></u>

The restatement to the December 31, 2020 fund cash balances for the proprietary funds follows:

	Water	Sewer	Enterprise Funds
Fund Balance as previously reported	\$ 7,010,464	\$ 5,917,668	\$ 12,928,132
Accrual Basis Adjustments	<u>(211,101)</u>	<u>5,492,106</u>	<u>5,281,005</u>
Restated Fund Balance, at December 31, 2020	<u><u>\$ 6,799,363</u></u>	<u><u>\$ 11,409,774</u></u>	<u><u>\$ 18,209,137</u></u>

The restatement to the December 31, 2020 fund cash balances for the fiduciary funds follows:

	Custodial	Agency
Fund Balance as previously reported	\$ -	\$ 18,321
Modified Accrual Basis Adjustments	<u>18,321</u>	<u>(18,321)</u>
Restated Fund Balance, at December 30, 2020	<u><u>\$ 18,321</u></u>	<u><u>\$ -</u></u>

Under GAAP, the District's government-wide financial statements are prepared on the accrual basis of accounting. The government-wide financial statements show the District's programs for governmental and business-type activities. The conversion from the cash-basis of accounting to the accrual basis of accounting required certain adjustments to be recorded at December 31, 2020 to the net cash position as previously reported to reflect the prior year's effect of adopting these new accounting principles.

CITY OF JOHNSTOWN, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The restatement to the December 31, 2020 net cash position for the governmental activities follows:

	Governmental Activities	Business-type Activities
Net position as previously reported	\$ 2,633,356	\$ 12,928,132
Modified accrual adjustments	182,035	5,281,005
Accrual basis adjustments:		
Assets	9,010,318	-
Deferred outflows	676,314	-
Liabilities	(6,996,829)	-
Deferred inflows	<u>(445,855)</u>	<u>-</u>
Net reporting basis adjustments	<u>2,425,983</u>	<u>5,281,005</u>
Restated net position at December 31, 2020	<u><u>\$ 5,059,339</u></u>	<u><u>\$ 18,209,137</u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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 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 maturing not more than one (1) year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CITY OF JOHNSTOWN, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met;
9. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.
10. Time certificates of deposit (CDs) in authorized depositories, provided those funds are properly insured or collateralized as provided in Ohio Revised Code Section 135.18. The payment of the principal and interest thereon for which eligible securities are pledged must be paid and deposited with the City or qualified and approved trustee.
11. Negotiable time certificates of deposit (negotiable CDs) which have a secondary market in which to trade such securities. The underlying issuer must be covered by FDIC insurance, and the amount of the acquired security is limited to ninety seven percent (97%) of the available FDIC coverage. For example, an investment in a negotiable certificate of deposit (CD) would be limited to \$242,500 assuming FDIC coverage limit of \$250,000.

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all City deposits was \$7,674,493 and the bank balance of all City deposits was \$7,784,467. Of the bank balance, \$250,000 was covered by the FDIC and \$7,534,467 was covered by the Ohio Pooled Collateral System or had the potential to be exposed to custodial credit risk as described below.

CITY OF JOHNSTOWN, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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

B. Investments

Investments are reported at fair value. As of December 31, 2021, the City had the following investments:

Measurement/ Investment Type	Measurement Amount	Investment Maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Negotiable CD's	\$ 3,963,786	\$ -	\$ 999,531	\$ 248,787	\$ 993,623	\$ 1,721,845
Commercial paper	997,955	-	997,955	-	-	-
FHLB	1,190,558	-	-	-	-	1,190,558
<i>Amortized cost:</i>						
U.S. Government money market mutual funds	17,981	17,981	-	-	-	-
Total	\$ 6,170,280	\$ 17,981	\$ 1,997,486	\$ 248,787	\$ 993,623	\$ 2,912,403

The weighted average maturity of investments is 2.14 years.

The City's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FHLB), commercial paper, and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The U.S. Government money market carry a rating of AAA by Standard & Poor's and Aaa-mf by Moody. The federal agency securities carry a rating of AA+ and Aaa by Standard & Poor's and Moody, respectively. The commercial paper carries a rating of A-1 and P-1 by Standard & Poor's and Moody, respectively. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

CITY OF JOHNSTOWN, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2021:

<u>Measurement/ Investment Type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Fair Value:		
Negotiable CD's	\$ 3,963,786	64.24
Commercial paper	997,955	16.17
FHLB	1,190,558	19.30
Amortized Cost:		
U.S. Government money market mutual funds	17,981	0.29
Total	<u>\$ 6,170,280</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

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

Cash and investments per note

Carrying amount of deposits	\$ 7,674,493
Investments	<u>6,170,280</u>
Total	<u>\$ 13,844,773</u>

Cash and investments per statement of net position

Governmental activities	\$ 2,027,360
Business-type activities	11,803,105
Custodial fund	<u>14,308</u>
Total	<u>\$ 13,844,773</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported in the fund financial statements:

Transfers from general fund to:

Capital projects fund	\$ 310,671
Nonmajor governmental funds	<u>538,000</u>
Total transfers	<u>\$ 848,671</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

CITY OF JOHNSTOWN, OHIO

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

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 thirty-five percent (35%) of appraised market value. All property is required to be revalued every six (6) 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 proceeding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate for all City operations for the year ended December 31, 2021 was 1.3 mils per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

Real Property	\$ 150,523,030
Public Utility	<u>4,929,290</u>
Total Assessed Value	<u>\$ 155,452,320</u>

NOTE 7 - INCOME TAXES

The City levies a municipal income tax of 1.0% on all salaries, wages, commissions and other compensation; on net profits earned within the City; and on incomes of residents earned outside of the City. Employers within the City are required to withhold income tax on employees' compensation and 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 revenue has been reported as revenue in the general fund to the extent that it was measurable and available to finance current operations at December 31. Income tax revenue for 2021 was \$2,544,086 in the general fund.

RITA administers and collects income taxes for the City. Payments are remitted semi-monthly, net of estimated collection fees. In June the year following collection, RITA calculates the actual cost of collection and either: (1) rebates the overpayment amount; or (2) charges the entity for underpayment.

CITY OF JOHNSTOWN, OHIO

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

NOTE 8 - RECEIVABLES

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

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

Governmental activities:

Income taxes	\$ 721,211
Property taxes	305,428
Accounts	76,957
Accrued interest	1,525
Due from other governments	240,983

Business-type activities:

Accounts	286,684
Accrued interest	4,338

Receivables have been disaggregated on the face of the BFS. All receivables are expected to be collected within the subsequent year.

CITY OF JOHNSTOWN, OHIO

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

NOTE 9 - CAPITAL ASSETS

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

Governmental activities:	Balance 12/31/20	Additions	Disposals	Balance 12/31/21
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,121,305	\$ -	\$ -	\$ 3,121,305
Construction in progress	73,847	1,002,576	(68,658)	1,007,765
Total capital assets, not being depreciated	3,195,152	1,002,576	(68,658)	4,129,070
<i>Capital assets, being depreciated:</i>				
Land improvements	614,027	-	-	614,027
Buildings and improvements	1,245,046	10,164	-	1,255,210
Furniture and equipment	377,853	35,043	-	412,896
Vehicles	558,686	201,513	-	760,199
Infrastructure	9,712,641	391,714	-	10,104,355
Total capital assets, being depreciated	12,508,253	638,434	-	13,146,687
<i>Less: accumulated depreciation:</i>				
Land improvements	(195,448)	(14,537)	-	(209,985)
Buildings and improvements	(462,264)	(21,982)	-	(484,246)
Furniture and equipment	(279,718)	(22,061)	-	(301,779)
Vehicles	(359,750)	(65,904)	-	(425,654)
Infrastructure	(5,897,298)	(345,402)	-	(6,242,700)
Total accumulated depreciation	(7,194,478)	(469,886)	-	(7,664,364)
Total capital assets, being depreciated, net	5,313,775	168,548	-	5,482,323
Governmental activities capital assets, net	\$ 8,508,927	\$ 1,171,124	\$ (68,658)	\$ 9,611,393

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 25,919
Security of persons and property	30,797
Transportation	402,655
Leisure time activity	10,515
Total Depreciation Expense - Governmental Activities	\$ 469,886

CITY OF JOHNSTOWN, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

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

<u>Business-type activities:</u>	Balance	Balance		
	12/31/20	Additions	Disposals	12/31/21
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 183,700	\$ -	\$ -	\$ 183,700
Construction in progress	<u>1,636,113</u>	<u>2,820,974</u>	<u>(2,048,176)</u>	<u>2,408,911</u>
Total Capital Assets, Not Being Depreciated	<u>1,819,813</u>	<u>2,820,974</u>	<u>(2,048,176)</u>	<u>2,592,611</u>
<i>Capital Assets, Being Depreciated:</i>				
Land improvements	321,874	41,565	-	363,439
Buildings and improvements	9,513,862	-	-	9,513,862
Furniture and equipment	4,312,882	43,623	-	4,356,505
Vehicles	641,401	-	-	641,401
Infrastructure	<u>10,223,327</u>	<u>2,222,423</u>	<u>-</u>	<u>12,445,750</u>
Total Capital Assets, Being Depreciated	<u>25,013,346</u>	<u>2,307,611</u>	<u>-</u>	<u>27,320,957</u>
<i>Less: Accumulated Depreciation:</i>				
Land improvements	(120,464)	(9,086)	-	(129,550)
Buildings and improvements	(3,526,754)	(190,278)	-	(3,717,032)
Furniture and equipment	(2,187,005)	(149,914)	-	(2,336,919)
Vehicles	(543,135)	(21,628)	-	(564,763)
Infrastructure	<u>(3,744,918)</u>	<u>(265,245)</u>	<u>-</u>	<u>(4,010,163)</u>
Total Accumulated Depreciation	<u>(10,122,276)</u>	<u>(636,151)</u>	<u>-</u>	<u>(10,758,427)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,891,070</u>	<u>1,671,460</u>	<u>-</u>	<u>16,562,530</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,710,883</u>	<u>\$ 4,492,434</u>	<u>\$ (2,048,176)</u>	<u>\$ 19,155,141</u>

Depreciation expense was charged to fund's (business-type activities) of the City as follows:

Business-type activities:

Water	\$ 265,775
Sewer	<u>370,376</u>
Total Depreciation Expense - Business Type Activities	<u>\$ 636,151</u>

CITY OF JOHNSTOWN, OHIO

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

NOTE 10 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Employees earn vacation at different rates which are also affected by length of service. Vacation is accrued each pay and may be carried over within established limits. The maximum number of hours which may be accrued is based on years of service. Vacation and sick leave accumulated by governmental fund type employees has been recorded in the statement of net position to the extent they were not paid using current expendable available resources. Vacation and sick leave earned by proprietary funds type employees is expensed when earned and has been recorded in the fund.

Employees are permitted to earn compensatory-time in lieu of being paid overtime, and may accrue a maximum of hours and may be carried forward to the next year.

As of December 31, 2021, the liability for compensated absences in governmental activities and business-type activities was \$73,593 and \$35,695, respectively. The total liability for the City's compensated absences reported on the statement of net position was \$73,593 with \$42,263 being due within one year.

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In previous years, the City entered into capital lease agreements for copier equipment. These leases meet the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Equipment in the amount of \$37,031 has been capitalized, which is equal to the present value of the future minimum lease payment at the time of acquisition. A corresponding liability was recorded. Accumulated depreciation on the copiers totaled \$33,417, leaving a current book value of \$3,614. A corresponding liability was recorded in the government-wide and business-type financial statements. Principal and interest payments in 2021 totaled \$8,075 paid by the general fund, water fund and sewer fund.

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 6,786	\$ 828
2023	415	830
2024	414	830
2025	<u>104</u>	<u>206</u>
Total future minimum lease payments	7,719	2,694
Less: amount representing interest	<u>(376)</u>	<u>(222)</u>
Present value of net minimum lease payments	<u>\$ 7,343</u>	<u>\$ 2,472</u>

CITY OF JOHNSTOWN, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS

A. During 2021, the following activity occurred in the City's governmental long-term obligations.

Governmental activities:	Balance			Balance	Amounts Due in	
	12/31/20	Additions	Reductions		12/31/21	One Year
<u>Bond Obligations</u>						
<i>Direct borrowings:</i>						
Series 2015 Street Improvement Bonds	\$ 980,000	\$ -	\$ (75,000)	\$ 905,000	\$ 75,000	
Series 2017 Street Improvement Bonds	1,205,000	-	(70,000)	1,135,000	75,000	
Series 2017 Land Purchase Bonds	155,000	-	(20,000)	135,000	20,000	
Series 2020 Various Purpose Bonds	1,315,000	-	(85,000)	1,230,000	95,000	
Series 2019 Police Vehicle Acquisition Bond	64,317	-	(31,580)	32,737	32,737	
Series 2021 Police Vehicle Acquisition Bond	-	60,000	-	60,000	19,799	
Series 2020 Police Vehicle Acquisition Bond	50,000	-	(16,165)	33,835	16,662	
Total Bond Obligations	3,769,317	60,000	(297,745)	3,531,572	334,198	
<i>Loan Obligations:</i>						
OPWC Loan #CQ24S	276,879	-	(11,075)	265,804	11,075	
OPWC Loan #CQ17T	86,573	-	(3,330)	83,243	3,330	
OPWC Loan #CQ08U	44,845	-	(2,638)	42,207	2,638	
OPWC Loan #CQ35W	211,652	-	(10,854)	200,798	10,854	
OPWC Loan #CQ37X	-	149,924	-	149,924	3,748	
Total Loan Obligations	619,949	149,924	(27,897)	741,976	31,645	
<i>Other Obligations:</i>						
Capital leases	14,036	-	(6,693)	7,343	6,466	
Net pension liability	1,756,024	-	(52,660)	1,703,364	-	
Net OPEB liability	608,713	4,486	(440,938)	172,261	-	
Compensated absences	80,647	40,949	(48,003)	73,593	42,263	
Total Other Obligations	2,459,420	45,435	(548,294)	1,956,561	48,729	
Total Governmental Activities						
Long-Term Obligations	\$ 6,848,686	\$ 255,359	\$ (873,936)	6,230,109	\$ 414,572	
Add: unamortized premium on bond issuance					139,863	
Total Reported on Statement of Net Position					\$ 6,369,972	

Compensated absences: Compensated absences are reported on 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 construction fund (a nonmajor governmental fund).

Capital lease obligation: See Note 11 for detail.

Net pension liability and net OPEB liability: See Notes 14 and 15 for details. The City pays obligations related to employee compensation from the fund benefiting from their service, which for the City, is primarily the general fund.

Series 2015 Street Improvement Bonds: On October 6, 2015, the City issued \$1,290,000 in Series 2015 street improvement bonds to construct various streets and sidewalk improvements. The issue is comprised of current interest bonds, par value \$1,290,000. The interest rates on the current interest bonds is 3.41%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2032. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund).

CITY OF JOHNSTOWN, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Series 2017 Various Purpose Bonds: On October 19, 2017, the City issued \$2,540,000 in Series 2017 street improvement bonds and \$215,000 in Series 2017 taxable land acquisition bonds. The proceeds of the various purpose bonds were used to construct various streets, sidewalk improvements and the extension of water and sewer utilities. The proceeds of the taxable land acquisition bonds were used to acquire land within the Duncan Plains area. The issues are comprised of current interest bonds, par value \$2,755,000. The interest rates on the bonds is 3.22%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2034. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund), the water fund and the sewer fund.

Series 2020 Various Purpose Bonds: On May 19, 2020, the City issued \$150,000 in Series 2020 equipment bonds, \$300,000 in Series 2020 building bonds, \$910,000 in Series 2020 roadway improvement bonds, \$5,750,000 in Series 2020 water system improvement bonds and \$1,500,000 in Series 2020 sewer system improvement bonds. The proceeds of the various purpose bonds were used for an equipment purchase, building construction, to construct various streets, and the upgrade and extension of water and sewer utilities. The issue is comprised of current interest bonds, par value \$8,610,000. The interest rates on the current interest bonds is 4.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2050. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund), the water fund and the sewer fund.

Series 2019 Police Vehicle Acquisition Bonds: On September 3, 2019, the City issued \$94,000 in Series 2019 police vehicle acquisition of police cruisers and related equipment. The interest rates on the current interest bond is 3.63%. Payments on the current interest bonds are due on June 10 and December 10 of each year. The final maturity stated in the issue is December 10, 2022. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund).

Series 2020 Police Vehicle Acquisition Bonds: On October 6, 2020, the City issued \$50,000 in Series 2020 police vehicle acquisition of a police cruiser and related equipment. The interest rates on the current interest bond is 3.05%. Payments on the current interest bonds are due on April 7 and October 7 of each year. The final maturity stated in the issue is October 7, 2023. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund).

Series 2021 Police Vehicle Acquisition Bonds: On November 18, 2021, the City issued \$60,000 in Series 2021 police vehicle acquisition of a police cruiser and related equipment. The interest rates on the current interest bond is 3.20%. Payments on the current interest bonds are due on July 18 of each year. The final maturity stated in the issue is July 18, 2024. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund).

OPWC loans payable: The City has entered into five debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund street reconstruction. The amounts due to the OPWC are payable solely from the debt service fund (a nonmajor governmental fund). The loan agreements function similar to a line-of-credit agreement. At December 31, 2021, the City has outstanding borrowings of \$741,976 in the governmental funds. The final OPWC loan matures on January 1, 2046 and has a 0% interest rate. The loan agreements require semi-annual payments based on the actual amount loaned and are made from the debt service 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 JOHNSTOWN, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

A summary of the City's future debt service requirements for governmental activities long-term obligations outstanding as of December 31, 2021 are as follows:

Year Ending December 31,	Series 2015 Street Improvement Bonds		
	Principal	Interest	Total
2022	\$ 75,000	\$ 30,975	\$ 105,975
2023	70,000	29,475	99,475
2024	75,000	27,725	102,725
2025	75,000	25,850	100,850
2026	80,000	23,600	103,600
2027 - 2031	435,000	72,600	507,600
2032	<u>95,000</u>	<u>3,800</u>	<u>98,800</u>
Total	<u>\$ 905,000</u>	<u>\$ 214,025</u>	<u>\$ 1,119,025</u>

Year Ending December 31,	Series 2017 Various Improvement Bonds		
	Principal	Interest	Total
2022	\$ 95,000	\$ 43,505	\$ 138,505
2023	95,000	41,465	136,465
2024	95,000	39,345	134,345
2025	100,000	37,225	137,225
2026	105,000	34,950	139,950
2027 - 2031	465,000	117,975	582,975
2032 - 2034	<u>315,000</u>	<u>25,600</u>	<u>340,600</u>
Total	<u>\$ 1,270,000</u>	<u>\$ 340,065</u>	<u>\$ 1,610,065</u>

Year Ending December 31,	Series 2020 Various Purpose Bonds		
	Principal	Interest	Total
2022	\$ 95,000	\$ 52,650	\$ 147,650
2023	95,000	48,850	143,850
2024	95,000	45,050	140,050
2025	65,000	41,250	106,250
2026	65,000	38,000	103,000
2027 - 2031	315,000	138,250	453,250
2032 - 2036	255,000	70,750	325,750
2037 - 2040	<u>245,000</u>	<u>18,600</u>	<u>263,600</u>
Total	<u>\$ 1,230,000</u>	<u>\$ 453,400</u>	<u>\$ 1,683,400</u>

Year Ending December 31,	Series 2019 Police Vehicle Acquisition Bonds		
	Principal	Interest	Total
2022	\$ 32,737	\$ 893	\$ 33,630
Total	<u>\$ 32,737</u>	<u>\$ 893</u>	<u>\$ 33,630</u>

CITY OF JOHNSTOWN, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	Series 2020 Police Vehicle Acquistion Bonds		
	Principal	Interest	Total
2022	\$ 16,662	\$ 905	\$ 17,567
2023	<u>17,173</u>	<u>393</u>	<u>17,566</u>
Total	<u>\$ 33,835</u>	<u>\$ 1,298</u>	<u>\$ 35,133</u>

Year Ending December 31,	Series 2021 Police Vehicle Acquistion Bonds		
	Principal	Interest	Total
2022	\$ 19,799	\$ 1,273	\$ 21,072
2023	<u>19,785</u>	<u>1,286</u>	<u>21,071</u>
2024	<u>20,416</u>	<u>655</u>	<u>21,071</u>
Total	<u>\$ 60,000</u>	<u>\$ 3,214</u>	<u>\$ 63,214</u>

Year Ending December 31,	OPWC Loans		
	Principal	Interest	Total
2022	\$ 31,645	\$ -	\$ 31,645
2023	<u>35,393</u>	<u>-</u>	<u>35,393</u>
2024	<u>35,393</u>	<u>-</u>	<u>35,393</u>
2025	<u>35,393</u>	<u>-</u>	<u>35,393</u>
2026	<u>35,393</u>	<u>-</u>	<u>35,393</u>
2027 - 2031	<u>176,965</u>	<u>-</u>	<u>176,965</u>
2032 - 2036	<u>176,965</u>	<u>-</u>	<u>176,965</u>
2037 - 2041	<u>150,132</u>	<u>-</u>	<u>150,132</u>
2042 - 2046	<u>64,697</u>	<u>-</u>	<u>64,697</u>
Total	<u>\$ 741,976</u>	<u>\$ -</u>	<u>\$ 741,976</u>

CITY OF JOHNSTOWN, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

B. During 2021, the following activity occurred in the City's business-type long-term obligations.

Business-type activities:	Balance			Balance	Amounts Due in One Year
	12/31/20	Additions	Reductions		
<u>General Obligation Bonds</u>					
<i>Direct borrowings:</i>					
Series 2017 Water Improvement Bonds	\$ 255,000	\$ -	\$ (15,000)	\$ 240,000	\$ 15,000
Series 2020 Various Purpose Bonds	7,185,000	-	(125,000)	7,060,000	125,000
Series 2017 Sewer Improvement Bonds	710,000	-	(40,000)	670,000	45,000
Total General Obligation Bonds	8,150,000	-	(180,000)	7,970,000	185,000
<u>Loan Obligations</u>					
<i>Direct borrowings:</i>					
OPWC Loan #CT57L	31,955	-	(3,551)	28,404	3,551
OPWC Loan #CQ02E	35,000	-	(17,500)	17,500	17,500
OPWC Loan #CQ02G	22,500	-	(5,000)	17,500	5,000
OWDA Loan #3705	202,923	-	(13,711)	189,212	14,354
OWDA Loan #4098	1,526,477	-	(291,966)	1,234,511	298,483
OWDA Loan #9332	-	54,899	(54,899)	-	-
OWDA Loan #9376	-	500,000	(500,000)	-	-
Total Loan Obligations	1,818,855	554,899	(886,627)	1,487,127	338,888
<u>Other Obligations</u>					
Capital leases	3,156	-	(684)	2,472	718
Net pension liability	568,003	-	(133,274)	434,729	-
Net OPEB liability	409,366	-	(409,366)	-	-
Compensated absences	37,039	17,735	(19,079)	35,695	22,373
Total Other Obligations	1,017,564	17,735	(562,403)	472,896	23,091
Total Business-Type Activities					
Long-Term Obligations	\$ 10,986,419	\$ 572,634	\$ (1,629,030)	9,930,023	\$ 546,979
Add: unamortized premium on bond issuance				320,558	
Total Reported on Statement of Net Position				\$ 10,250,581	

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

Capital lease obligation: See Note 11 for detail.

Net pension liability and net OPEB liability: See Notes 14 and 15 for details. The City pays obligations related to employee compensation from the fund benefiting from their service, will be the water fund and the sewer fund.

Series 2017 Various Purpose Bonds: See Note 12.A for detail.

Series 2020 Various Purpose Bonds: See Note 12.A for detail.

CITY OF JOHNSTOWN, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loans: The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. These loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. 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. The amounts due to OWDA are intended to be paid primarily from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2021, the City had outstanding borrowings of \$189,212 reported in the water fund and \$1,234,511 in the sewer fund. During 2021, the water fund made \$13,711 in principal payments on the OWDA loans and the sewer fund made \$846,865 in principal payments on the OWDA loans.

OPWC Loans: The City has entered into debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund construction projects. The amounts due to the OPWC are payable solely from water and sewer fund revenues. The loans are interest free. At December 31, 2021, the City has outstanding borrowings of \$63,404. Principal payments for 2021 amounted to \$26,051.

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.

A summary of the City's future debt service requirements for enterprise activities long-term obligations outstanding as of December 31, 2021 are as follows:

Year Ending December 31,	Series 2017 Various Improvement Bonds		
	Principal	Interest	Total
2022	\$ 60,000	\$ 31,600	\$ 91,600
2023	60,000	30,400	90,400
2024	60,000	29,200	89,200
2025	60,000	28,000	88,000
2026	60,000	26,800	86,800
2027 - 2031	360,000	93,800	453,800
2032 - 2034	250,000	20,400	270,400
Total	\$ 910,000	\$ 260,200	\$ 1,170,200

CITY OF JOHNSTOWN, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	Series 2020 Various Purpose Bonds		
	Principal	Interest	Total
2022	\$ 125,000	\$ 260,975	\$ 385,975
2023	140,000	255,975	395,975
2024	140,000	250,375	390,375
2025	145,000	244,775	389,775
2026	150,000	237,525	387,525
2027 - 2031	880,000	1,066,375	1,946,375
2032 - 2036	1,120,000	824,125	1,944,125
2037 - 2041	1,350,000	596,475	1,946,475
2042 - 2046	1,570,000	375,313	1,945,313
2047 - 2050	1,440,000	114,375	1,554,375
Total	\$ 7,060,000	\$ 4,226,288	\$ 11,286,288
Year Ending December 31,	OWDA Loans		
	Principal	Interest	Total
2022	\$ 312,837	\$ 33,185	\$ 346,022
2023	320,175	25,941	346,116
2024	327,692	18,521	346,213
2025	335,394	10,921	346,315
2026	17,245	4,934	22,179
2027 - 2031	99,155	13,527	112,682
2032-2033	11,225	225	11,450
Total	\$ 1,423,723	\$ 107,254	\$ 1,530,977
Year Ending December 31,	OPWC Loans		
	Principal	Interest	Total
2022	\$ 26,051	\$ -	\$ 26,051
2023	8,551	-	8,551
2024	8,551	-	8,551
2025	6,051	-	6,051
2026	3,551	-	3,551
2027 - 2029	10,649	-	10,649
Total	\$ 63,404	\$ -	\$ 63,404

CITY OF JOHNSTOWN, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2021, the City's total debt margin was \$12,988,185 and the unvoted debt margin was \$8,549,878.

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

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. The City is a member of the Public Entities Pool of Ohio (PEP). PEP is non-assessable and consists of over 550 members who pool risk for property, liability, legal defense, cyber crime, and public official liability. The City pays an annual premium for this coverage. The PEP is endorsed by the Ohio Municipal League since 2017. The type of coverage and deductible for each is as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limit - Aggregate</u>
General Liability	\$ 0	\$6,000,000
Public Officials Wrongful Acts	10,000	6,000,000
Law Enforcement	10,000	6,000,000
Automobile Liability	0	6,000,000
Employment Practices	10,000	6,000,000
Cyber Liability	0	6,000,000
Crime	500	50,000
Property	1,000	19,185,596

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The City changed insurance providers in 2021, switching from Ohio Municipal Joint Self Insurance Pool.

PEP issues a stand-alone Annual Report. Interested parties may obtain a copy from their website: pepohio.org

B. Employee Health Insurance

During 2021, the City provided employees' health and dental insurance through Medical Mutual of Ohio and Delta Dental. The City offered one health insurance plan option. Life insurance is provided through Consumer's Life. The premiums for health, dental and life insurance are paid monthly with the City paying 100% of the cost.

C. Workers' Compensation

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the Ohio Bureau of Workers' Compensation a premium based upon a rate of \$100 of payroll plus administrative costs. The rate is determined based on accident history of the City. The City also pays unemployment claims to the State of Ohio as incurred.

CITY OF JOHNSTOWN, OHIO

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

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/Asset

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases 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 police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

CITY OF JOHNSTOWN, OHIO

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

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 Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

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

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

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

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

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

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

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$165,410 for 2021. Of this amount, \$14,885 is reported as due to other governments.

CITY OF JOHNSTOWN, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - City full-time police 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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

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

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

2021 Statutory Maximum Contribution Rates		<u>Police</u>
Employer		19.50 %
Employee		12.25 %
2021 Actual Contribution Rates		
Employer:		
Pension		19.00 %
Post-employment Health Care Benefits		0.50 %
Total Employer		<u>19.50 %</u>
Employee		12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$107,755 for 2021. Of this amount, \$16,091 is reported as due to other governments.

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

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

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

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00596900%	0.02027600%	0.01698520%	
Proportion of the net pension liability/asset current measurement date	<u>0.00695400%</u>	<u>0.02252800%</u>	<u>0.01625850%</u>	
Change in proportionate share	<u>0.00098500%</u>	<u>0.00225200%</u>	<u>-0.00072670%</u>	
Proportionate share of the net pension liability	\$ 1,029,736	\$ -	\$ 1,108,357	\$ 2,138,093
Proportionate share of the net pension asset	-	(65,030)	-	(65,030)
Pension expense	132,558	1,533	144,413	278,504

CITY OF JOHNSTOWN, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ -	\$ 46,334	\$ 46,334
Changes of assumptions	- -	4,060	18,588	22,648
Changes in employer's proportionate percentage/ difference between employer contributions	167,434	-	5,835	173,269
Contributions subsequent to the measurement date	149,969	15,441	107,755	273,165
Total deferred outflows of resources	<u>\$ 317,403</u>	<u>\$ 19,501</u>	<u>\$ 178,512</u>	<u>\$ 515,416</u>

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 43,075	\$ 12,267	\$ 43,177	\$ 98,519
Net difference between projected and actual earnings on pension plan investments	401,364	9,673	53,764	464,801
Changes in employer's proportionate percentage/ difference between employer contributions	-	-	77,429	77,429
Total deferred inflows of resources	<u>\$ 444,439</u>	<u>\$ 21,940</u>	<u>\$ 174,370</u>	<u>\$ 640,749</u>

\$273,165 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

CITY OF JOHNSTOWN, OHIO

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

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:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OP&F	Total
2022	\$ (51,628)	\$ (4,658)	\$ (23,084)	\$ (79,370)
2023	(7,031)	(2,957)	3,375	(6,613)
2024	(163,607)	(5,186)	(66,369)	(235,162)
2025	(54,739)	(2,409)	(16,142)	(73,290)
2026	-	(1,037)	(1,393)	(2,430)
Thereafter	-	(1,633)	-	(1,633)
Total	<u>\$ (277,005)</u>	<u>\$ (17,880)</u>	<u>\$ (103,613)</u>	<u>\$ (398,498)</u>

Actuarial Assumptions - OPERS

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 1,964,227	\$ 1,029,736	\$ 252,708
Combined Plan	(45,281)	(65,030)	(79,749)

Actuarial Assumptions - OP&F

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

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

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, 2020 are summarized below:

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

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 1,542,974	\$ 1,108,357	\$ 744,625

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 14 for a description of the net pension liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

The City's contractually required contribution to OP&F was \$2,836 for 2021. Of this amount, \$423 is reported as due to other governments.

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability			
prior measurement date	0.00615600%	0.01698520%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.00713300%</u>	<u>0.01625850%</u>	
Change in proportionate share	<u>0.00097700%</u>	<u>-0.00072670%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 172,261	\$ 172,261
Proportionate share of the net OPEB asset	(127,080)	-	(127,080)
OPEB expense	(697,856)	31,325	(666,531)

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

	OPERS	OP&F	Total
Deferred outflows of resources			
Changes of assumptions	\$ 62,472	\$ 95,163	\$ 157,635
Changes in employer's proportionate percentage/difference between employer contributions	96,898	69,214	166,112
Contributions subsequent to the measurement date	-	2,836	2,836
Total deferred outflows of resources	<u>\$ 159,370</u>	<u>\$ 167,213</u>	<u>\$ 326,583</u>

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 114,688	\$ 28,415	\$ 143,103
Net difference between projected and actual earnings on OPEB plan investments	67,687	6,401	74,088
Changes of assumptions	205,908	27,462	233,370
Changes in employer's proportionate percentage/ difference between employer contributions	1,352	9,054	10,406
Total deferred inflows of resources	<u>\$ 389,635</u>	<u>\$ 71,332</u>	<u>\$ 460,967</u>

\$2,836 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, 2022.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2022	\$ (106,121)	\$ 22,236	\$ (83,885)
2023	(86,757)	23,752	(63,005)
2024	(29,411)	21,362	(8,049)
2025	(7,975)	22,245	14,270
2026	(1)	2,368	2,367
Thereafter	-	1,082	1,082
Total	<u>\$ (230,265)</u>	<u>\$ 93,045</u>	<u>\$ (137,220)</u>

Actuarial Assumptions - OPERS

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

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

CITY OF JOHNSTOWN, OHIO

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

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	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ 31,599	\$ 127,080	\$ 205,573

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	Current Health Care Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 130,177	\$ 127,080	\$ 123,615

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

CITY OF JOHNSTOWN, OHIO

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

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

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

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

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

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

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Note: assumptions are geometric.

* levered 2.5x

** numbers include inflation

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

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 214,800	\$ 172,261	\$ 137,172

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 accounting principles generally accepted in the United States of America (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, Street fund and Police 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);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

CITY OF JOHNSTOWN, OHIO

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

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:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (68,169)
Net adjustment for revenue accruals	28,179
Net adjustment for expenditure accruals	88,882
Net adjustment for other sources/uses	12,332
Funds budgeted elsewhere	<u>(49,549)</u>
GAAP basis	<u><u>\$ 11,675</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, recreation fund and sesquicentennial 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, 2020.

B. Litigation

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

CITY OF JOHNSTOWN, OHIO

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

NOTE 18 - 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	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 13,743	\$ -	\$ 69,097	\$ 82,840
Prepays	27,730	-	2,317	30,047
Total Nonspendable	41,473	-	71,414	112,887
Restricted:				
Capital improvements	-	328,992	152,425	481,417
Debt service	-	-	197,263	197,263
Transportation projects	-	-	134,591	134,591
Public safety	-	-	10,589	10,589
Other purposes	-	-	29,338	29,338
Total Restricted	-	328,992	524,206	853,198
Assigned:				
Subsequent year appropriation	211,431	-	-	211,431
Other purposes	28,500	-	-	28,500
Total Assigned	239,931	-	-	239,931
Unassigned	910,880	-	-	910,880
Total Fund Balances	\$ 1,192,284	\$ 328,992	\$ 595,620	\$ 2,116,896

NOTE 19 - TAX INCENTIVES

Local governments within the taxing district entered into property tax abatement agreements with property owners under the Community Reinvestment Agreement (“CRA”) program and under Enterprise Zone tax abatement agreements. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the County designates areas to encourage revitalization of the existing housing stock and the development of new structures. 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 or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the City. Under the agreements, the City property taxes were reduced by \$2,649 during 2021.

NOTE 20 – ASSET RETIREMENT OBLIGATIONS

The Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio Environmental Protection Agency (Ohio EPA) for approval. Through this permitting process, the City would be responsible for addressing any public safety issues associated with their sewage treatment facilities and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. Due to lack of specific legal requirements for retiring the sewage treatment plant, the City has determined that the asset retirement obligation cannot be reasonably estimated.

CITY OF JOHNSTOWN, OHIO

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

NOTE 21 - COVID-19

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

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, 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 TWO YEARS

	2021	2020
<i>Traditional Plan:</i>		
City's proportion of the net pension liability	0.006954%	0.005969%
City's proportionate share of the net pension liability	\$ 1,029,736	\$ 1,179,813
City's covered payroll	\$ 983,707	\$ 913,993
City's proportionate share of the net pension liability as a percentage of its covered payroll	104.68%	129.08%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%
<i>Combined Plan:</i>		
City's proportion of the net pension asset	0.022528%	0.020276%
City's proportionate share of the net pension asset	\$ 65,030	\$ 42,280
City's covered payroll	\$ 99,279	\$ -
City's proportionate share of the net pension asset as a percentage of its covered payroll	65.50%	0.00%
Plan fiduciary net position as a percentage of the total pension asset	157.67%	148.25%

Note: Information prior to 2020 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, 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 TWO YEARS

	2021	2020
City's proportion of the net pension liability	0.01625850%	0.01698520%
City's proportionate share of the net pension liability	\$ 1,108,357	\$ 1,144,214
City's covered payroll	\$ 516,421	\$ 447,697
City's proportionate share of the net pension liability as a percentage of its covered payroll	214.62%	255.58%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%

Note: Information prior to 2020 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2021	2020	2019
<i>Traditional Plan:</i>			
Contractually required contribution	\$ 149,969	\$ 137,719	\$ 127,959
Contributions in relation to the contractually required contribution	<u>(149,969)</u>	<u>(137,719)</u>	<u>(127,959)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's covered payroll	\$ 1,071,207	\$ 983,707	\$ 913,993
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%
<i>Combined Plan:</i>			
Contractually required contribution	\$ 15,441	\$ 13,899	\$ -
Contributions in relation to the contractually required contribution	<u>(15,441)</u>	<u>(13,899)</u>	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's covered payroll	\$ 110,293	\$ 99,279	\$ -
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%

Note: Information prior to 2019 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2021	2020	2019
<i>Police:</i>			
Contractually required contribution	\$ 107,755	\$ 98,120	\$ 85,063
Contributions in relation to the contractually required contribution	<u>(107,755)</u>	<u>(98,120)</u>	<u>(85,063)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 567,132	\$ 516,421	\$ 447,697
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%

Note: Information prior to 2019 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, 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 TWO YEARS

	2021	2020
City's proportion of the net OPEB liability/asset	0.007133%	0.006156%
City's proportionate share of the net OPEB liability/(asset)	\$ (127,080)	\$ 850,304
City's covered payroll	\$ 1,082,986	\$ 913,993
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	11.73%	93.03%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%

Note: Information prior to 2019 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, 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 TWO YEARS

	2021	2020
City's proportion of the net OPEB liability	0.01625850%	0.01698520%
City's proportionate share of the net OPEB liability	\$ 172,261	\$ 167,775
City's covered payroll	\$ 516,421	\$ 447,697
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	33.36%	37.48%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%

Note: Information prior to 2019 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2021	2020	2019
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,181,500	\$ 1,082,986	\$ 913,993
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

Note: Information prior to 2019 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2021	2020	2019
<i>Police:</i>			
Contractually required contribution	\$ 2,836	\$ 2,582	\$ 2,238
Contributions in relation to the contractually required contribution	<u>(2,836)</u>	<u>(2,582)</u>	<u>(2,238)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 567,132	\$ 516,421	\$ 447,697
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

Note: Information prior to 2019 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms:

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

Changes in assumptions:

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

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

Changes in assumptions:

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

(Continued)

**CITY OF JOHNSTOWN
LICKING COUNTY, OHIO**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms:

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

Changes in assumptions:

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

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

Changes in assumptions:

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

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

City of Johnstown
Licking County
599 S. Main Street
Johnstown, Ohio 43031

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 Johnstown, Licking County, Ohio (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2025, wherein we noted the City changed the presentation of its annual financial report from the cash basis of accounting to presenting its basic financial statements in accordance with accounting principles generally accepted in the United States of America. Additionally, we noted the City's legal status changed from Village to City as a result of the 2021 U.S. Census population determination. We also qualified our opinion on Capital Assets for Governmental Activities as the City did not maintain sufficient appropriate audit evidence to support the amounts recorded as Capital Assets within the Governmental Activities opinion unit.

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 opinions 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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 through 2021-003 and 2021-005 that we consider to be material weaknesses.

City of Johnstown
Licking 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-004.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 5, 2025

**CITY OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

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

FINDING NUMBER 2021-001

Material Weakness - Proper Segregation of Duties

When designing the public office's system of internal control and the related control activities, management should plan for adequate segregation of duties or implement appropriate compensating controls. Sound accounting practices require public officials to design and operate a system of internal control that provides reasonable assurance regarding the reliability of financial reporting, the effectiveness and efficiency of operations, compliance with applicable laws and regulations, and the safeguarding of assets against unauthorized acquisition, use, or disposition.

Proper segregation of duties is a key internal control and an essential defense against both error and fraud. Duties related to recordkeeping, authorization, custody of assets, and reconciliation should be assigned to different individuals. When one person controls multiple aspects of a transaction process, the risk of errors or intentional manipulation increases significantly.

For the year ended December 31, 2021, the City's Fiscal Officer was responsible for all accounting functions, including but not limited to: reconciling the book (fund) balance to the total bank balance monthly; recording and processing expenditures; receipting monies collected; preparing and processing payroll disbursements; creating and managing the City's budget; and entering all financial information into the City's internal accounting system.

The concentration of these responsibilities in a single individual represents a significant internal control weakness and diminishes the reliability of year-end financial data, as noted in Finding Numbers 2021-002 and Finding 2021-003.

We recommend the City establish procedures to ensure that no individual is responsible for authorizing, recording, and reconciling the same transaction. In addition, we recommend Council enhance its oversight by reviewing payroll reports for each pay period and all expenditures prior to disbursement.

Officials' Response: The City of Johnstown will evaluate the employees' duties to determine if segregation of duties can be created for better internal control. The City will look into possible delegation and or additional approvals of the City's financials in the future.

**CITY OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

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

FINDING NUMBER 2021-002

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

During the audit of the City's financial statements for the year ended December 31, 2021, the following variances were identified and corrected on the financial statements:

- \$6,213,100 of Net Invested in Capital Assets of Business-type Activities was misclassified as Unrestricted Net Position on the Statement of Net Position.
- \$1,683,690 of Net Invested in Capital Assets within the Water Fund was misclassified as Unrestricted Net Position on the Statement of Net Position – Proprietary Funds.
- \$4,529,410 of Net Invested in Capital Assets within the Sewer Fund was misclassified as Unrestricted Net Position on the Statement of Net Position – Proprietary Funds.

Additional errors and omissions were identified in the Notes to the Basic Financial Statements and have been adjusted accordingly.

Furthermore, budgeted revenues and expenditures were incorrectly classified on the *Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)* for the General Fund. See Finding 2021-003 for further details.

Other audit-identified misstatements ranged from \$3,406 to \$112,170 and have been communicated to City officials as unadjusted items.

The identified variances and classification errors highlight weaknesses in internal controls over financial reporting. The absence of effective controls over transaction posting reduces the reliability of financial data and increases the risk of undetected errors or irregularities. Such inaccuracies can adversely affect decision-making by governance and the public.

We recommend the City:

1. Implement stronger internal controls to ensure all financial transactions are reviewed and accurately posted to appropriate funds.
2. Review and enhance controls over the financial reporting compilation process.
3. Analyze the identified errors thoroughly to prevent recurrence in future reporting periods.

Officials' Response: The City of Johnstown will review our processes for stronger internal controls over financial reporting during the evaluation of our employees' duties. The City will make corrections to create stronger control over our reporting so moving forward inaccuracies can be reduced.

**CITY OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

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

FINDING NUMBER 2021-003

Material Weakness - Budgetary Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Sound accounting practices require the accurate posting of estimated receipts and appropriations to the ledgers. This ensures reliable budget versus actual comparisons and allows the City Council to make informed decisions regarding budgetary matters.

The Appropriation Resolution and subsequent amendments establish the City's legal spending authority, while the appropriation ledger controls spending by recording those amounts. It is essential that the amounts appropriated by Council are precisely stated and accurately posted to the appropriation ledger. Similarly, estimated resources establish the amounts available for expenditures, and the receipts ledger is the control tool for tracking these resources. Therefore, amounts estimated by Council must be accurately posted to the receipts ledger.

The City did not have adequate procedures to accurately post authorized budgetary measures to the accounting system. Appropriations and estimated receipts approved by City Council and certified by the budget commission were not properly posted. This resulted in overspending (Finding 2021-004) and misstatements on the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)* (Finding 2021-002) as the City provided their converter incorrect information to compile their budgetary statements. The financial reporting variances identified on the City's *Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)* are as follows:

**CITY OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2021-003 (Continued)

Material Weakness- Budgetary Reporting (Continued)

Fund Name	Original Budgeted Receipts	Amount Per Statement	Per Final Certificate	Variance
General Fund	Property Taxes	\$283,125	\$267,234	\$15,891
General Fund	Income Taxes	\$2,354,067	\$2,221,936	\$132,131
General Fund	Charges for Services	\$372	\$351	\$21
General Fund	Fines, Licenses and Permits	\$218,093	\$205,852	\$12,241
General Fund	Intergovernmental Revenue	\$99,238	\$93,668	\$5,570
General Fund	Investment Income	\$6,421	\$6,061	\$360
General Fund	Payment in-lieu-of Taxes	\$59,575	\$56,231	\$3,344
General Fund	Other	\$45,244	\$42,704	\$2,540
General Fund	Changes in fair value of investments	(\$6,523)	(\$6,156)	(\$367)
General Fund	Transfers-In	\$20,838	\$19,669	\$1,169

Fund Name	Original Budgeted Expenditures	Amount Per Statement	Per Appropriation Resolution	Variance
General Fund	General Government	\$1,005,524	\$918,569	(\$86,955)
General Fund	Security of Persons and Property	\$1,492,260	\$1,363,892	(\$128,368)
General Fund	Public Health and Welfare	\$19,500	\$17,823	(\$1,677)
General Fund	Transportation	\$9,900	\$9,048	(\$852)
General Fund	Community Environment	\$157,870	\$144,125	(\$13,745)
General Fund	Leisure time activity	\$38,450	\$35,142	(\$3,308)
General Fund	Utility Services	\$19,700	\$18,005	(\$1,685)
General Fund	Transfers Out	\$20,838	\$19,669	(\$19,669)

**CITY OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2021-003 (Continued)

Material Weakness- Budgetary Reporting (Continued)

To improve budgetary control and accountability, the City should:

- Post approved estimated receipts and appropriations to the accounting ledgers on a timely basis once approved by both City Council and the County Budget Commission.
- Ensure City Council regularly monitors budget versus actual reports for receipts and disbursements.
- Implement procedures to strengthen controls over the budget posting process to reduce the risk of overspending and reporting inaccuracies.

Officials' Response: The City of Johnstown will review our budget reporting procedures from the creation of the budget to the final certification of the city's funds. This review will cover timely reporting, accuracy, and monitoring the budget throughout the year. Based on our review, the City will implement and proceed with the procedures to correct this finding.

FINDING NUMBER 2021-004

Material Noncompliance- Expenditures in Excess of Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the City's General Fund had expenditures in excess of appropriations of \$211,985, as of December 31, 2021.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

City council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response: The City of Johnstown will look at our policy regarding appropriation review and payment processing to find a procedure to prevent future overspending. We will carry forward any changes in the future to avoid this finding from occurring.

**CITY OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2021-005

Material Weakness - Maintaining Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the City's financial statements are not materially misstated and that all receipts and expenditures are posted correctly and expenditures are made for a proper public purpose.

During 2021, the City failed to maintain adequate supporting documentation for several financial transactions, resulting in a qualified audit opinion for the following:

- For Governmental Activities Capital Asset beginning balances, the City did not maintain sufficient appropriate supporting documentation for 6 of 12 assets evaluated (50%), totaling \$558,943.

We also noted the following instances where underlying documentation was not maintained, however, we were able to perform alternative audit procedures to gain the necessary audit assurances.

- For Fines, Licenses and Permit Receipts within the General Fund, 1 of 3 transactions (33.33%) or \$8,598 had no supporting documentation. In addition, 1 of 3 transactions (33.33%) or \$19,100, could not be recalculated as the permit provided did not show how the fee was calculated, nor could it be tied to a fee schedule.
- For Capital Asset additions, supporting documentation was missing for \$102,189 in the Capital Project fund and \$8,286 within the Water Fund for a total of \$110,476 of \$2,480,020 tested additions (4.45%).
- For Capital Contributions, supporting documentation was missing for 2 of 3 transactions (66.67%) or \$192,500.
- For Cares Act compliance testing, supporting documentation was not provided for 2 of 5 transactions tested (40%) or \$78,584.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

We recommend the City:

- Establish and enforce procedures to retain complete documentation for all financial transactions.
- Maintain organized records, including but not limited to: invoices, purchase orders, contracts, agreements, traffic citations, Mayor's Court receipts, grant documentation, and fee schedules.
- Ensure that all financial documentation is preserved in accordance with their records retention schedule and applicable Ohio records retention laws and that it remains readily accessible for audit and review purposes.

Officials' Response: The City of Johnstown will review and update our retention policy to ensure supporting documentation is maintained correctly and for the correct time period as stated in the Ohio records retention laws. The City will also review the organization of records to ensure proper documentation is easily accessible. We will carry our new procedures forward to ensure compliance with Ohio laws and ease of future audits.

**CITY OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

FINDING NUMBER 2021-006

Finding for Recovery-Sales Tax - Repaid Under Audit

Ohio Rev. Code § 5739.02(B)(1) exempts sales to the state or any of its political subdivisions from sales tax.

Due to deficiencies in the City's internal controls over compliance, the City paid sales tax of \$1,599.26 on a purchase made in 2021. Fiscal Director Dana Staffan signed the checks involving the sales tax. Since the City was not legally required to pay the sales tax on these purchases, these expenditures were not for a valid public purpose.

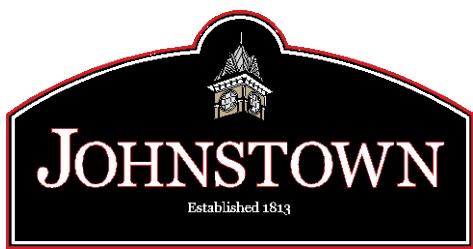
Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.24**, a Finding for Recovery for public monies illegally expended is hereby issued against Dana Staffan, Finance Director and her bonding company, B&T Insurance Advisors LLC, jointly and severally, in the amount of \$1,599.26, and in favor of the City of Johnstown's Capital Projects Fund.

The amount of \$1,599.26 was paid to the City on November 5, 2025.

Officials' Response: The City of Johnstown will address the City's tax exemption status when reviewing the payment procedures to prevent sales tax from being paid in the future.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Proper Segregation of Duties	Not Corrected	Reissued as Finding 2021-001
2020-002 2019-001	Financial Reporting	Not Corrected	Reissued as Finding 2021-002
2020-003	Maintaining Supporting Documentation	Not Corrected	Reissued as Finding 2021-005

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INDEPENDENT AUDITOR'S REPORT

Village of Johnstown
Licking County
599 S. Main Street
Johnstown, Ohio 43031

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified, Adverse and Qualified Opinions

We have audited the financial statements of the Village of Johnstown, Licking County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the Special Revenue, Debt Service, Capital Projects Fund types, the proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020, or the changes in financial position thereof for the year then ended.

Additional Opinion Qualifications

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification on the General Fund* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the General Fund as of and for the year ended December 31, 2020, and the related notes of the Village of Johnstown, Licking County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

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 Village, 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Basis for Additional Opinion Qualification on the General Fund

Fines, License, and Permits are reported at \$321,098 for the year ended December 31, 2020, which is 11 percent of General Fund receipts for the year ended December 31, 2020. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, License and Permits receipts. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible 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 Village'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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, during 2021 the Village's legal status changed to that of a City as a result of the 2021 U.S. Census population determination. Our opinion is not modified with respect to this matter.

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 Village'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 Village'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, on our consideration of the Village'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 Village'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 Village's internal control over financial reporting and compliance.

Village of Johnstown
Licking County
Independent Auditor's Report
Page 4

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 5, 2025

Village of Johnstown, Ohio

Licking County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$263,070				\$263,070
Municipal Income Tax	2,108,046				2,108,046
Intergovernmental	97,151	\$687,785			784,936
Charges for Services	245				245
Fines, Licenses and Permits	321,098	14,014			335,112
Earnings on Investments	31,019				31,019
Miscellaneous	199,521				199,521
<i>Total Cash Receipts</i>	<i>3,020,150</i>	<i>701,799</i>	<i>\$0</i>	<i>\$0</i>	<i>3,721,949</i>
Cash Disbursements					
Current:					
Security of Persons and Property	1,175,569	2,049			1,177,618
Public Health Services	18,500				18,500
Leisure Time Activities	33,871				33,871
Community Environment	140,436				140,436
Basic Utility Services	18,379				18,379
Transportation	5,986	455,792			461,778
General Government	694,163	297,384			991,547
Capital Outlay				583,803	583,803
Debt Service:					
Principal Retirement			278,028		278,028
Interest and Fiscal Charges			148,685		148,685
<i>Total Cash Disbursements</i>	<i>2,086,904</i>	<i>755,225</i>	<i>426,713</i>	<i>583,803</i>	<i>3,852,645</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>933,246</i>	<i>(53,426)</i>	<i>(426,713)</i>	<i>(583,803)</i>	<i>(130,696)</i>
Other Financing Receipts (Disbursements)					
Debt Proceeds			20,500	1,410,000	1,430,500
Bond Premiums			52,836		52,836
Transfers In	30,019	99,500	448,000	184,055	761,574
Transfers Out	(727,555)	(31,019)			(758,574)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(697,536)</i>	<i>68,481</i>	<i>521,336</i>	<i>1,594,055</i>	<i>1,486,336</i>
<i>Net Change in Fund Cash Balances</i>	<i>235,710</i>	<i>15,055</i>	<i>94,623</i>	<i>1,010,252</i>	<i>1,355,640</i>
<i>Fund Cash Balances, January 1</i>	<i>293,474</i>	<i>640,493</i>	<i>34,242</i>	<i>309,505</i>	<i>1,277,714</i>
<i>Fund Cash Balances, December 31</i>	<i>\$529,184</i>	<i>\$655,548</i>	<i>\$128,865</i>	<i>\$1,319,757</i>	<i>\$2,633,354</i>

See accompanying notes to the financial statements.

Village of Johnstown, Ohio

Licking County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020*

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$3,775,744</u>
<i>Total Operating Cash Receipts</i>	<u>3,775,744</u>
Operating Cash Disbursements	
Personal Services	516,933
Employee Fringe Benefits	183,204
Contractual Services	310,805
Supplies and Materials	414,128
Other	<u>41,069</u>
<i>Total Operating Cash Disbursements</i>	<u>1,466,139</u>
<i>Operating Income (Loss)</i>	<u>2,309,605</u>
Non-Operating Receipts (Disbursements)	
Sale of Bonds	7,250,000
Other Debt Proceeds	281,663
Capital Outlay	(1,752,473)
Principal Retirement	(455,871)
Interest and Other Fiscal Charges	(401,951)
Other Non-operating Receipts	<u>84,893</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>5,006,261</u>
<i>Income (Loss) before Transfers</i>	7,315,866
Transfers Out	<u>(3,000)</u>
<i>Net Change in Fund Cash Balances</i>	7,312,866
<i>Fund Cash Balances, January 1</i>	<u>5,615,266</u>
<i>Fund Cash Balances, December 31</i>	<u>\$12,928,132</u>

See accompanying notes to the financial statements.

Village of Johnstown, Ohio

Licking County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020*

Fiduciary Fund Types

Additions

Other Amounts Collected for Distribution

Custodial

\$66,940

Total Additions

66,940

Deductions

Other Distributions

63,250

Total Deductions

63,250

Net Change in Fund Balances

3,690

Fund Cash Balances, January 1

14,633

Fund Cash Balances, December 31

\$18,323

See accompanying notes to the financial statements.

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Johnstown (the Village), Licking County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected seven-member council.

The reporting entity is composed of the primary government and other organizations that are included to ensure the financial statements of the Village are not misleading.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Service Fund This fund accounts for financial resources the Village accumulated to pay bond and note debt.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Project Fund This fund receives transfers from the general fund to be used for construction and improvements of the Village.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Water Enterprise Improvement Fund The water enterprise improvement fund accounts for proceeds from water capacity fees and is restricted to the water utility plant expansion.

Sewer Enterprise Improvement Fund The sewer enterprise improvement fund accounts for proceeds from sewer capacity fees and is restricted to the sewer utility plant expansion.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the Mayor's Court disbursements and receipts.

Mayors Court Fund This fund received fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Money market mutual funds are recorded at share values on the mutual funds report.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

Fund Type	2020 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$2,854,498	\$3,050,169	\$195,671
Special Revenue	809,298	801,299	(7,999)
Debt Service	565,672	521,336	(44,336)
Capital Projects	1,623,500	1,594,055	(29,445)
Enterprise	9,837,234	11,392,300	1,555,066
Total	<u>\$15,690,202</u>	<u>\$17,359,159</u>	<u>\$1,668,957</u>

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity (Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,036,926	\$2,814,459	\$222,467
Special Revenue	860,112	786,244	73,868
Debt Service	491,000	426,713	64,287
Capital Projects	1,722,883	583,803	1,139,080
Enterprise	11,657,642	4,079,434	7,578,208
Fiduciary	85,000	63,250	21,750
Total	\$17,853,563	\$8,753,903	\$9,099,660

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2020
Demand deposits	\$12,377,012
Certificates of deposit	2,511,635
Total deposits	14,888,647
U.S. Treasury Notes	691,162
Total Deposits and Investments	\$15,579,809

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$11,799 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Village also provides health insurance and dental and life coverage to full-time employees through a private carrier.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10.0% percent of their gross salaries, and the Village contributed an amount equaling 14.0% percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% percent of their wages. The Village contributed to OP&F an amount equal to 19.50% percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans which include multiple health care plans including medical coverage, prescriptions drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements to qualifying benefit recipients.

Beginning January 1, 2019, OP&F changes its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate %
2020 Street Improvement Bonds	\$1,315,000	3.22
2020 Police Cruiser Loan	\$50,000	5.4
2020 Sewer Improvement Bonds	\$1,485,000	3.22
2020 Water Improvement Bonds	\$5,700,000	3.22
2019 OPWC CQ35W	\$217,079	0
2017 OPWC CQ08U	\$46,163	0
2016 OPWC CQ17T	\$88,237	0
2016 OPWC CQ24S	\$282,417	0
2010 OPWC CT57L	\$33,730	0
2005 OPWC CQ02G	\$25,000	0
2001 OPWC CQ02E	\$43,750	0
2019 Police Cruiser Loan	\$64,317	4.5
2017 Street Improvement Bonds	\$1,205,000	3.21
2017 Sewer Improvement Bonds	\$710,000	3.22
2017 Water Improvement Bonds	\$255,000	3.21
2017 Land Purchase Bonds	\$155,000	4.18
2015 Street Imrpovement Bonds	\$980,000	6.41
2002 OWDA 3705	\$202,923	4.64
2006 OWDA 4098	\$1,526,476	2.22
Total	<u>\$14,385,092</u>	

The 2002 Ohio Water Development Authority (OWDA) loan relates to the design, planning and construction of a new water storage tank. In 2006 an additional loan was entered into for the purpose of improvements to the wastewater treatment plant. Funds have been approved in the amount of \$5,583,631.

The Village issued \$1,290,000 in Street Improvement General Obligation Bonds during 2015 with an interest rate of 3.41% with stated final maturity in December 2032.

The Village has participated in several other State Capital Improvements Programs offered by the Ohio Public Works Commission. These are all 0% interest loans that will be paid semi-annually by the Village for a period ranging from 5-30 years. These are associated with the replacements of water wells, water lines, water tanks, and water treatment plant improvements. These will be paid for with revenue from water and sewer fees.

The Village has participated in other programs offered by the Ohio Public Works Commission for street & storm sewer repairs. These are all 0% interest loans that will be paid semi-annually by the Village for a period ranging from 5-30 years. These will be paid for with revenue from municipal income tax and allocated by ordinance to pay debt.

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (Continued)

The Village issued \$1,450,000 in Street Improvement Bond Anticipation Notes during 2016 with an interest rate of 2.0% and maturity date of November 9, 2017. This note matured and was repaid in November 2017. The Village rolled this debt into a series of Bonds in 2017 to fund remaining street projects in the amount of \$1,410,000. Additionally, the Village added bonding for a land purchase in the amount of \$215,000 for a new business park. Interest rates on these bonds are 3.21% and 4.18% respectively, with the Land bonds being taxable. Final maturity for the land bond is December 2027; final maturity for the Street Bond is December 2034.

The Village borrowed \$94,000 from Park National Bank in 2019 for the purchase and complete outfitting of two (2) new Ford Explorers to be used as Police Cruisers. This will be repaid over three (3) years and interest on the loan is 3.63%.

In 2017 the Village issued an additional \$300,000 in a Water Improvement Bond to fund the placement of a water line connecting existing utility distributions to a new business park. \$830,000 in Sewer Improvement Bonds were also issued to fund the associated sewer line for this business park. Interest rate is 3.22% on both bonds with a final maturity of December 2034.

In 2020 the Village issued combined debt totaling \$8,610,000 in bonds. The breakdown of this debt is as follows: \$1,500,000 for Wastewater line repair to be repaid over 30 years with revenue from customer sewer usage charges; \$5,750,000 for Waterline infrastructure to be repaid over 30 years with revenues from customer water usage charges; and \$1,360,000 for various Street construction projects to be repaid over 5-20 years with municipal income tax revenues. The combined interest rate for these bonds is 3.22%.

The Village borrowed \$50,000 from Park National Bank in 2020 for the purchase and complete outfitting of one (1) additional Ford Explorer for a new Police Cruiser. This will be repaid over three (3) years and interest on the loan is 5.4%.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	2017 Sewer Bonds	2017 Water Bonds	2017 Street Bonds	2015 Street Bonds
2021	\$24,645	\$64,000	\$23,700	\$110,800
2022	\$24,105	\$68,200	23,400	114,400
2023	\$23,565	\$67,300	23,100	112,900
2024	\$22,945	\$66,400	22,800	111,400
2025	\$27,325	\$65,500	22,500	109,900
2026-2030	\$52,325	\$328,800	123,800	559,200
2031-2035	-	\$264,600	93,800	452,000
Total	<u>\$174,910</u>	<u>\$924,800</u>	<u>\$333,100</u>	<u>\$1,570,600</u>
				<u>\$1,226,500</u>

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (Continued)

Year Ending December 31:	OWDA 3705	OPWC CQ08U	OPWC CQ17T	OPWC CQ35W	OPWC CQ24S
2021	\$22,969	\$2,638	\$3,330	\$10,854	\$11,075
2022	\$22,969	\$2,638	\$3,330	\$10,854	\$11,075
2023	\$22,969	\$2,638	\$3,330	\$10,854	\$11,075
2024	\$22,969	\$2,638	\$3,330	\$10,854	\$11,075
2025	\$22,969	\$2,638	\$3,330	\$10,854	\$11,075
2026-2030	\$114,846	\$13,190	\$16,649	54,270	53,376
2031-2035	\$34,454	\$13,190	\$16,649	54,270	53,376
2036-2040	-	\$6,593	\$16,649	54,269	53,376
2041-2045	-	-	\$16,649	-	53,376
2046-2050	-	-	\$4,991	-	13,538
Total	<u>\$264,145</u>	<u>\$46,163</u>	<u>\$88,237</u>	<u>\$217,079</u>	<u>\$282,417</u>

Year Ending December 31:	OPWC CT57L	OPWC CQ02G	OWDA 4098	OPWC CQ02E	Police Cruiser
2021	\$3,551	\$5,000	\$324,242	\$17,500	\$33,630
2022	\$3,551	\$5,000	\$324,242	17,500	33,630
2023	\$3,551	\$5,000	\$324,242	8,750	-
2024	\$3,551	\$5,000	\$324,242	-	-
2025	\$3,551	\$5,000	\$324,242	-	-
2026-2030	\$15,975	-	-	-	-
2031-2035	-	-	-	-	-
Total	<u>\$33,730</u>	<u>\$25,000</u>	<u>\$1,621,210</u>	<u>\$43,750</u>	<u>\$67,260</u>

Year Ending December 31:	2020 Street Bonds	2020 Sewer Bonds	2020 Water Bonds	2020 Police Cruiser
2021	\$141,050	\$80,086	\$310,969	\$17,567
2022	\$147,650	\$79,006	\$306,969	\$17,567
2023	\$143,850	\$83,006	\$312,969	\$17,567
2024	\$140,050	\$81,806	\$308,569	-
2025	\$106,250	\$80,606	\$309,169	-
2026-2030	\$490,000	\$404,031	\$1,544,344	-
2031-2035	\$328,000	\$401,031	\$1,541,344	-
2036-2040	\$327,600	\$396,331	\$1,544,294	
2041-2045	-	\$402,812	\$1,545,156	
2046-2050	-	\$405,438	\$1,539,375	
Total	<u>\$1,824,450</u>	<u>\$2,414,153</u>	<u>\$9,263,158</u>	<u>\$52,701</u>

Village of Johnstown, Ohio
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Related Organizations

The Village has organized a Community Improvement Corporation (CIC). Ohio Revised Code Chapter 1724 permits the formation of community improvement corporations to advance, encourage, and promote the industrial, economic, commercial, and civic development of a community or area.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$87,870 was sub-granted to other governments and organizations. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

During 2020, the Village received \$279,408 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund

Note 13 – Subsequent Events

The Village was elevated to City-status in November 2021 due to the results of the 2020 Ohio Census.



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

Village of Johnstown
Licking County
599 S. Main Street
Johnstown, Ohio 43031

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Johnstown, Licking County, Ohio (the Village), and have issued our report thereon dated November 5, 2025, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Admin. Code § 117-2-03(C) permit. We also noted, during 2021 the Village's legal status changed to that of a City as a result of the 2021 U.S. Census population determination. We have also qualified our opinion on the General Fund cash receipts as we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, License and Permits.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 through 2020-003 to be material weaknesses.

Village of Johnstown
Licking 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 Village'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*.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 5, 2025

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020**

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

FINDING NUMBER 2020-001

Material Weakness - Proper Segregation of Duties

When designing the public office's system of internal control and the related control activities, management should plan for adequate segregation of duties or implement appropriate compensating controls. Sound accounting practices require public officials to design and operate a system of internal control that provides reasonable assurance regarding the reliability of financial reporting, the effectiveness and efficiency of operations, compliance with applicable laws and regulations, and the safeguarding of assets against unauthorized acquisition, use, or disposition.

Proper segregation of duties is a key internal control and an essential defense against both error and fraud. Duties related to recordkeeping, authorization, custody of assets, and reconciliation should be assigned to different individuals. When one person controls multiple aspects of a transaction process, the risk of errors or intentional manipulation increases significantly.

For the year ended December 31, 2020, the Village's Fiscal Officer was responsible for all accounting functions, including but not limited to: reconciling the book (fund) balance to the total bank balance monthly; recording and processing expenditures; receipting monies collected; preparing and processing payroll disbursements; creating and managing the Village's budget; and entering all financial information into the Village's internal accounting system.

The concentration of these responsibilities in a single individual represents a significant internal control weakness and diminishes the reliability of year-end financial data, as noted in Finding Number 2021-002.

We recommend the Village establish procedures to ensure no individual is responsible for authorizing, recording, and reconciling the same transaction. In addition, we recommend Council enhance its oversight by reviewing payroll reports for each pay period and all expenditures prior to disbursement.

Officials' Response: The Village of Johnstown will evaluate the employees' duties to determine if segregation of duties can be created for better internal control. The Village will look into possible delegation and or additional approvals of the Village's financials in the future.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2020-002

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

During the audit of the Village's financial statements for the year ended December 31, 2020, we identified the following variances that were subsequently corrected in both the financial statements and, where applicable, the internal accounting ledgers:

- Beginning balances in the General Fund and Special Revenue Funds were overstated and understated by \$63,920, respectively.
- \$455,792 of Transportation disbursements were incorrectly classified as General Government disbursements within Special Revenue Funds.
- \$30,019 and \$3,000 of Transfers-Out were incorrectly classified as General Government expenses within Special Revenue Funds and Other Non-Operating Disbursements within the Enterprise Funds, respectively.
- Debt Proceeds, Premiums and Interest and Fiscal Charges were not posted correctly between the Debt Service Fund and Enterprise Funds. As a result, the Debt Service Fund Interest and Fiscal Charges and Debt Premiums were understated by \$32,988 and \$52,836, respectively, and Debt Proceeds and fund cash balance were overstated by \$97,172 and \$77,324, respectively. The Enterprise Funds had Interest and Fiscal Charges, Other Debt Proceeds, and fund cash balance understated by \$175,855, \$253,179 and \$77,324, respectively.

Additional errors and omissions were identified in the Notes to the Financial Statements and have been adjusted accordingly.

Other audit-identified misstatements ranged from \$374 to \$14,400 and have been communicated to Village officials as unadjusted items.

The identified variances and classification errors highlight weaknesses in internal controls over financial reporting. The absence of effective controls over transaction posting reduces the reliability of financial data and increases the risk of undetected errors or irregularities. Such inaccuracies can adversely affect decision-making by governance and the public.

We recommend the Village:

1. Implement stronger internal controls to ensure all financial transactions are reviewed and accurately posted to appropriate funds.
2. Review and enhance controls over the financial reporting compilation process.
3. Analyze the identified errors thoroughly to prevent recurrence in future reporting periods.

Officials' Response: The Village of Johnstown will review our procedures for stronger internal controls over financial reporting during the evaluation of our employees' duties. The Village will make corrections to create stronger control over our reporting, so moving forward, inaccuracies can be reduced.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2020-003

Material Weakness - Maintaining Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the Village's financial statements are not materially misstated and that all receipts and expenditures are posted correctly and expenditures are made for a proper public purpose.

During 2020, the Village failed to maintain adequate supporting documentation for several financial transactions, resulting in a qualified audit opinion for the following:

- For General Fund Fines, Licenses, and Permits Receipts, the Village was unable to provide supporting documentation for 4 of 4 transactions tested (100%), totaling \$45,788.

We also noted the following instances where underlying documentation was not maintained, however, we were able to perform alternative audit procedures to gain the necessary audit assurances.

- For Mayor's Court Receipts, 24 of 42 transactions (57.14%) or \$3,329, could not be agreed to bank statements. In addition, 17 of 42 transactions (40.48%) or \$2,835, could not be verified to a fee schedule, as one was not provided.
- For Enterprise Fund Other Non-Operating Receipts, 1 of 4 transactions (25%) or \$19,947, lacked supporting documentation. In addition, 1 of 4 transactions (25%) or \$ 1,200, could not be recalculated as the base rent income did not agree with the amount expected based on the contract.
- For General Fund Miscellaneous Receipts, the Village failed to provide documentation for 3 of 3 transactions tested (100%) or \$44,383.
- For Non-Payroll Disbursements, invoices or quotes were not available for 12 of 40 transactions tested (30%) or \$764,409.

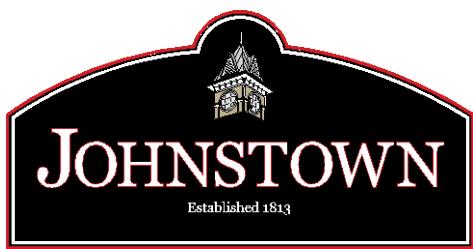
Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

We recommend the Village:

- Establish and enforce procedures to retain complete documentation for all financial transactions.
- Maintain organized records, including but not limited to: invoices, purchase orders, contracts, agreements, traffic citations, Mayor's Court receipts, grant documentation, and fee schedules.
- Ensure all financial documentation is preserved in accordance with their records retention schedule and applicable Ohio records retention laws and that it remains readily accessible for audit and review purposes.

Officials' Response: The Village of Johnstown will review and update our retention policy to ensure supporting documentation is maintained correctly and for the correct time period as stated in the Ohio records retention laws. The Village will also review the organization of records to ensure proper documentation is easily accessible. We will carry our new procedures forward to ensure compliance with Ohio laws and ease of future audits.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Significant Deficiency – Financial Reporting	Not Corrected	Reissued as Finding 2020-002
2019-002	Noncompliance- Appropriations exceeding estimated resources	Fully Corrected	
2019-003	Noncompliance/Material Weakness – ORC 5705.10(D)	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF JOHNSTOWN

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/20/2025

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov