

**COSHOCTON COUNTY FINANCIAL CONDITION**

Single Audit

January 1, 2008 through December 31, 2008

Fiscal Year Audited Under GAGAS: 2008



**Balestra, Harr & Scherer, CPAs, Inc.**

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528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639





Mary Taylor, CPA  
Auditor of State

Board of County Commissioners  
Coshocton County  
349 Main Street  
Coshocton, Ohio 43812

We have reviewed the *Independent Auditor's Report* of Coshocton County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Coshocton County is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 27, 2009

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**COSHOCTON COUNTY**

DECEMBER 31, 2008

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Ohio Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Coshocton County  
349 Main Street  
Coshocton, Ohio 43812

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coshocton County, Ohio, (the "County"), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

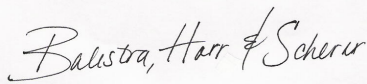
In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Commissioners  
Coshocton County  
Independent Auditor's Report  
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3 to the basic financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement Number 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and GASB Statement Number 50, *Pension Disclosures*.



Balestra, Harr & Scherer CPAs, Inc.

June 26, 2009

## COSHOCTON COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

The management's discussion and analysis of Coshocton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

#### **Financial Highlights**

Key financial highlights for 2008 are as follows:

- The total net assets of the County increased \$385,867 which represents a .97% increase from 2007.
- General revenues accounted for \$12,496,932 or 33.65% of total governmental activities revenue. Program specific revenues accounted for \$24,644,031 or 66.35% of total governmental activities revenue.
- The County had \$36,755,096 in expenses related to governmental activities; \$24,644,031 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,496,932 were adequate to provide for these programs.
- The County has five major governmental funds. The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$9,642,525 in 2008. The general fund, had expenditures and other financing uses of \$10,050,372 in 2008. The increase in expenditures over revenues contributed to the general fund's fund balance decreasing \$407,847 from 2007 to 2008.
- The human services fund, a County major fund, had revenues and other financing sources of \$6,364,482 and expenditures of \$6,928,117 in 2008. The human services fund balance decreased \$563,635 from 2007 to 2008.
- The motor vehicle license and gasoline tax fund, a County major fund, had revenues of \$5,078,261 and expenditures of \$5,800,274 in 2008. The motor vehicle license and gasoline tax fund balance decreased \$722,013 from 2007 to 2008.
- The Hopewell MRDD fund, a County major fund, had revenues of \$5,747,690 and expenditures of \$5,723,293 in 2008. The Hopewell MRDD fund balance increased \$24,397 from 2007 to 2008.
- The emergency ambulance levy fund, a County major fund, had revenues of \$1,422,837 and expenditures of \$1,525,386 in 2008. The emergency ambulance levy fund balance decreased \$102,549 from 2007 to 2008.
- In the general fund, the actual revenues and other financing sources came in \$563,124 higher than they were originally budgeted and actual expenditures and other financing uses were \$11,536 less than the amount in the original budget. The County uses a conservative budgeting process.

#### **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County 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 assets and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial



## COSHOCTON COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

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 County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are five major governmental funds: the general, human services, motor vehicle license and gasoline tax, Hopewell MRDD, and emergency ambulance levy funds.

#### **Reporting the County as a Whole**

##### ***Statement of Net Assets and the Statement of Activities***

The statement of net assets and the statement of activities answer the question, "How did we do financially during 2008?" These statements include *all assets, liabilities, 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 County's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the financial position of the County 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 County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the County's governmental activities include most of the County's programs and services including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and State grants and other shared revenues.

#### **Reporting the County'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 County, 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 County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, human services fund, motor vehicle license and gasoline tax fund, Hopewell Mental Retardation and Developmentally Disabled (MRDD) fund and emergency ambulance levy fund. The analysis of the County's major governmental funds begins on page 10.

##### ***Governmental Funds***

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in

## COSHOCTON COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

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 County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental financial statements can be found on pages 19-29 of this report.

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

The County maintains proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a self-funded health insurance program for employees of the County and several governmental units within the County. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 33 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 34-68 of this report.

#### **Government-Wide Financial Analysis**

The statement of net assets provides the perspective of the County as a whole.

The table below provides a summary of the County's net assets at December 31, 2008 and 2007.

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

	<u>Governmental Activities</u>	
	2008	2007
<b><u>Assets</u></b>		
Current and other assets	\$ 22,914,341	\$ 24,112,469
Capital assets, net	31,474,745	29,049,678
Total assets	54,389,086	53,162,147
<b><u>Liabilities</u></b>		
Long-term liabilities	5,504,272	5,771,854
Other liabilities	8,703,521	7,594,867
Total liabilities	14,207,793	13,366,721
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	26,994,574	24,386,282
Restricted	11,423,744	12,369,900
Unrestricted	1,762,975	3,039,244
Total net assets	\$ 40,181,293	\$ 39,795,426

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the County's assets exceeded liabilities by \$40,181,293. The County's finances remained stable during 2008.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At year-end, capital assets represented 57.87% of total assets. Capital assets include land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2008, were \$26,994,574. These capital assets are used to provide services to citizens and are not available for future spending. Although the County'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 County's net assets, \$11,423,744 or 28.43% of total net assets, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets is \$1,762,975.

The table below shows the changes in net assets for 2008 and 2007.

**COSHOCTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 3,720,489	\$ 2,562,878
Operating grants and contributions	19,262,170	19,190,809
Capital grants and contributions	1,661,372	1,208,602
General revenues:		
Property taxes	5,575,627	6,078,767
Sales tax	4,451,827	4,387,300
Payment in lieu of taxes	12,547	-
Unrestricted grants	1,544,202	1,439,210
Investment earnings	513,439	770,253
Miscellaneous	399,290	850,442
Total revenues	<u>37,140,963</u>	<u>36,488,261</u>
<b><u>Expenses</u></b>		
General government	5,793,234	5,378,454
Public safety	5,828,760	5,559,010
Public works	4,570,414	1,578,806
Health	7,561,494	6,392,440
Human services	11,901,646	11,006,377
Conservation and recreation	449,949	414,459
Other	432,053	366,525
Interest and fiscal charges	217,546	245,258
Total expenses	<u>36,755,096</u>	<u>30,941,329</u>
Change in net assets	385,867	5,546,932
Net assets at beginning of year	<u>39,795,426</u>	<u>34,248,494</u>
Net assets at end of year	<u>\$ 40,181,293</u>	<u>\$ 39,795,426</u>

**Governmental Activities**

Governmental activities increased \$385,867 or .97% during 2008.

Governmental activities capital grants and contributions revenue increased 37.46% from \$1,208,602 in 2007 to \$1,661,372 in 2008.

The State and federal government contributed to the County revenues of \$19,262,170 in the form of operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$9,127,334, or 47.38% subsidized human services programs. Operating grants and contributions increased .37% in 2008 due to an increase in funding for programs related to public works.

General revenues totaled \$12,496,932, and amounted to 33.65% of total revenues. These revenues primarily consist of property and sales tax revenue of \$10,027,454, or 80.24% of total general revenues in 2008. Property tax revenue decreased

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

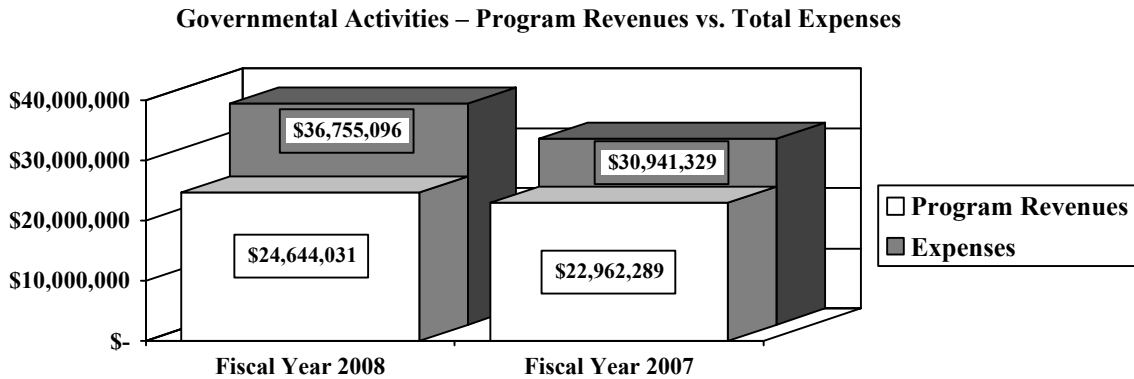
\$503,140 from 2007 to 2008. The County sales tax revenue increased \$64,527 from 2007 to 2008. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with local government and local government revenue assistance making up \$1,544,202, or 12.36% of general revenues. Other revenues decreased \$451,152 from miscellaneous refunds and reimbursements.

General government expenses include legislative and executive and judicial programs, totaled \$5,793,234 or 15.76% of total governmental expenses. General government expenses were covered by \$1,892,840 of direct charges to users in 2008.

Public works expenses primarily relate to road and bridge construction and repair projects undertaken by the County. The increase in this expense versus the prior year relates primarily to the increase in the expenditures of the Motor Vehicle and Gas Tax fund which had public works expenditures of \$5,690,691 and \$3,517,614 in 2008 and 2007, respectively. The County performed more road and bridge projects in 2008 versus the prior year.

Human services expenses support the operations of Public Assistance and the Children Services Board, and accounts for \$11,901,646 of expenses, or 32.38% of total governmental expenses of the County. These expenses were funded by \$444,281 in charges to users of services and \$9,127,334 in operating grants and contributions in 2008.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The graph below shows the County’s total expenses and the portion of those expenses which are offset by specific program revenues:



The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008 and 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

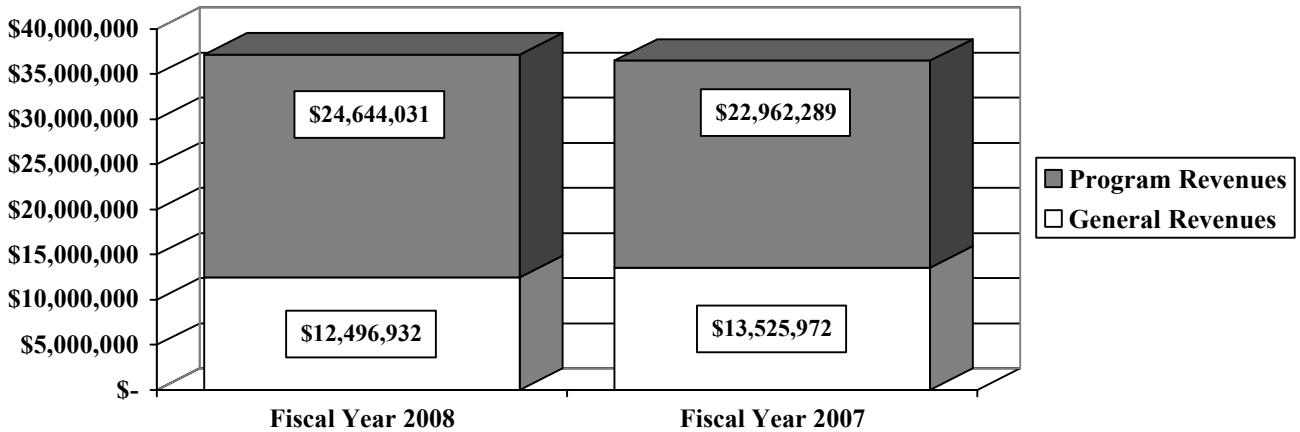
**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Expenses:				
General government	\$ 5,793,234	\$ 3,896,181	\$ 5,378,454	\$ 3,547,091
Public safety	5,828,760	3,407,216	5,559,010	3,324,610
Public works	4,570,414	(1,092,955)	1,578,806	(3,391,155)
Health	7,561,494	2,574,890	6,392,440	3,158,822
Human services	11,901,646	2,330,031	11,006,377	378,574
Conservation and recreation	449,949	449,949	414,459	414,459
Other	432,053	432,053	366,525	366,525
Interest and fiscal charges	<u>217,546</u>	<u>113,700</u>	<u>245,258</u>	<u>180,114</u>
<b>Total expenses</b>	<b><u>\$ 36,755,096</u></b>	<b><u>\$ 12,111,065</u></b>	<b><u>\$ 30,941,329</u></b>	<b><u>\$ 7,979,040</u></b>

The dependence upon general revenues for governmental activities is apparent, with 32.95% and 38.10% of expenses supported through taxes and other general revenues during 2008 and 2007, respectively. The graph below shows the total general revenues and program revenues of the County for 2008 and 2007.

**Governmental Activities - General and Program Revenues**



**Financial Analysis of the County's Funds**

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

**COSHOCTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)

requirements.

**Governmental Funds**

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

The County's governmental funds are presented on the balance sheet on pages 19-20. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2008 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2008</u>	<u>Fund Balance</u> <u>December 31, 2007</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 1,710,476	\$ 2,118,323	\$ (407,847)
Human Services	61,285	624,920	(563,635)
Motor Vehicle License and Gasoline Tax	611,692	1,333,705	(722,013)
Hopewell MRDD	4,279,055	4,254,658	24,397
Emergency Ambulance Levy	746,858	849,407	(102,549)
Other Nonmajor Governmental Funds	<u>3,186,709</u>	<u>3,405,067</u>	<u>(218,358)</u>
Total	<u>\$ 10,596,075</u>	<u>\$ 12,586,080</u>	<u>\$ (1,990,005)</u>

**General Fund**

The general fund is the operating fund of the County. At the end of the year, the fund balance of the general fund was \$1,710,476, a 19.25% decrease from 2007. The decrease of the general fund balance in 2008 was primarily due to a decrease in tax revenues as well as a decrease in investment income in 2008. The table that follows assists in illustrating the revenues of the general fund.

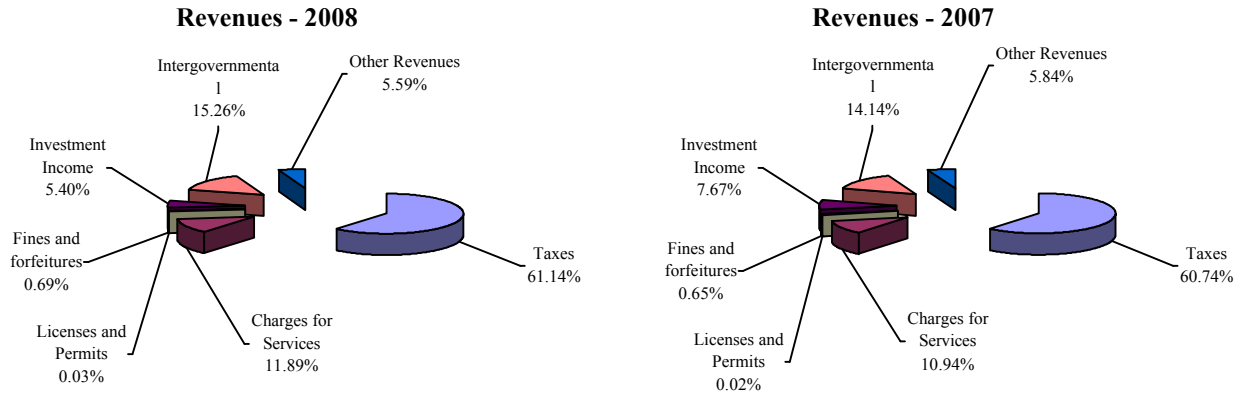
	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase/</u> <u>Decrease</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 5,809,689	\$ 5,816,261	\$ (6,572)	(0.11) %
Charges for services	1,130,207	1,047,751	82,456	7.87 %
Licenses and permits	2,490	2,245	245	10.91 %
Fines and forfeitures	65,404	61,997	3,407	5.50 %
Intergovernmental	1,450,466	1,353,928	96,538	7.13 %
Investment income	513,437	734,665	(221,228)	(30.11) %
Other	<u>531,132</u>	<u>558,954</u>	<u>(27,822)</u>	<u>(4.98) %</u>
Total	<u>\$ 9,502,825</u>	<u>\$ 9,575,801</u>	<u>\$ (72,976)</u>	<u>(0.76) %</u>

Tax revenue represents 61.14% of all general fund revenue. Tax revenue decreased by .11% under prior year. The decrease in investment income is due to lower interest rates throughout the year. The increase in intergovernmental revenues is due to greater funding from State and federal sources. All other revenue remained comparable to 2007.

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

The graphs below show the breakdown of revenues, by source, for 2008 and 2007.



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

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Increase/ Decrease</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>				
General government				
Legislative and executive	\$3,145,814	\$ 3,109,533	\$ 36,281	1.17 %
Judicial	1,550,014	1,489,403	60,611	4.07 %
Public safety	3,432,102	3,079,105	352,997	11.46 %
Public works	180,965	109,107	71,858	65.86 %
Health	109,430	87,444	21,986	25.14 %
Human services	307,441	258,539	48,902	18.91 %
Conservation and recreation	448,821	413,331	35,490	8.59 %
Other	410,583	372,193	38,390	10.31 %
Capital outlay	139,700	-	139,700	100.00 %
Debt service	94,500	64,811	29,689	45.81 %
<b>Total</b>	<b><u>\$9,819,370</u></b>	<b><u>\$ 8,983,466</u></b>	<b><u>\$ 835,904</u></b>	<b>9.30 %</b>

The most significant increase was in the area of public safety, the general fund's largest expenditures. This increase can be attributed to wage and benefit increases as well as overall operating costs of departments like the Sheriff, juvenile probation, detention home and jail operations. The other significant increase was in the area of capital outlay and debt service. These increases can be attributed to the County signing a new capital lease during 2008 for server equipment. All other expenditures remained comparable to 2007.

The graphs below show the breakdown of expenditures, by function, for 2008 and 2007.

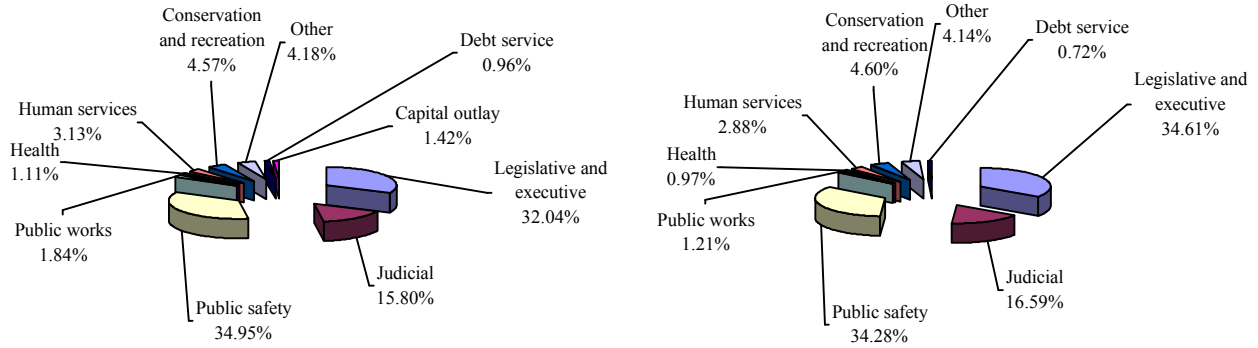
**Expenditures - 2008**

**Expenditures - 2007**



**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**



***Human Services Fund***

The human services fund, a County major fund, had revenues and other financing sources of \$6,364,482 and expenditures of \$6,928,117 in 2008. The human services fund balance decreased \$563,635 from 2007 to 2008.

***Motor Vehicle License and Gasoline Tax Fund***

The motor vehicle license and gasoline tax fund, a County major fund, had revenues of \$5,078,261 and expenditures of \$5,800,274 in 2008. The motor vehicle license and gasoline tax fund balance decreased \$722,013 from 2007 to 2008.

***Hopewell MRDD Fund***

The Hopewell MRDD fund, a County major fund, had revenues of \$5,747,690 and expenditures of \$5,723,293 in 2007. The Hopewell MRDD fund balance increased \$24,397 from 2007 to 2008.

***Emergency Ambulance Levy Fund***

The emergency ambulance levy fund, a County major fund, had revenues of \$1,422,837 and expenditures of \$1,525,386 in 2008. The emergency ambulance levy fund balance decreased \$102,549 from 2007 to 2008.

***Budgeting Highlights - General Fund***

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County'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. In the general fund, there were significant changes between the original and final budget. Final budgeted revenues and other financing sources were increased \$547,289 over original budgeted revenues and other financing sources. Actual revenues and other financing sources of \$9,491,241 were \$15,835 more than final budgeted revenues and other financing sources. Actual expenditures and other financing uses were \$228,312 less than the final budgeted expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

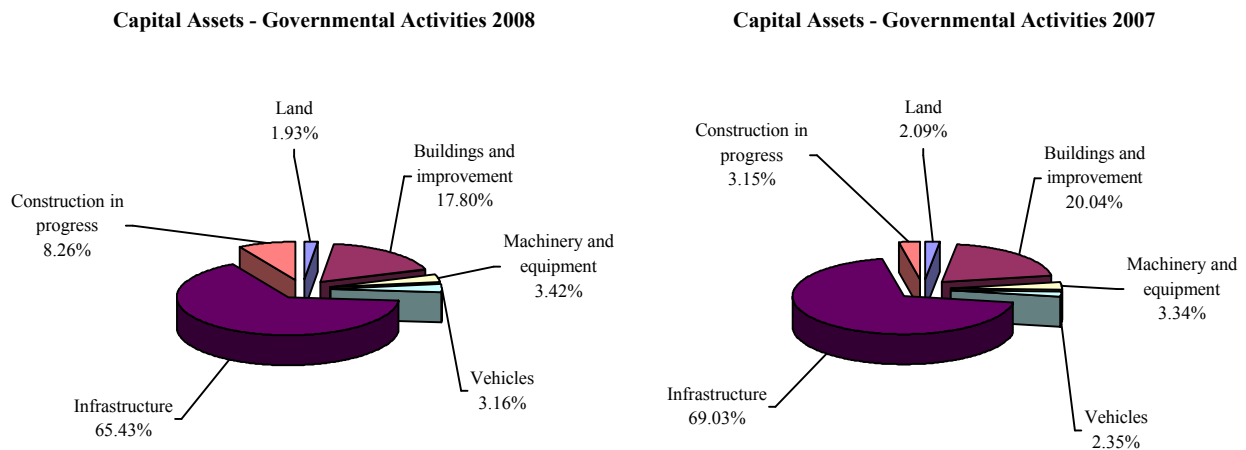
At the end of 2008, the County had \$31,474,745 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure.

The following table shows 2008 balances compared to 2007:

	<b>Capital Assets at December 31 (Net of Depreciation)</b>	
	<u>Governmental Activities</u> <u>2008</u>	<u>Governmental Activities</u> <u>2007</u>
Land	\$ 608,087	\$ 608,087
Building and improvements	5,600,635	5,820,823
Machinery and equipment	1,075,495	969,255
Vehicles	994,683	683,920
Infrastructure	20,594,643	20,051,711
Construction in progress	<u>2,601,202</u>	<u>915,882</u>
<b>Total</b>	<b><u>\$ 31,474,745</u></b>	<b><u>\$ 29,049,678</u></b>

See Note 13 to the basic financial statements for detail on governmental activities capital assets.

The following graphs show the breakdown of governmental capital assets by category for 2008 and 2007.



The County's largest governmental capital asset category is infrastructure which includes roads, bridges and culverts. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately, 65.43% of the County's total governmental capital assets.

***Debt Administration***

At December 31, 2008, governmental activities had \$3,661,388 in general obligation bonds, an OWDA loan of \$350,866,

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

OPWC loans of \$213,254, a note payable of \$75,000 and a capital lease of \$179,663 outstanding. Of this total, \$354,731 is due within one year and \$4,125,440 is due within greater than one year. The following table summarizes the debt obligations outstanding.

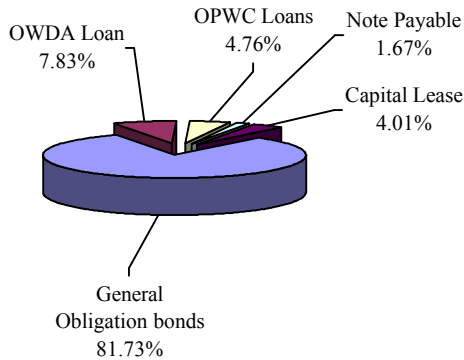
**Outstanding Debt, at Year End**

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Long-Term Obligations		
General obligation bonds	\$ 3,661,388	\$ 3,876,832
OWDA Loan	350,866	319,560
OPWC Loans	213,254	253,154
Note Payable	75,000	90,000
Capital Leases	<u>179,663</u>	<u>123,850</u>
Total	<u>\$ 4,480,171</u>	<u>\$ 4,663,396</u>

See Note 14 to the basic financial statements for detail on governmental activities outstanding debt.

A comparison of the governmental long-term obligations by category is depicted in the chart below.

**Long-term obligations - 2008**



**Economic Factors and Next Year's Budgets and Rates**

The County's current population is 35,981.

## COSHOCTON COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

The County's unemployment rate is currently 10.5%, compared to the 5.6% State average and the 5% national average.

These economic factors were considered in preparing the County's budget for 2008. Final budgeted revenues and other financing sources in the general fund for 2008 budget are \$9,475,406. With the continuation of conservative budgeting practices, the County's financial position should remain strong in future years.

The Coshocton Port Authority reports the following major economic development projects that commenced or were completed in the calendar year 2008:

- EVO Manufacturing was approved for a \$50,000 port authority revolving loan allowing it to consolidate operations from Pataskala and Conesville (Ohio) to the city of Coshocton. The company purchased a vacant American Electric Power building on Ohio 541 in the city of Coshocton. EVO brings 11 existing to the jobs and will create 6 - 10 new positions within three years.
- Organic Technologies acquired the former JII Promotions building on Walnut Street in Coshocton and opened its headquarters at that location. The 210,000 square foot building had been empty for several years.
- Intrust Transportation, LLC opened its doors in December, 2007 in the former Muskingum Valley Lumber building on East Main Street in Coshocton. The company started with its two co-owners and grew to twelve employees during 2008. Early in 2009, the company obtained a 12-month, 50% lease subsidy from the port authority and a six-year Coshocton Job Creation Tax Credit to facilitate a relocation and expansion at 432 Main Street, Coshocton where it will create 40 new positions within three years. The lease subsidy is paid for by a \$300,000 grant awarded to the port authority in 2008 by the Schooler Family Foundation. The subsidy is also paid by the Coshocton Foundation's Community Development Fund which includes contributions by the Committee of 100.
- The port authority completed a redevelopment and environmental assessment study of the 79-acre former General Electric manufacturing site in the city of Coshocton in 2008. The study, conducted by Hull & Associates of Dublin, Ohio, revealed no major red flags. A phase 1 environmental assessment and phase 2 environmental assessment is expected to be completed in 2009. Funds for the first studies were obtained from the Coshocton Foundation, Montgomery Foundation and American Electric Power.

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Honorable Sandra Corder, Coshocton County Auditor, at 349 Main Street – Room 101, Coshocton, Ohio 43812.

BASIC FINANCIAL STATEMENTS

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**COSHOCTON COUNTY, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2008

	<b>Primary Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Regional Airport Authority</b>	<b>Hopewell Industries, Inc.</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 9,528,634	\$ 55,518	\$ 141,480
Cash with fiscal agent . . . . .	1,557,422	-	-
Cash in segregated accounts . . . . .	157	-	-
Investments . . . . .	-	-	139,853
Receivables (net of allowances for uncollectibles):			
Sales taxes . . . . .	632,006	-	-
Real and other taxes . . . . .	6,974,411	-	-
Accounts . . . . .	176,538	-	13,307
Accrued interest . . . . .	113,670	-	-
Due from other governments . . . . .	3,684,327	-	-
Prepayments . . . . .	88,256	-	489
Materials and supplies inventory . . . . .	158,920	-	5,003
Capital assets:			
Land and construction in progress . . . . .	3,209,289	617,328	-
Depreciable capital assets, net . . . . .	28,265,456	3,637,801	38,223
Total capital assets . . . . .	<u>31,474,745</u>	<u>4,255,129</u>	<u>38,223</u>
Total assets . . . . .	<u>54,389,086</u>	<u>4,310,647</u>	<u>338,355</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	399,025	-	732
Accrued wages and benefits . . . . .	436,446	-	688
Due to other governments . . . . .	468,634	-	-
Unearned revenue . . . . .	6,494,333	-	-
Accrued interest payable . . . . .	21,361	-	-
Loan payable . . . . .	-	9,424	-
Notes payable . . . . .	500,000	-	-
Claims payable . . . . .	383,722	-	9,255
Long-term liabilities:			
Due within one year . . . . .	977,669	-	-
Due in more than one year . . . . .	4,526,603	-	-
Total liabilities . . . . .	<u>14,207,793</u>	<u>9,424</u>	<u>10,675</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	26,994,574	4,245,705	38,223
Restricted for:			
Capital projects . . . . .	294,778	-	-
Debt service . . . . .	202,321	-	-
Public works projects . . . . .	2,869,974	-	-
Human services programs . . . . .	1,840,986	-	-
Health programs . . . . .	4,520,407	-	-
General government operations . . . . .	696,094	-	-
Public safety programs . . . . .	996,590	-	-
Other purposes . . . . .	2,594	-	-
Unrestricted . . . . .	<u>1,762,975</u>	<u>55,518</u>	<u>289,457</u>
Total net assets . . . . .	<u>\$ 40,181,293</u>	<u>\$ 4,301,223</u>	<u>\$ 327,680</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants Grants and Contributions</b>
<b>Governmental Activities:</b>				
General government:				
Legislative and executive . . . . .	\$ 4,153,829	\$ 1,618,934	\$ 4,213	\$ -
Judicial . . . . .	1,639,405	273,906	-	-
Public safety . . . . .	5,828,760	168,958	2,252,586	-
Public works . . . . .	4,570,414	212,116	4,420,510	1,030,743
Health . . . . .	7,561,494	898,448	3,457,527	630,629
Human services . . . . .	11,901,646	444,281	9,127,334	-
Conservation and recreation . . . . .	449,949	-	-	-
Other . . . . .	432,053	-	-	-
Interest and fiscal charges . . . . .	217,546	103,846	-	-
<b>Total primary government . . . . .</b>	<b>\$ 36,755,096</b>	<b>\$ 3,720,489</b>	<b>\$ 19,262,170</b>	<b>\$ 1,661,372</b>
<b>Component Units:</b>				
Regional Airport Authority . . . . .	\$ 788,286	\$ 424,606	\$ 146,531	\$ 134,912
Hopewell Industries, Inc . . . . .	324,344	216,077	99,293	-
<b>Total component units . . . . .</b>	<b>\$ 1,112,630</b>	<b>\$ 640,683</b>	<b>\$ 245,824</b>	<b>\$ 134,912</b>

**General Revenues:**

Property taxes levied for:

- General purposes . . . . .
- Human services . . . . .
- Public Safety . . . . .
- Debt service . . . . .

Sales taxes levied for:

- General purposes . . . . .
- Payment in lieu of taxes . . . . .
- Grants and entitlements not restricted to specific programs . . . . .
- Unrestricted investment earnings . . . . .
- Miscellaneous . . . . .

Total general revenues . . . . .

Change in net assets . . . . .

**Net assets at beginning of year . . . . .**

**Net assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>	<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Regional Airport Authority</b>	<b>Hopewell Industries, Inc.</b>
\$ (2,530,682)	\$ -	\$ -
(1,365,499)	-	-
(3,407,216)	-	-
1,092,955	-	-
(2,574,890)	-	-
(2,330,031)	-	-
(449,949)	-	-
(432,053)	-	-
(113,700)	-	-
<u>(12,111,065)</u>	<u>-</u>	<u>-</u>
-	(82,237)	-
-	-	(8,974)
<u>-</u>	<u>(82,237)</u>	<u>(8,974)</u>
1,359,456	-	-
3,400,586	-	-
646,527	-	-
169,058	-	-
4,451,827	-	-
12,547	-	-
1,544,202	-	-
513,439	5,847	1,668
399,290	1,407	356
<u>12,496,932</u>	<u>7,254</u>	<u>2,024</u>
385,867	(74,983)	(6,950)
<u>39,795,426</u>	<u>4,376,206</u>	<u>334,630</u>
<u>\$ 40,181,293</u>	<u>\$ 4,301,223</u>	<u>\$ 327,680</u>

**COSHOCTON COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>Hopewell MRDD</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,517,832	\$ 262,884	\$ 715,643	\$ 2,904,582
Cash with fiscal agent . . . . .	-	-	-	1,557,422
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Sales taxes . . . . .	632,006	-	-	-
Real and other taxes . . . . .	1,383,610	-	-	3,183,778
Accounts . . . . .	36,589	-	-	-
Due from other governments . . . . .	485,082	68,888	2,292,427	175,142
Accrued interest . . . . .	113,670	-	-	-
Interfund loans . . . . .	20,000	-	-	-
Due from other funds . . . . .	16,612	-	-	-
Prepayments . . . . .	88,256	-	-	-
Materials and supplies inventory . . . . .	11,014	-	147,906	-
<b>Total assets . . . . .</b>	<b><u>\$ 4,304,671</u></b>	<b><u>\$ 331,772</u></b>	<b><u>\$ 3,155,976</u></b>	<b><u>\$ 7,820,924</u></b>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 88,392	\$ 70,548	\$ 102,046	\$ 26,884
Accrued wages and benefits . . . . .	154,695	59,214	32,650	69,983
Compensated absences payable . . . . .	23,812	-	-	-
Due to other governments . . . . .	158,007	72,624	41,857	86,156
Due to other funds . . . . .	-	-	-	-
Interfund loans payable . . . . .	-	-	-	-
Accrued interest payable . . . . .	-	-	4,983	-
Deferred revenue . . . . .	881,789	68,101	1,862,748	385,102
Unearned revenue . . . . .	1,287,500	-	-	2,973,744
Notes payable . . . . .	-	-	500,000	-
<b>Total liabilities . . . . .</b>	<b><u>2,594,195</u></b>	<b><u>270,487</u></b>	<b><u>2,544,284</u></b>	<b><u>3,541,869</u></b>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	542,846	311,844	327,365	254,408
Reserved for prepayments . . . . .	88,256	-	-	-
Reserved for materials and supplies inventory . . . . .	11,014	-	147,906	-
Unreserved, undesignated (deficit), reported in:				
General fund . . . . .	1,068,360	-	-	-
Special revenue funds . . . . .	-	(250,559)	136,421	4,024,647
Debt service fund . . . . .	-	-	-	-
Capital projects funds . . . . .	-	-	-	-
<b>Total fund balances . . . . .</b>	<b><u>1,710,476</u></b>	<b><u>61,285</u></b>	<b><u>611,692</u></b>	<b><u>4,279,055</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 4,304,671</u></b>	<b><u>\$ 331,772</u></b>	<b><u>\$ 3,155,976</u></b>	<b><u>\$ 7,820,924</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Emergency Ambulance Levy</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 699,658	\$ 3,372,133	\$ 9,472,732
-	-	1,557,422
-	157	157
-	-	632,006
1,297,593	1,109,430	6,974,411
106,046	33,903	176,538
195,483	467,305	3,684,327
-	-	113,670
-	-	20,000
-	-	16,612
-	-	88,256
-	-	158,920
<u>\$ 2,298,780</u>	<u>\$ 4,982,928</u>	<u>\$ 22,895,051</u>
\$ 18,731	\$ 90,024	\$ 396,625
43,606	75,814	435,962
-	-	23,812
32,851	76,566	468,061
-	16,612	16,612
-	20,000	20,000
-	-	4,983
241,654	499,194	3,938,588
1,215,080	1,018,009	6,494,333
-	-	500,000
<u>1,551,922</u>	<u>1,796,219</u>	<u>12,298,976</u>
502,926	482,119	2,421,508
-	-	88,256
-	-	158,920
-	-	1,068,360
243,932	2,387,601	6,542,042
-	97,315	97,315
-	219,674	219,674
<u>746,858</u>	<u>3,186,709</u>	<u>10,596,075</u>
<u>\$ 2,298,780</u>	<u>\$ 4,982,928</u>	<u>\$ 22,895,051</u>

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**COSHOCTON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008

<b>Total governmental fund balances</b>		\$ 10,596,075
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		31,474,745
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 480,078	
Sales taxes	306,749	
Intergovernmental revenues	3,020,820	
Charges for services	38,660	
Interest	<u>92,281</u>	
Total		3,938,588
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. The net assets of the internal service fund are:		(331,277)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(16,378)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(3,661,388)	
OPWC loans	(213,254)	
OWDA loan	(350,866)	
Compensated absences	(1,000,289)	
Capital lease payable	(179,663)	
Notes payable	<u>(75,000)</u>	
Total		<u>(5,480,460)</u>
<b>Net assets of governmental activities</b>		<u><u>\$ 40,181,293</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>Hopewell MRDD</u>
<b>Revenues:</b>				
Property taxes . . . . .	\$ 1,343,843	\$ -	\$ -	\$ 2,543,014
Sales taxes . . . . .	4,465,846	-	-	-
Payment in lieu of taxes . . . . .	9,921	-	-	1,623
Charges for services . . . . .	1,130,207	-	-	-
Licenses and permits . . . . .	2,490	-	-	-
Fines and forfeitures . . . . .	65,404	-	50,510	-
Intergovernmental . . . . .	1,450,466	6,028,211	4,904,531	3,057,496
Investment income . . . . .	513,437	-	26,079	36,078
Rental income . . . . .	121,921	-	-	-
Other . . . . .	399,290	166,415	97,141	109,479
Total revenues . . . . .	<u>9,502,825</u>	<u>6,194,626</u>	<u>5,078,261</u>	<u>5,747,690</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	3,145,814	-	-	-
Judicial . . . . .	1,550,014	-	-	-
Public safety . . . . .	3,432,102	-	-	-
Public works . . . . .	180,965	-	5,690,691	-
Health . . . . .	109,430	-	-	5,723,293
Human services . . . . .	307,441	6,928,117	-	-
Conservation and recreation . . . . .	448,821	-	-	-
Other . . . . .	410,583	-	-	-
Capital outlay . . . . .	139,700	-	-	-
Debt service:				
Principal retirement . . . . .	83,887	-	58,595	-
Interest and fiscal charges . . . . .	10,613	-	50,988	-
Total expenditures . . . . .	<u>9,819,370</u>	<u>6,928,117</u>	<u>5,800,274</u>	<u>5,723,293</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(316,545)</u>	<u>(733,491)</u>	<u>(722,013)</u>	<u>24,397</u>
<b>Other financing sources (uses):</b>				
Issuance of loans . . . . .	-	-	-	-
Transfers in . . . . .	-	169,856	-	-
Transfers out . . . . .	(231,002)	-	-	-
Capital lease transaction . . . . .	139,700	-	-	-
Total other financing sources (uses) . . . . .	<u>(91,302)</u>	<u>169,856</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	(407,847)	(563,635)	(722,013)	24,397
<b>Fund balances at beginning of year . . . . .</b>	<u>2,118,323</u>	<u>624,920</u>	<u>1,333,705</u>	<u>4,254,658</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,710,476</u>	<u>\$ 61,285</u>	<u>\$ 611,692</u>	<u>\$ 4,279,055</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Emergency Ambulance Levy</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 504,386	\$ 1,070,518	\$ 5,461,761
-	-	4,465,846
322	681	12,547
623,984	1,406,130	3,160,321
-	10,010	12,500
-	20,440	136,354
215,646	5,981,919	21,638,269
-	4,213	579,807
-	-	121,921
78,499	110,681	961,505
<u>1,422,837</u>	<u>8,604,592</u>	<u>36,550,831</u>
-	865,387	4,011,201
-	37,203	1,587,217
-	2,167,550	5,599,652
-	766,046	6,637,702
1,525,386	119,267	7,477,376
-	4,560,155	11,795,713
-	-	448,821
-	-	410,583
-	31,306	171,006
-	211,749	354,231
-	156,739	218,340
<u>1,525,386</u>	<u>8,915,402</u>	<u>38,711,842</u>
<u>(102,549)</u>	<u>(310,810)</u>	<u>(2,161,011)</u>
-	31,306	31,306
-	61,146	231,002
-	-	(231,002)
-	-	139,700
-	92,452	171,006
(102,549)	(218,358)	(1,990,005)
849,407	3,405,067	12,586,080
<u>\$ 746,858</u>	<u>\$ 3,186,709</u>	<u>\$ 10,596,075</u>

**COSHOCTON 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, 2008

**Net change in fund balances - total governmental funds** \$ (1,990,005)

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Capital outlays exceeded depreciation expense in the current period accordingly.

Capital asset additions	\$ 4,806,019	
Current year depreciation	<u>(2,380,952)</u>	
		2,425,067

The issuance of loans is recorded as other financing sources in the funds, however, in the statement of activities, its not reported as revenue as they increase the liabilities on the statement of net assets. (31,306)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property and other taxes	113,866	
Sales taxes	(14,019)	
Intergovernmental	(179,006)	
Charges for services	38,660	
Accrued interest	<u>2</u>	
		(40,497)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 354,231

Proceeds of capital leases are recognized as other financing sources in the governmental funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets. (139,700)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 794

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absences	96,874	
Total	<u>96,874</u>	96,874

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (289,591)

**Change in net assets of governmental activities.** \$ 385,867

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**COSHOCTON 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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Property taxes . . . . .	\$ 1,436,375	\$ 1,354,555	\$ 1,339,051	\$ (15,504)
Sales taxes . . . . .	3,920,000	4,505,942	4,505,942	-
Payment in lieu of taxes . . . . .	6,000	6,000	9,885	3,885
Charges for services . . . . .	1,123,350	1,167,242	1,130,548	(36,694)
Licenses and permits . . . . .	2,040	2,040	2,490	450
Fines and forfeitures . . . . .	74,000	74,000	59,703	(14,297)
Intergovernmental . . . . .	1,383,952	1,423,592	1,419,280	(4,312)
Investment income . . . . .	527,400	472,400	498,071	25,671
Rental income . . . . .	129,900	129,900	121,921	(7,979)
Other . . . . .	325,100	339,735	403,150	63,415
Total revenues . . . . .	<u>8,928,117</u>	<u>9,475,406</u>	<u>9,490,041</u>	<u>14,635</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	3,507,633	3,352,275	3,271,080	81,195
Judicial . . . . .	1,557,841	1,881,084	1,793,359	87,725
Public safety . . . . .	3,499,478	3,530,120	3,490,864	39,256
Public works . . . . .	216,438	228,663	223,771	4,892
Health . . . . .	94,291	110,361	110,274	87
Human services . . . . .	378,415	378,415	372,840	5,575
Conservation and recreation . . . . .	443,469	449,269	449,250	19
Other . . . . .	446,466	428,193	419,222	8,971
Debt service:				
Principal retirement . . . . .	60,792	60,792	60,792	-
Interest and fiscal charges . . . . .	4,019	4,019	4,019	-
Total expenditures . . . . .	<u>10,208,842</u>	<u>10,423,191</u>	<u>10,195,471</u>	<u>227,720</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,280,725)</u>	<u>(947,785)</u>	<u>(705,430)</u>	<u>242,355</u>
<b>Other financing sources (uses):</b>				
Transfers out . . . . .	(239,167)	(231,594)	(231,002)	592
Advances in . . . . .	-	-	1,200	1,200
Advances out . . . . .	-	(10,000)	(10,000)	-
Total other financing sources (uses) . . . . .	<u>(239,167)</u>	<u>(241,594)</u>	<u>(239,802)</u>	<u>1,792</u>
Net change in fund balance . . . . .	(1,519,892)	(1,189,379)	(945,232)	244,147
<b>Fund balance at beginning of year . . . . .</b>	1,240,798	1,240,798	1,240,798	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>514,432</u>	<u>514,432</u>	<u>514,432</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 235,338</u>	<u>\$ 565,851</u>	<u>\$ 809,998</u>	<u>\$ 244,147</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 HUMAN SERVICES FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 6,319,300	\$ 6,575,300	\$ 6,027,506	\$ (547,794)
Other . . . . .	92,000	162,000	166,415	4,415
Total revenues. . . . .	<u>6,411,300</u>	<u>6,737,300</u>	<u>6,193,921</u>	<u>(543,379)</u>
<b>Expenditures:</b>				
Current:				
Human services . . . . .	6,910,887	7,619,087	7,248,685	370,402
Total expenditures . . . . .	<u>6,910,887</u>	<u>7,619,087</u>	<u>7,248,685</u>	<u>370,402</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(499,587)</u>	<u>(881,787)</u>	<u>(1,054,764)</u>	<u>(172,977)</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	179,472	179,472	169,856	(9,616)
Total other financing sources. . . . .	<u>179,472</u>	<u>179,472</u>	<u>169,856</u>	<u>(9,616)</u>
Net change in fund balance . . . . .	(320,115)	(702,315)	(884,908)	(182,593)
<b>Fund balance at beginning of year. . . . .</b>	441,254	441,254	441,254	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>320,115</u>	<u>320,115</u>	<u>320,115</u>	<u>-</u>
<b>Fund balance (deficit) at end of year . . . . .</b>	<u>\$ 441,254</u>	<u>\$ 59,054</u>	<u>\$ (123,539)</u>	<u>\$ (182,593)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MOTOR VEHICLE AND GAS TAX FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 50,000	\$ 50,000	\$ 47,515	\$ (2,485)
Intergovernmental . . . . .	4,315,000	8,315,000	5,038,258	(3,276,742)
Investment income . . . . .	55,000	55,000	27,648	(27,352)
Other . . . . .	43,000	43,000	97,172	54,172
Total revenues . . . . .	<u>4,463,000</u>	<u>8,463,000</u>	<u>5,210,593</u>	<u>(3,252,407)</u>
<b>Expenditures:</b>				
Current:				
Public works . . . . .	5,036,369	9,589,360	6,166,589	3,422,771
Debt service:				
Principal retirement . . . . .	58,595	58,595	58,595	-
Interest and fiscal charges . . . . .	51,405	51,405	46,005	5,400
Total expenditures . . . . .	<u>5,146,369</u>	<u>9,699,360</u>	<u>6,271,189</u>	<u>3,428,171</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(683,369)</u>	<u>(1,236,360)</u>	<u>(1,060,596)</u>	<u>175,764</u>
<b>Other financing sources:</b>				
Note issuance . . . . .	-	500,000	500,000	-
Total other financing sources . . . . .	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance . . . . .	(683,369)	(736,360)	(560,596)	175,764
<b>Fund balance at beginning of year (restated) . . .</b>	612,597	612,597	612,597	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>233,369</u>	<u>233,369</u>	<u>233,369</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 162,597</u>	<u>\$ 109,606</u>	<u>\$ 285,370</u>	<u>\$ 175,764</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 HOPEWELL MRDD FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes . . . . .	\$ 2,707,453	\$ 2,707,453	\$ 2,530,747	\$ (176,706)
Payment in lieu of taxes . . . . .	1,335	1,335	1,549	214
Intergovernmental . . . . .	2,330,157	3,317,157	2,658,192	(658,965)
Other . . . . .	63,400	63,400	89,780	26,380
Total revenues. . . . .	<u>5,102,345</u>	<u>6,089,345</u>	<u>5,280,268</u>	<u>(809,077)</u>
<b>Expenditures:</b>				
Current:				
Health . . . . .	<u>5,271,583</u>	<u>5,726,583</u>	<u>5,508,946</u>	<u>217,637</u>
Total expenditures . . . . .	<u>5,271,583</u>	<u>5,726,583</u>	<u>5,508,946</u>	<u>217,637</u>
Net change in fund balance . . . . .	(169,238)	362,762	(228,678)	(591,440)
<b>Fund balance at beginning of year. . . . .</b>	2,608,720	2,608,720	2,608,720	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>182,056</u>	<u>182,056</u>	<u>182,056</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,621,538</u>	<u>\$ 3,153,538</u>	<u>\$ 2,562,098</u>	<u>\$ (591,440)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 EMERGENCY AMBULANCE LEVY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes . . . . .	\$ 520,434	\$ 520,434	\$ 489,985	\$ (30,449)
Payment in lieu of taxes . . . . .	-	-	291	291
Charges for services . . . . .	-	660,000	482,204	(177,796)
Intergovernmental . . . . .	102,225	108,725	215,646	106,921
Other . . . . .	-	-	77,922	77,922
Total revenues. . . . .	<u>622,659</u>	<u>1,289,159</u>	<u>1,266,048</u>	<u>(23,111)</u>
<b>Expenditures:</b>				
Current:				
Health . . . . .	<u>738,872</u>	<u>2,159,709</u>	<u>2,060,618</u>	<u>99,091</u>
Total expenditures . . . . .	<u>738,872</u>	<u>2,159,709</u>	<u>2,060,618</u>	<u>99,091</u>
Net change in fund balance . . . . .	(116,213)	(870,550)	(794,570)	75,980
<b>Fund balance at beginning of year. . . . .</b>	709,808	709,808	709,808	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>238,872</u>	<u>238,872</u>	<u>238,872</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 832,467</u>	<u>\$ 78,130</u>	<u>\$ 154,110</u>	<u>\$ 75,980</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
DECEMBER 31, 2008

	<b>Governmental Activity - Internal Service Fund</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents. . . . .	\$ 55,902
Total assets . . . . .	<u>55,902</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable . . . . .	2,400
Accrued wages and benefits . . . . .	484
Due to other governments . . . . .	573
Claims payable . . . . .	<u>383,722</u>
Total liabilities . . . . .	<u>387,179</u>
<b>Net assets:</b>	
Unrestricted (deficit) . . . . .	<u>(331,277)</u>
Total net assets (deficit) . . . . .	<u>\$ (331,277)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<b>Governmental Activity - Internal Service Fund</b>
	<u>                    </u>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 2,615,520
Other . . . . .	<u>30,602</u>
Total operating revenues . . . . .	<u>2,646,122</u>
<b>Operating expenses:</b>	
Personal services . . . . .	20,665
Contract services . . . . .	398,351
Claims. . . . .	2,511,653
Other . . . . .	<u>5,044</u>
Total operating expenses. . . . .	<u>2,935,713</u>
Operating loss/changes in net assets . . . . .	<u>(289,591)</u>
<b>Net assets (deficit) at beginning of year. . . . .</b>	<u>(41,686)</u>
<b>Net assets (deficit) at end of year . . . . .</b>	<u><u>\$ (331,277)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Governmental Activity - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from interfund services . . . . .	\$ 2,615,520
Cash received from other receipts . . . . .	30,602
Cash payments for personal services. . . . .	(18,037)
Cash payments for contractual services . . . . .	(398,351)
Cash payments for claims . . . . .	(2,356,855)
Cash payments for other expenses . . . . .	(5,044)
	(132,165)
Net cash used in operating activities . . . . .	(132,165)
Net decrease in cash and cash equivalents . . . . .	(132,165)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>188,067</b>
<b>Cash and cash equivalents at end of year. . . . .</b>	<b>\$ 55,902</b>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss. . . . .	\$ (289,591)
Changes in assets and liabilities:	
Increase in accounts payable. . . . .	2,400
Increase in accrued wages and benefits. . . . .	81
Increase in due to other governments . . . . .	147
Increase in claims payable . . . . .	154,798
	154,798
Net cash used in operating activities. . . . .	\$ (132,165)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**COSHOCTON COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2008

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 2,013,794
Cash in segregated accounts . . . . .	470,537
Receivables:	
Real and other taxes . . . . .	24,661,526
Accounts . . . . .	5,676
Due from other governments . . . . .	<u>2,256,185</u>
Total assets . . . . .	<u>\$ 29,407,718</u>
 <b>Liabilities:</b>	
Due to other governments . . . . .	\$ 26,917,702
Deposits held and due to others . . . . .	<u>2,490,016</u>
Total liabilities . . . . .	<u>\$ 29,407,718</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

#### NOTE 1 - DESCRIPTION OF THE COUNTY

Coshocton County, Ohio (the "County") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The County was formed by the Ohio State Legislature in 1811. The County is governed by a three-member Board of Commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body and the chief administrators of public services for the County.

The County Auditor serves as fiscal officer for the County and the tax assessor for all political subdivisions within the County. The County Treasurer is required by Ohio law to collect locally assessed taxes. As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County Treasury. Other elected officials include the Prosecutor, Engineer, Recorder, Sheriff, Coroner, Clerk of Courts and Common Pleas Judges.

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

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The County has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its proprietary fund, subject to this same limitation. The County has elected not to apply these FASB Statements and Interpretations.

The most significant of the County's accounting policies are described below.

##### A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

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

##### *DISCRETELY PRESENTED COMPONENT UNITS*

The component unit's column in the combined financial statements identifies the financial data of the County's component units: Coshocton County Regional Airport Authority and the Hopewell Industries, Inc. They are reported separately to emphasize that they are legally separate from the County.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

Coshocton County Regional Airport Authority (the "Authority") - is a legally separate regional airport authority established pursuant to Section 308.03 of the Ohio Revised Code, for the purpose of acquiring, constructing, operating, and maintaining an airport and airport facility in, and for, Coshocton County. Coshocton County Commissioners appoint a voting majority of the Board and the County has a financial benefit/burden relationship with the Authority.

Hopewell Industries, Inc., (the "Workshop") - is a legally separate, not-for-profit corporation, served by a self-supporting board of trustees. The Workshop, under a contractual agreement with the Coshocton County Board of Mental Retardation and Developmental Disabilities (Board of MRDD), provides sheltered employment for mentally retarded or disabled adults in Coshocton County. The Coshocton County Board of MRDD provides the Workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and Workshop's sole purpose of providing assistance to the retarded and disabled adults of Coshocton County, the Workshop is considered a component unit of the County.

Information related to Coshocton County Regional Airport Authority and Hopewell Industries, Inc. is presented in Notes 20 and 21.

#### *EXCLUDED POTENTIAL COMPONENT UNITS*

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests public monies held on deposit in the County Treasury.

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore the operations of the following PCUs have been excluded from the County's basic financial statements, but the funds held on behalf of these PCUs in the County Treasury are included in the agency funds.

Information in the notes to the basic financial statements is applicable to the primary government. When information is provided relative to the component unit, it is specifically identified.

#### *JOINTLY GOVERNED ORGANIZATIONS*

Solid Waste District (the "District") - The County is a member of the Coshocton, Fairfield, Licking, and Perry Solid Waste District, which is a jointly governed organization. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The District is governed and operated through three groups. A twelve-member Board of Directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. No contributions were made by the County in 2008 and no future contributions by the County are anticipated.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

A twenty-nine-member policy committee, consisting of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2008 was \$267,269.

Muskingum Area Board of Alcohol, Drug Addiction, and Mental Health Services - (the "ADAMH") - The ADAMH Board is a jointly governed organization. Participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble counties. The board has responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The ADAMH is managed by a seventeen-member Board of Trustees; two appointed by the Coshocton County Commissioners, seven appointed by the commissioners of the other participating counties, three by the Director of the State Department of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The ADAMH Board exercises total control, including budgeting, appropriating, contracting, and designating management.

During 2008, Coshocton County contributed \$428,675 from levy proceeds. Additional revenues are provided by levies from other member counties, and State and federal grants awarded to the multi-county board. Continued existence of the ADAMH is not dependent on the County's participation and no equity interest exists. The ADAMH has no outstanding debt.

Area Office on Aging (the "Council") - The Area Office on Aging is a regional council of governments that assists nine counties, including Coshocton County, in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors consisting of one representative appointed by each participating County. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists. The Council has no outstanding debt.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2008, Coshocton County did not make any voluntary contributions to MEORC.

Ohio Mideastern Governments Association (OMEGA) - OMEGA is organized as an agency of the local governments by agreement among the membership. OMEGA consists of Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas and Columbiana Counties and other political subdivisions in the counties.

OMEGA's governing board consists of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The board exercises total control, including budgeting, appropriating, contracting, and designating management.

The continued existence of OMEGA is not dependent on the County's continued participation and no equity interest exists. OMEGA has no outstanding debt.

*RELATED ORGANIZATIONS*

Coshocton Metropolitan Housing Authority (the "Authority") - The Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State statutes. The Authority is operated by a five-member Board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority.

Coshocton City and County Park District (the "District") - The District is a legally separate organization created pursuant to Ohio Revised Code Section 1545.01. The County cannot impose its will on the District and a financial benefit/burden relationship does not exist. State statute provides that the County Auditor and Treasurer are ex-officio members of the Park District Board of Commissioners and designates the County Auditor as fiscal officer of the commission. Neither do the County Commissioners have the ability to significantly influence operations, designate management, approve budgets, nor does the County have responsibility for funding deficits. The County maintains an agency fund for the District's operation since the County Auditor serves as fiscal agent for the District.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

**B. Basis of Presentation**

**Government-wide Financial Statements** - The statement of net assets and the statement of activities display information about the County as a whole. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. These statements include the financial activities of the primary government except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County’s governmental activities. 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. Revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

**Fund Financial Statements** - During the year, the County segregates transactions related to certain County 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 County at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**C. Fund Accounting**

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

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

General fund - The general fund is used to account for all financial resources of the County except those required to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Human services fund - This fund accounts for various federal and State grants as well as transfers from the general fund used to provide public assistance to general relief recipients, medical assistance, and certain public social services.

Motor vehicle license and gasoline tax fund - This fund accounts for State gasoline tax and motor vehicle registration fees for maintenance and improvement of County roads.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Hopewell MRDD fund - This fund accounts for a county-wide property tax levy, State grants and reimbursements used for care and services for the mentally handicapped and developmentally disabled.

Emergency ambulance levy fund - This fund accounts for a county-wide property tax levy used to operate the County Emergency Ambulance Service.

Other governmental funds of the County are used to account for (a) the accumulation of resources for, and payment of, long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds** - Proprietary funds focus on the determination of changes in net assets, financial position, and cash flows, and are classified as either enterprise or internal service. The County's only proprietary fund is an internal service fund.

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

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary fund is an agency fund which accounts for property taxes, special assessments, and other "pass through" monies to be disbursed to local governments other than the County.

**D. Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net assets.

**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 and current liabilities 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 statements for governmental funds.



**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

Agency funds do not report a measurement focus as they do not report operations.

**E. Basis of Accounting**

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (See Note 7), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

**Unearned Revenue and Deferred Revenue** - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2008, are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

*Expense/Expenditures* - On the full 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**

All funds, other than agency funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the County Commissioners may appropriate. The appropriation resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Commissioners. The legal level of control has been established by the County Commissioners at the object level within each department.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate that was in effect at the time the final appropriations were passed by the County Commissioners.

The appropriation resolution is subject to amendment by the Commissioners throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commissioners during the year.

**G. Cash and Investments**

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

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

During 2008, investments were limited to nonnegotiable certificates of deposit, federal agency securities and State Treasury Asset Reserve of Ohio (STAR Ohio). 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 and repurchase agreements, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on December 31, 2008.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2008 amounted to \$513,437 which includes \$438,461 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the financial statements sheet as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

The County has monies being held by the Mid East Ohio Regional Council of Governments (MEORC). The funds held by MEORC at year end are reflected on the financial statements as "cash with fiscal agent".

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**H. Inventories of Materials and Supplies**

On government-wide and fund financial statements, purchased inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

Inventory consists of expendable supplies held for consumption.

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

**J. Capital Assets**

Governmental 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 assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the governmental activities column of the government-wide statement of net assets 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 fair market values as of the date received. The County maintains a threshold of \$5,000 for general capital assets and a threshold of \$100,000 for infrastructure capital assets.

The County's governmental infrastructure assets consist of roads, bridges and culverts. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10 - 20 years
Machinery and Equipment	5 - 10 years
Vehicles	3 - 5 years
Infrastructure	15 - 50 years

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments.

**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 the internal service fund are reported in the proprietary fund financial statements.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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 and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability in the fund financial statements when due.

**M. Interfund Transactions**

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/interfund payable" for the current portion of interfund loans or advances to/from other funds for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." These amounts are eliminated on the statement of net assets.

**N. Fund Balance Reserves**

The County records reservations for those portions of fund balance which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, prepaid items and materials and supplies inventory.

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the employee self-insurance program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

**P. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist primarily of monies restricted for capital outlays, maintenance and repairs of facilities.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

##### **Q. Estimates**

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

##### **R. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

##### **S. Extraordinary and Special Items**

Extraordinary items and transactions are events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

##### **A. Change in Accounting Principles**

For 2008, the County has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the County; however, certain disclosures related to postemployment benefits (see Note 17) have been modified to conform to the new reporting requirements.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the County.

##### **B. Budgetary Restatement**

The December 31, 2007 fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) – motor vehicle and gas tax fund has been restated to adjust prior period balances.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

#### NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, 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 Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of, or guaranteed by, the United States and mature, or be redeemable, within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During 2008, the County and public depositories complied with the provisions of these statutes.

**A. Cash with Fiscal Agent**

At December 31, 2008, the County had \$1,557,422 in monies held by MEORC as fiscal agent. These funds are held outside of the County Treasury and are not included in "deposits with financial institutions" below.

**B. Cash in Segregated Accounts**

At December 31, 2008, the County had \$157 in cash held in separate depository accounts from the County Treasury. These amounts are included in the "deposits with financial institutions" below.

**C. Cash on Hand**

At December 31, 2008, the County had \$935 in cash on hand which is reported on the financial statements as part of "equity in pooled cash and cash equivalents".

**D. Deposits with Financial Institutions**

At December 31, 2008, the carrying amount of all County deposits was \$8,800,765 including cash in segregated accounts. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$1,277,551 of the County's bank balance was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.



**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

**E. Investments**

As of December 31, 2008, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 684,025	\$ 684,025	\$ -	\$ -	\$ -	\$ -
FHLB discount note	498,875	-	498,875	-	-	-
FHLB	514,668	-	-	514,668	-	-
FHLMC	502,446	-	-	502,446	-	-
FNMA	1,011,408	-	-	504,326	-	507,082
Total investments	<u>\$ 3,211,422</u>	<u>\$ 684,025</u>	<u>\$ 498,875</u>	<u>\$ 1,521,440</u>	<u>\$ -</u>	<u>\$ 507,082</u>

The weighted average length to maturity is 1.10 years.

*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 County's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk* - STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The County's investments in federal agency securities carry a rating of AAA by Standard & Poor's and Aaa by Moody's.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County investments in federal agency 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 County's name. The County 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.

*Concentration of Credit Risk* - The County 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 County at December 31, 2008:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAR Ohio	\$ 684,025	21.30
FHLB discount note	498,875	15.53
FHLB	514,668	16.03
FHLMC	502,446	15.65
FNMA	<u>1,011,408</u>	<u>31.49</u>
Total investments	<u>\$ 3,211,422</u>	<u>100.00</u>

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

**F. Reconciliation of Cash and Investments to the Statement of Net Assets**

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 assets as of December 31, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 8,800,765
Investments	3,211,422
Cash on hand	935
Cash with fiscal agent	<u>1,557,422</u>
Total	<u>\$ 13,570,544</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 11,086,213
Agency funds	<u>2,484,331</u>
Total	<u>\$ 13,570,544</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

**A. Interfund Transfers**

Interfund transfers for the year ended December 31, 2008, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Human services fund	\$ 169,856
Nonmajor governmental funds	<u>61,146</u>
Total transfers	<u>\$ 231,002</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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in 2008 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated for reporting on the statement of activities.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

**B. Due To/From Other Funds**

The County had the following amounts due to/from other funds at December 31, 2008:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General	\$ 16,612	\$ -
Nonmajor governmental	<u>-</u>	<u>16,612</u>
Total	<u>\$ 16,612</u>	<u>\$ 16,612</u>

Amounts due to/from other funds represent amounts owed between funds for goods or services provided. The balances resulted from the time lag between the dates that payments between the funds are made. Due to/from other fund balances between governmental funds are eliminated for reporting on the government-wide statement of net assets.

**C. Interfund Balances**

Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2008, consist of the following individual fund loan receivable and payable as reported on the fund statements:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General	\$ 20,000	\$ -
Nonmajor governmental	<u>-</u>	<u>20,000</u>
Total	<u>\$ 20,000</u>	<u>\$ 20,000</u>

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

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

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 6 - PROPERTY TAXES - (Continued)**

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In calendar years 2008-2010, the County will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes has been offset by deferred revenue 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 deferred.

The full tax rate for all County operations for the year ended December 31, 2008 was \$12.45 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$ 549,731,440
Public Utility Personal Property	<u>96,575,500</u>
Total	<u>\$ 646,306,940</u>

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 7 - PERMISSIVE SALES AND USE TAX**

In 1971, the County Commissioners, by resolution, imposed a one-half percent tax on all retail sales made in the County. In 1984, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales made in the County. At the end of 2005, the County Commissioners by resolution imposed a one-half percent tax on all retail sales made in the County for specific use in the Justice System to begin January 1, 2006. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the general fund. Sales tax revenue in 2008 amounted to \$4,465,846 with the entire amount credited to the general fund.

**NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE**

In the current year and in a prior year, the County entered into lease agreements for the acquisition of server equipment and an energy management system. These leases met the criteria of a capital lease as defined by FASB Statement Number 13, "Accounting for Leases" and have been recorded in the statement of net assets. The assets have been capitalized in governmental capital assets in the amount of \$715,557, the present value of the minimum lease payments at the inception of the lease. Principal and interest payments for the capital lease obligation are made from the general fund.

<u>Year</u>	<u>Amount</u>
2009	\$ 97,198
2010	32,388
2011	32,388
2012	32,388
2013	<u>2,699</u>
Total minimum lease payments	197,061
Less: amount representing interest	<u>(17,398)</u>
Present value of minimum lease payments	<u>\$ 179,663</u>

**NOTE 9 - COMPENSATED ABSENCES**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. No vacation time shall be carried over for more than three years. Accumulated, unused sick leave is paid at varying rates depending on length of service to employees who retire.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE 10 - NOTE PAYABLE**

The County issued a \$500,000 road improvement note payable on September 4, 2008. The note bears an interest rate of 2.99% and matures on September 3, 2009. The note will be retired in 2009 from the motor vehicle license and gas tax fund, the fund which received the initial proceeds. The following is a summary of the note payable activity for 2008:

	Balance 12/31/07	Issued	Retired	Balance 12/31/08
Road improvement note	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

**NOTE 11 - CONTINGENT LIABILITIES**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

The County is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The County's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material, if any, effect on the financial condition of the County.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 12 - RECEIVABLES**

Receivables at December 31, 2008, consisted of taxes, accounts, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenue. Receivables have been recorded to the extent that they are measurable at December 31, 2008, as well as intended to finance 2008 operations.

A summary of the principal items due from other governments:

Fund / Type	Amount
Major funds:	
General fund:	
Local government and	
local government revenue assistance	\$ 364,077
Payment in lieu of taxes	36
Homestead and rollback	83,808
Miscellaneous reimbursements	<u>37,161</u>
	<u>485,082</u>
Human services fund:	
Grants and entitlements	<u>68,888</u>
Motor vehicle license and gasoline tax fund:	
License, gasoline and permissive taxes	2,046,875
Ohio Department of Transportation grants	242,557
Miscellaneous reimbursements	<u>2,995</u>
	<u>2,292,427</u>
Hopewell MRDD fund:	
Grants and entitlements	23,616
Payment in lieu of taxes	74
Homestead and rollback	<u>151,452</u>
	<u>175,142</u>
Emergency ambulance levy fund:	
EMS receivables	123,514
Homestead and rollback	71,938
Payment in lieu of taxes	<u>31</u>
	<u>195,483</u>
Other governmental funds:	
U.S. Department of Justice (VOCA) grant	13,258
Ohio Department of Development grants	321,802
Citizen Corporation grant	41,304
Childrens services grants and entitlements	7,839
Corporation for community and national service grant	110
Payment in lieu of taxes	30
Homestead and rollback	61,239
Miscellaneous grants and reimbursements	<u>21,723</u>
	<u>467,305</u>
Total due from other governments	<u>\$ 3,684,327</u>

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 13 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance			Balance
	<u>12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/08</u>
<b><u>Governmental activities:</u></b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 608,087	\$ -	\$ -	\$ 608,087
Construction in progress	915,882	1,685,320	-	2,601,202
Total capital assets, not being depreciated	<u>1,523,969</u>	<u>1,685,320</u>	<u>-</u>	<u>3,209,289</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	13,610,121	120,000	-	13,730,121
Machinery and equipment	4,232,616	467,973	(14,956)	4,685,633
Vehicles	3,164,042	610,579	(341,218)	3,433,403
Infrastructure	29,479,655	1,922,147	-	31,401,802
Total capital assets, being depreciated	<u>50,486,434</u>	<u>3,120,699</u>	<u>(356,174)</u>	<u>53,250,959</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(7,789,298)	(340,188)	-	(8,129,486)
Machinery and equipment	(3,263,361)	(361,733)	14,956	(3,610,138)
Vehicles	(2,480,122)	(299,816)	341,218	(2,438,720)
Infrastructure	(9,427,944)	(1,379,215)	-	(10,807,159)
Total accumulated depreciation	<u>(22,960,725)</u>	<u>(2,380,952)</u>	<u>356,174</u>	<u>(24,985,503)</u>
Total capital assets, being depreciated net	<u>27,525,709</u>	<u>739,747</u>	<u>-</u>	<u>28,265,456</u>
Governmental activities capital assets, net	<u>\$ 29,049,678</u>	<u>\$ 2,425,067</u>	<u>\$ -</u>	<u>\$ 31,474,745</u>

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

<b><u>Governmental activities:</u></b>	
<i>General government:</i>	
Legislative and executive	\$ 152,670
Judicial	44,905
Public safety	238,646
Public works	1,665,363
Health	189,750
Human services	88,490
Conservation and recreation	<u>1,128</u>
Total depreciation expense - governmental activities	<u>\$ 2,380,952</u>



**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 14 - LONG-TERM OBLIGATIONS**

The County's governmental activities long-term obligations at year-end and a schedule of current year activity are as follows:

<b>Governmental activities:</b>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>								
Human Services Building	1990	12/1/2016	5.9-7.3%	\$ 335,000	\$ -	\$ (40,000)	\$ 295,000	\$ 40,000
Water Lines	1996	12/1/2013	6.40%	105,000	-	(15,000)	90,000	15,000
County Garage Building	1999	12/1/2019	5.875-6.5%	725,000	-	(40,000)	685,000	45,000
Juvenile/Probate Court Phones	2002	12/1/2022	1.6-4.5%	665,000	-	(35,000)	630,000	35,000
N. Corridor/Various Purpose	2004	12/1/2029	4.5-4.99%	1,985,000	-	(55,000)	1,930,000	60,000
Bridge	2005	2/11/2009	3.10%	61,832	-	(30,444)	31,388	31,388
Total general obligation bonds				<u>3,876,832</u>	<u>-</u>	<u>(215,444)</u>	<u>3,661,388</u>	<u>226,388</u>
<u>Notes</u>								
Hopewell Roof Note	2003	3/20/2013	5.50%	90,000	-	(15,000)	75,000	15,000
Total notes				<u>90,000</u>	<u>-</u>	<u>(15,000)</u>	<u>75,000</u>	<u>15,000</u>
<u>Loans:</u>								
OPWC - Bridge Program	2005	12/1/2015	0.00%	88,452	-	(10,195)	78,257	10,195
OPWC - N. Corridor Sewer	2001	7/1/2021	0.00%	50,418	-	(3,735)	46,683	3,735
OPWC - Bridge Program	2002	7/1/2021	0.00%	36,005	-	(8,400)	27,605	8,400
OPWC - Sewer Replacement	2004	1/1/2024	0.00%	13,719	-	(858)	12,861	858
OPWC - SR 83 Extension	2007	1/1/2028	0.00%	64,560	-	(16,712)	47,848	1,196
OWDA - Fresno Water & Sewer	2004	N/A	N/A	319,560	31,306	-	350,866	-
Total loans				<u>572,714</u>	<u>31,306</u>	<u>(39,900)</u>	<u>564,120</u>	<u>24,384</u>
<u>Other long-term obligations:</u>								
Capital leases				123,850	139,700	(83,887)	179,663	88,959
Compensated absences				1,108,458	413,643	(498,000)	1,024,101	622,938
Total other long-term obligations				<u>1,232,308</u>	<u>553,343</u>	<u>(581,887)</u>	<u>1,203,764</u>	<u>711,897</u>
Total general long-term obligations				<u>\$ 5,771,854</u>	<u>\$ 584,649</u>	<u>\$ (852,231)</u>	<u>\$ 5,504,272</u>	<u>\$ 977,669</u>

The general obligation bonds are direct obligations of the County and will be paid from the debt service funds (nonmajor governmental funds), the general fund, and the motor vehicle license and gasoline tax fund using property tax revenues and gasoline tax revenues.

The Ohio Public Works Commission (OPWC) loans and the Ohio Water Development Authority (OWDA) loans will be paid from the debt service funds (nonmajor governmental funds) and the motor vehicle license and gasoline tax fund using property tax revenues and gasoline tax revenues.

The Hopewell roof note will be paid from a debt service fund (a nonmajor governmental fund) using property tax revenues.

Compensated absences will be paid from the fund from which the employees' salaries are paid, which, for the County, is primarily the general fund, the human services fund, the motor vehicle license and gasoline tax fund and the Hopewell MRDD fund.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 14 - LONG TERM OBLIGATIONS - (Continued)**

The County has entered into a contractual agreement for construction loans from the OWDA. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved projects. OWDA will capitalize administration costs and construction interest and then add them to the total amounts of the final loan. This loan will not have an accurate repayment schedule until the loan is finalized and, therefore, is not included in the schedule of future annual debt service requirements below. The balance of the County's OWDA loan is \$350,866 at December 31, 2008.

The annual requirements to retire governmental activities debt are as follows:

Year Ending December 31,	General Obligation Bonds		OPWC Loans	Note Payable		Total	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2009	\$ 226,388	\$ 189,442	\$ 24,384	\$ 15,000	\$ 2,955	\$ 265,772	\$ 192,397
2010	195,000	178,891	25,580	15,000	2,364	235,580	181,255
2011	205,000	168,879	25,580	15,000	1,773	245,580	170,652
2012	215,000	158,079	21,380	15,000	1,182	251,380	159,261
2013	215,000	146,963	17,180	15,000	591	247,180	147,554
2014 - 2018	1,060,000	560,332	60,412	-	-	1,120,412	560,332
2019 - 2023	785,000	288,649	25,574	-	-	810,574	288,649
2024 - 2028	620,000	122,488	11,960	-	-	631,960	122,488
2029	140,000	6,510	1,204	-	-	141,204	6,510
Total	<u>\$ 3,661,388</u>	<u>\$ 1,820,233</u>	<u>\$ 213,254</u>	<u>\$ 75,000</u>	<u>\$ 8,865</u>	<u>\$ 3,949,642</u>	<u>\$ 1,829,098</u>

Legal Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County'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 County'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. Based on this calculation, the County's voted legal debt margin was \$11,191,326 at December 31, 2008 and the unvoted legal debt margin was \$6,461,898 at December 31, 2008.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 15 - RISK MANAGEMENT**

**A. General Insurance**

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include liability, property and crime insurance.

By contracting with the CORSA for liability, property, and crime insurance, the County has addressed these various types of risk. CORSA, a nonprofit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime coverage for its members. CORSA was established May 12, 1987, and has grown to sixty-two members.

The CORSA program has a \$2,500 deductible per claim. Coverage provided by CORSA is as follows:

General liability	\$ 1,000,000
Law enforcement liability	1,000,000
Errors and omissions liability:	
Per occurrence	1,000,000
Annual aggregate	1,000,000
Automobile liability	1,000,000
Uninsured/underinsured motorists liability	250,000
Excess liability	5,000,000
Stop gap liability	1,000,000
Medical professional liability	6,000,000
Foster parents	6,000,000
Accounts receivable	5,000,000
Property - total covered value	117,385,274
Other property insurance:	
Extra expense/business interruption	21,000,000
Data processing equipment	1,371,755
Bridges	710,321
Sewer line coverage	3,500,000
Water line coverage	4,500,000
Equipment breakdown	100,000,000
Crime insurance	1,000,000

With the exception of workers' compensation, health insurance and all elected officials' bonds, all coverage is held with CORSA. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 15 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

The County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**C. Health Care Self-Insurance**

The County has elected to provide employees' major medical and hospitalization through a self-insured program. The County maintains a Self-Insurance Internal Service Fund to account for, and finance, its uninsured risks of loss in this program. This plan provides a major medical plan with a \$1,000 individual and \$2,000 family deductible and a Preferred Provider Network (PPO) with a \$200 individual and a \$400 family deductible. A third party administrator, Aulta Administrative Services, located in Canton, Ohio, reviews all claims which are then paid by the County. The County purchases stop-loss coverage of \$90,000 per employee per year and an aggregate annual limit of \$1,000,000. The County provides \$867 family coverage, \$362 single coverage per employee per month, which represents the entire premium required. This premium is paid by the fund that pays the salary for the employee and is based on historic cost information.

The claims liability of \$383,722 reported in the fund at December 31, 2008, was estimated by a third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported, claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include allocated or unallocated claims adjustment expenses.

Changes in the fund's claims liability amount for 2008 and 2007 were:

	Balance at		Current		Claim		Balance at
	<u>Beginning of Year</u>		<u>Year Claims</u>		<u>Payments</u>		<u>End of Year</u>
2008	\$ 228,924	\$	2,511,653	\$	(2,356,855)	\$	383,722
2007	202,655		1,999,379		(1,973,110)		228,924

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

#### NOTE 16 - PENSION PLANS

##### A. Ohio Public Employees Retirement System

Plan Description - The County participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. 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. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The County's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The County's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the County's pension contributions were 10.40% of covered payroll. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007, and 2006 were \$1,137,432, \$1,233,868 and \$1,167,500, respectively; 94.03% has been contributed for 2008 and 100% has been contributed for 2007 and 2006. The unpaid contribution to fund pension obligations for 2008, in the amount of \$65,964, is recorded as a liability.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE 16 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System**

Plan Description - Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.50% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2008, plan members were required to contribute 10.00% of their annual covered salaries. The County was required to contribute 14.00%; 13.00% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2008, 2007, and 2006 were \$70,073, \$92,735 and \$68,919, respectively; 100% has been contributed for 2008, 2007 and 2006. There were no contributions for the DCP and CP for 2008.

**NOTE 17 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007 and 2006 were \$1,065,068, \$763,947 and \$540,382, respectively; 94.03% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**B. State Teachers Retirement System**

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

#### **NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2008, 2007 and 2006 were \$5,390, \$7,133 and \$5,294, respectively; 100% has been contributed for 2008, 2007 and 2006.

#### **NOTE 18 - RELATED PARTY TRANSACTIONS**

Hopewell Industries, Inc., a component unit of Coshocton County, received contributions in the amount of \$5,672 during 2008 from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. The Coshocton County Board of Mental Retardation and Developmental Disabilities expended \$109,796 in the operation of Hopewell Industries, Inc. during 2008.

Coshocton County Airport authority is a component unit of Coshocton County. During 2008, the County Airport Authority received an operating transfer from the County in the amount of \$70,000.

#### **NOTE 19 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements and encumbrances. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue funds 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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as payables (GAAP basis); and,
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).



**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and major special revenue funds are as follows:

	<b>Net Change in Fund Balances</b>				
	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>Hopewell MRDD</u>	<u>Emergency Ambulance Levy</u>
Budget Basis	\$ (945,232)	\$ (884,908)	\$ (560,596)	\$ (228,678)	\$ (794,570)
Net adjustments for revenues	12,784	705	(132,332)	467,422	156,789
Net adjustments for expenditures	(253,401)	(65,855)	41,504	(495,762)	13,675
Net adjustments for other financing financing sources/uses	148,500	-	(500,000)	-	-
Encumbrances	<u>629,502</u>	<u>386,423</u>	<u>429,411</u>	<u>281,415</u>	<u>521,557</u>
GAAP Basis	<u>\$ (407,847)</u>	<u>\$ (563,635)</u>	<u>\$ (722,013)</u>	<u>\$ 24,397</u>	<u>\$ (102,549)</u>

**NOTE 20 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT**

**A. Reporting Entity**

The Coshocton County Regional Airport Authority, Coshocton County, (the Airport) 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. The Authority is directed by a seven member Board, with a majority of the Board appointed by the Coshocton County Commissioners. The Board has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its' corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. Since the Airport imposes a financial burden on the County, the Airport is reflected as a component unit of Coshocton County. The Airport has a December 31 year end.

**B. Summary of Significant Accounting Policies**

The Airport reports its operations as a single enterprise fund. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE 20 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -  
(Continued)**

1. *Measurement Focus and Basis of Accounting*

The Airport's fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The Airport used the full accrual basis of accounting in which revenue is recognized when earned and expenses when incurred.

2. *Cash*

To improve cash management, cash received by the Airport is pooled in a central bank account. The Airport has no investments.

3. *Capital Assets*

Capital assets at the Airport are capitalized. All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated capital assets are recorded at their fair market values as of the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fund capital assets.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	40 - 50 years
Machinery and Equipment	25 years
Vehicles	10 years
Infrastructure	5 - 40 years

4. *Estimates*

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

**C. Deposits and Investments**

At year end, the carrying amount of the Airport's deposits was \$55,518 and the bank balance was \$57,389. The entire balance was covered by Federal Deposit Insurance Corporation. The Airport has no investments.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 20 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -  
(Continued)**

**D. Loan Payable**

The Airport has a loan payable at December 31, 2008 as follows:

	Outstanding <u>12/31/07</u>	Additions	Reductions	Outstanding <u>12/31/08</u>
Chase Bank loan	\$ 15,979	\$ -	\$ (6,555)	\$ 9,424

In 2000, the Airport was issued a loan for upgrading the fuel farm with new above-ground fuel tanks. The loan bears an interest rate of 4.80%.

**E. Capital Assets**

	Balance <u>12/31/07</u>	Additions	Deductions	Balance <u>12/31/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,339	\$ -	\$ -	\$ 11,339
Construction in progress	<u>524,650</u>	<u>81,339</u>	<u>-</u>	<u>605,989</u>
Total capital assets, not being depreciated	<u>535,989</u>	<u>81,339</u>	<u>-</u>	<u>617,328</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	675,000	-	-	675,000
Infrastructure	3,606,535	-	-	3,606,535
Vehicles	14,394	-	-	14,394
Furniture and equipment	<u>313,827</u>	<u>-</u>	<u>-</u>	<u>313,827</u>
Total cost	<u>4,609,756</u>	<u>-</u>	<u>-</u>	<u>4,609,756</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(171,250)	(11,250)	-	(182,500)
Infrastructure	(426,922)	(144,261)	-	(571,183)
Vehicles	(14,394)	-	-	(14,394)
Furniture and equipment	<u>(182,958)</u>	<u>(20,920)</u>	<u>-</u>	<u>(203,878)</u>
Total accumulated depreciation	<u>(795,524)</u>	<u>(176,431)</u>	<u>-</u>	<u>(971,955)</u>
Total capital assets, being depreciated net	<u>3,814,232</u>	<u>(176,431)</u>	<u>-</u>	<u>3,637,801</u>
Total capital assets, net	<u>\$ 4,350,221</u>	<u>\$ (95,092)</u>	<u>\$ -</u>	<u>\$ 4,255,129</u>

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 21 - HOPEWELL INDUSTRIES, INC - COMPONENT UNIT**

**A. Reporting Entity**

Hopewell Industries, Inc. (the "Workshop") is a legally separate, not-for-profit corporation, served by a self-supporting Board of Trustees. The Workshop, under a contractual agreement with the Coshocton County Board of Mental Retardation and Developmental Disabilities (Board of MRDD), provides sheltered employment for mentally retarded or disabled adults in Coshocton County. The Coshocton County Board of MRDD provides the Workshop with staff salaries, transportation, equipment, staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and Workshop's sole purpose of providing assistance to the mentally retarded and disabled adults of Coshocton County, the Workshop is considered a component unit of Coshocton County. Hopewell Industries, Inc. has a December 31 year end.

**B. Basis of Accounting**

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

Current Funds - Unrestricted Funds represent resources over which the Board of Directors has discretionary control and are used to carry out the operations of the Workshop in accordance with its bylaws. Restricted funds represent resources currently available for use, but expendable only for those operating purposes specified by the donor. Resources of this fund originate from gifts, grants, bequests, contracts, and emergency appeals.

Land, Building, and Equipment Funds are designed to account for funds restricted for land, building, and equipment acquisitions and funds expended. Land, building and equipment acquisitions are financed through current operations.

Inventories are stated at the lower of cost or market. Cost is determined substantially by the first-in, first-out method. Market value is based on replacement cost. Substantially, the entire inventory consists of raw materials and supplies used in the various production activities.

Property, Plant, and Equipment are carried at cost and include expenditures for major renewals and betterments. Donated equipment is recorded at the fair market value. Maintenance, repairs, and minor renewals are charged to expenses as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which sold.

Depreciation is based on the estimated useful lives computed on the straight-line method.

**C. Deposits and Investments**

At year end, the carrying amount of the Workshop's deposits was \$141,480 and the bank balance was \$133,995. The entire bank balance was covered by the Federal Deposit Insurance Corporation. In addition, the Workshop had other investments with a carrying value of \$139,853 and market value of \$126,165.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE 21 - HOPEWELL INDUSTRIES, INC - COMPONENT UNIT - (Continued)**

**D. Equipment and Buildings**

The following is a summary of equipment and capital improvements at December 31, 2008.

Furniture, Fixtures & Vehicles	\$ 142,080
Building improvements	27,549
Equipment	<u>127,089</u>
	296,718
Less: Accumulated depreciation	<u>(258,495)</u>
Net equipment and capital improvements	<u>\$ 38,223</u>

COSHOCKTON COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Pass Through Entity Number	Disbursements
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants / State's Program	14.228	BF-07-016-1	\$ 105,000
Community Development Block Grants / State's Program	14.228	BF-08-016-1	<u>97,680</u>
Total Community Development Block Grant / State's Program			202,680
CHIP	14.219	BC-07-016-2	<u>53,418</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>256,098</u>
<b><u>U.S. Department of Justice</u></b>			
<i>Passed Through the Ohio Department of Justice:</i>			
VOCA	16.575	2007VAGENE001T	14,734
		2008VAGENE001T	4,419
		2008SAGENE001	<u>1,000</u>
<b>Total U.S. Department of Justice</b>			<u>20,153</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed Through Ohio Department of Public Safety:</i>			
Emergency Management Performance Program	97.042	2007-EM-E7-0085	8,967
Emergency Management Performance Program	97.042	2008-EN-E8-0002	30,668
Citizen Corp Program Grant	97.053	2006-GC-T6-0051	1,584
Citizen Corp Program Grant	97.053	2007-GE-T7-0030	3,565
State Homeland Security Program	97.067	2007-GE-T7-0030	54,691
State Homeland Security Program	97.067	2007-GE-T7-0030	<u>31,663</u>
<b>Total U.S. Department of Homeland Security</b>			<u>131,138</u>
<b><u>U.S. Department of Education</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
Adult Education State Grant Program	84.002	N/A	94,999
State and Local Education - Systematic Improvement Grant	84.298	C2S1	259
Special Education Cluster:			
Special Education - Grants to States	84.027	6BSF	34,437
Special Education - Preschool Grants	84.173	PGS1	<u>11,618</u>
Total Special Education Cluster			46,055
<b>Total U.S. Department of Education</b>			<u>141,313</u>
<b><u>U.S. Department of Labor</u></b>			
<i>Passed Through Workforce Investment Act, Area 7:</i>			
Workforce Investment Act Cluster:			
Workforce Investment Act-Adult Program	17.258	N/A	244,388
Workforce Investment Act-Youth Activities	17.259	N/A	101,121
Workforce Investment Act-Dislocated Workers	17.260	N/A	<u>394,354</u>
Total WIA Cluster			739,863
Total Passed Through Workforce Investment Act, Area 7:			<u>739,863</u>
<b>Total U.S. Department of Labor</b>			<u>739,863</u>

See the accompanying notes to the Schedule of Federal Awards Expenditures

(Continued)

COSHOCOTON COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Pass Through Entity Number	Disbursements
<i>(Continued)</i>			
<b><u>U.S. Department of Transportation</u></b>			
<i>Direct from the Federal Government</i>			
Airport Improvement Program	20.106	N/A	156,537
<i>Passed through Ohio Department of Education</i>			
Highway Planning and Construction	20.205	N/A	<u>376,491</u>
<b>Total U.S. Department of Transportation</b>			<u>533,028</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed through National Association of County &amp; City Health Offices</i>			
Medical Reserve Corps Capacity Building Grant	93.008	N/A	5,000
<i>Passed through Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities			1,746
<i>Passed Through the Ohio Department of Mental Retardation and Development Disabilities:</i>			
Medicaid Cluster (Title XIX)	93.778	N/A	104,495
SCHIPS	93.767	N/A	177
Social Services Block Grant (Title XX)	93.667	N/A	<u>42,069</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>153,487</u>
<b><u>Corporation for Community and National Service</u></b>			
<i>Passed through Ohio Department of Youth Services</i>			
Americorps	94.006	JJWC-021-07	<u>7,708</u>
<b>Total Corporation for Community and National Service</b>			7,708
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 1,982,788</u>

N/A - No pass through entity number  
See the accompanying notes to the Schedule of Federal Awards Expenditures

**COSHOCTON COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE B – SUBRECIPIENTS

The County passes through certain Federal assistance received from the United States Department of Housing and Urban Development, the Ohio Department of Mental health, and the Ohio Department of Alcohol and Drug Addition Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulation, and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE D – OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

The Coshocton County Department of Mental Retardation and Developmental disabilities received federal financial assistance from the Ohio Department of Mental Retardation and Developmental Disabilities for the program (which is audited at the state level and reported in the State of Ohio Single Audit Report):

CFDA #93.778 Medicaid Cluster (Individual Options and Level 1 Waiver Programs)

NOTE E – OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

The County Department of Job and Family Services, Children Services Board and Child Support Enforcement Agency received federal financial assistance from the Ohio Department of Job and Family Services for the following programs (which are audited at the state level and reported in the State of Ohio Single Audit Report):

CFDA #10.551/561	Food Stamps Cluster
CFDA #93.558	Temporary Assistance for Needy Families
CFDA #93.563	Child Support Enforcement
CFDA #93.575/596	Child Care Cluster
CFDA #93.658	Foster Care Adoption Assistance
CFDA #93.667	Social Services Block Grant Title XX
CFDA #93.767	State Children's Insurance Fund
CFDA #93.775/777/778	Medicaid Cluster



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Ohio Society of Certified Public Accountants

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Commissioners  
Coshocton County  
349 Main Street  
Coshocton, Ohio 43812

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coshocton County (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2009, in which we indicated the County implemented Governmental Accounting Standards Board Statements No. 45, and No. 50. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Board of Commissioners

Coshocton County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

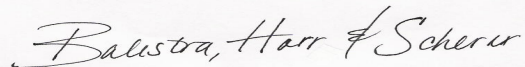
### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We noted certain noncompliance and other matters that we reported to the County's management in a separate letter dated June 26, 2009.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

June 26, 2009

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## **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Commissioners  
Coshocton County  
349 Main Street  
Coshocton, Ohio 43812

### **Compliance**

We have audited the compliance of Coshocton County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended December 31, 2008.

### **Internal Control Over Compliance**

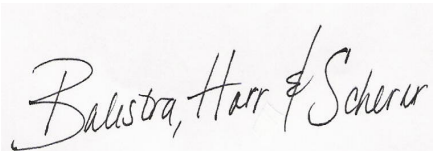
The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that County's internal control will not be prevented or detected material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, County Commissioners, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 26, 2009

**COSHOCTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505  
DECEMBER 31, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	WIA Cluster Programs – CFDA #17.258, 17.259 & 17.260 Highway Planning and Construction – CFDA #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**COSHOCTON COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 SECTION .505**

**DECEMBER 31, 2008**

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

**FINDING NUMBER 2008-001**

**Noncompliance**

Ohio Revised Code section 5705.36 allows all subdivisions to request a reduced amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources.

At year end the County had appropriations in excess of actual receipts plus beginning balance in the Human Services fund by \$493,941 and the Motor Vehicle Gas Tax fund by \$3,376,170.

The County should compare the actual receipts plus beginning balance to their appropriations a request a reduced amended certificate of estimated resources and appropriations at year end if the amount collected will be less than the amounts in the official certificate of estimated resources.

**Client Response:**

Our last amended certificate was 12/30/08 and the Chief Deputy normally only adjusts uncollected revenues that were either significant amounts or that were significantly uncollected. She missed the Direct Pay memorandum line this year in the Motor Vehicle Gas Tax fund, which was significant. Please note that cash expenditures did not exceed the cash balance plus actual revenues. To remedy this in the future, the deputy auditor will put a note on the calendar a week prior to year end to review unappropriated balances and actual collected versus estimated revenues. Any accounts/funds appearing to be close enough to have a possible issue under 5705.36A will be adjusted on a new amended certificate, an appropriations exceed certificate issued, and offices notified of the need for reduced appropriations early enough for commissioners' approval.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



**Mary Taylor, CPA**  
Auditor of State

**FINANCIAL CONDITION**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 8, 2009**