

Coshocton County Financial Condition
Coshocton County, Ohio

Single Audit

January 1, 2009 through December 31, 2009

Year Audited Under GAGAS: 2009



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

Board of 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, 2009 through December 31, 2009. 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

November 17, 2010

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COSHOCTON COUNTY FINANCIAL CONDITION

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Independent Auditor's Report

Coshocton County Financial Condition
349 Main Street
Coshocton, Ohio 43812

To the Board of Commissioners

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, 2009, 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 an opinion 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 Coshocton County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and respective budgetary comparisons for the General Fund, Human Services Fund, Motor Vehicle and Gas Tax Fund, Hopewell MRDD Fund, and Emergency Ambulance Levy Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

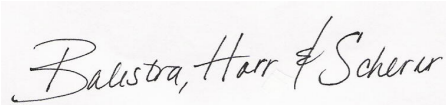
In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 result of our audit.

The 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 measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The federal awards expenditure schedule is 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 federal awards expenditure schedule 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 School District implemented Governmental Accounting Standards Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* and GASB Statement 57, *Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers*.



Balestra, Harr & Scherer, CPAs, Inc.
August 13, 2010

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

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, 2009. 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 2009 are as follows:

- The total net assets of the County increased \$1,233,990 which represents a 3.25% increase from 2008.
- General revenues accounted for \$12,289,132 or 31.89% of total governmental activities revenue. Program specific revenues accounted for \$26,249,548 or 68.11% of total governmental activities revenue.
- The County had \$37,304,690 in expenses related to governmental activities; \$26,249,548 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,289,132 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 \$8,523,818 in 2009. The general fund, had expenditures and other financing uses of \$8,797,162 in 2009. The increase in expenditures over revenues contributed to the general fund's fund balance decreasing \$273,344 from 2008 to 2009.
- The human services fund, a County major fund, had revenues and other financing sources of \$5,777,637 and expenditures of \$5,446,834 in 2009. The human services fund balance increased \$330,803 from 2008 to 2009.
- The motor vehicle license and gasoline tax fund, a County major fund, had revenues of \$5,503,841 and expenditures of \$4,596,665 in 2009. The motor vehicle license and gasoline tax fund balance increased \$907,176 from 2008 to 2009.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of \$5,985,075 and expenditures and other financing uses of \$5,847,600 in 2009. The county board of DD fund balance increased \$137,475 from 2008 to 2009.
- The emergency ambulance levy fund, a County major fund, had revenues of \$3,086,726 and expenditures and other financing uses of \$2,948,514 in 2009. The emergency ambulance levy fund balance increased \$138,212 from 2008 to 2009.
- In the general fund, the actual revenues and other financing sources came in \$144,562 lower than they were originally budgeted and actual expenditures and other financing uses were \$591,984 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.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

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 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, county board of DD, 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 2009?" 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, the County Board of developmental disabilities (DD) 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.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The 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.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

The table below provides a summary of the County's net assets at December 31, 2009 and 2008.

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current and other assets	\$ 24,090,464	\$ 22,914,341
Capital assets, net	<u>28,225,077</u>	<u>29,224,409</u>
Total assets	<u>52,315,541</u>	<u>52,138,750</u>
<u>Liabilities</u>		
Long-term liabilities	7,549,129	5,504,272
Other liabilities	<u>5,601,465</u>	<u>8,703,521</u>
Total liabilities	<u>13,150,594</u>	<u>14,207,793</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	23,665,700	24,744,238
Restricted	13,894,275	11,423,744
Unrestricted	<u>1,604,972</u>	<u>1,762,975</u>
Total net assets	<u>\$ 39,164,947</u>	<u>\$ 37,930,957</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the County's assets exceeded liabilities by \$39,164,947. The County's finances remained stable during 2009.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At year-end, capital assets represented 53.95% 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, 2009, were \$23,665,700. 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, \$13,894,275 or 35.48% 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 \$1,604,972.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

The table below shows the changes in net assets for 2009 and 2008.

	Governmental Activities	
	2009	2008
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 4,505,468	\$ 3,720,489
Operating grants and contributions	20,620,618	19,262,170
Capital grants and contributions	1,123,462	1,661,372
General revenues:		
Property taxes	6,056,994	5,575,627
Sales tax	4,080,862	4,451,827
Payment in lieu of taxes	4,241	12,547
Unrestricted grants	1,434,992	1,544,202
Investment earnings	280,377	513,439
Miscellaneous	431,666	399,290
Total revenues	38,538,680	37,140,963
<u>Expenses</u>		
General government	5,148,795	5,793,234
Public safety	5,299,819	5,828,760
Public works	6,374,341	6,820,750
Health	9,010,252	7,561,494
Human services	10,534,432	11,901,646
Conservation and recreation	338,619	449,949
Other	387,607	432,053
Interest and fiscal charges	210,825	217,546
Total expenses	37,304,690	39,005,432
Change in net assets	1,233,990	(1,864,469)
Net assets at beginning of year	37,930,957	39,795,426
Net assets at end of year	\$ 39,164,947	\$ 37,930,957

Governmental Activities

Governmental activities increased \$1,233,990 or 3.25% during 2009.

Governmental activities capital grants and contributions revenue decreased 32.38% from \$1,661,372 in 2008 to \$1,123,462 in 2009.

The State and federal government contributed to the County revenues of \$20,620,618 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, \$8,679,834, or 42.09% subsidized human services programs. Operating grants and contributions increased 7.05% in 2009 due to an increase in funding for programs related to public works.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

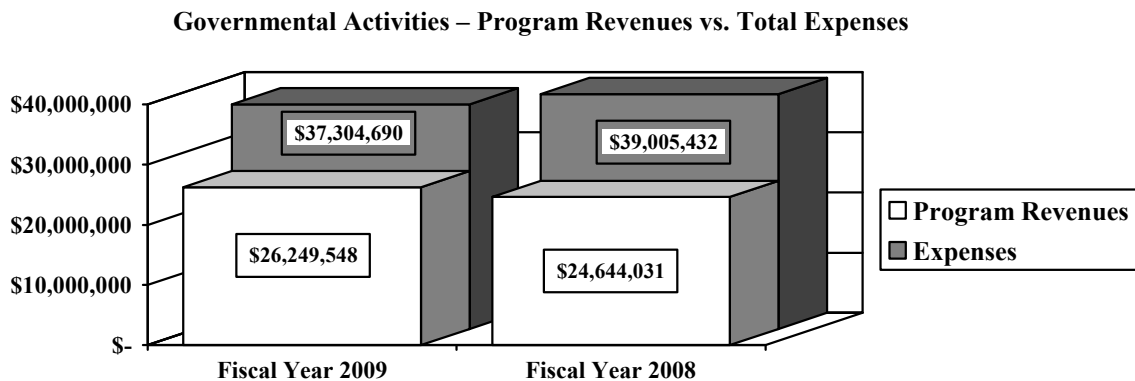
General revenues totaled \$12,289,132, and amounted to 31.89% of total revenues. These revenues primarily consist of property and sales tax revenue of \$10,137,856 or 82.49% of total general revenues in 2009. Property tax revenue increased \$481,367 from 2008 to 2009. The County sales tax revenue decreased \$370,965 from 2008 to 2009. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with local government revenue and property tax reimbursement received from the State making up \$1,434,992, or 11.68% of general revenues. Other revenues increased \$32,376 from miscellaneous refunds and reimbursements.

General government expenses include legislative and executive and judicial programs, totaled \$5,148,795 or 13.80% of total governmental expenses. General government expenses were covered by \$1,715,036 of direct charges to users in 2009.

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 projects related to construction in progress. The County performed more road and bridge projects in 2009 versus the current year.

Human services expenses support the operations of public assistance and the children services board, and accounts for \$10,534,432 of expenses, or 28.24% of total governmental expenses of the County. These expenses were funded by \$638,466 in charges to users of services and \$8,679,834 in operating grants and contributions in 2009.

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:



COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

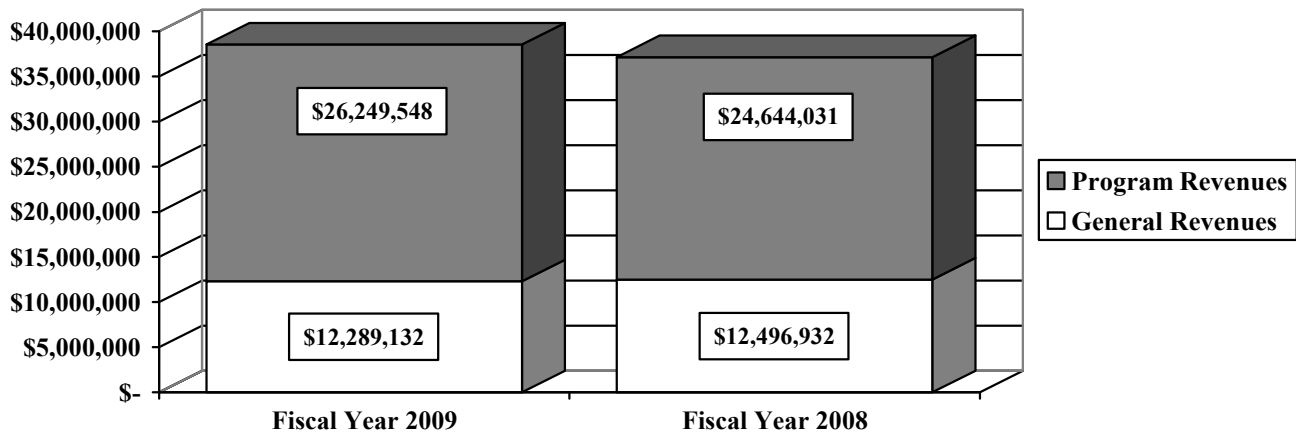
The following table shows, for governmental activities, the total cost of services and the net cost of services for 2009 and 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Expenses:				
General government	\$ 5,148,795	\$ 3,432,912	\$ 5,793,234	\$ 3,896,181
Public safety	5,299,819	3,201,461	5,828,760	3,407,216
Public works	6,374,341	(74,622)	6,820,750	1,157,381
Health	9,010,252	2,414,722	7,561,494	2,574,890
Human services	10,534,432	1,216,132	11,901,646	2,330,031
Conservation and recreation	338,619	338,619	449,949	449,949
Other	387,607	379,357	432,053	432,053
Interest and fiscal charges	<u>210,825</u>	<u>146,561</u>	<u>217,546</u>	<u>113,700</u>
Total expenses	<u>\$ 37,304,690</u>	<u>\$ 11,055,142</u>	<u>\$ 39,005,432</u>	<u>\$ 14,361,401</u>

The dependence upon general revenues for governmental activities is apparent, with 29.17% and 32.95% of expenses supported through taxes and other general revenues during 2009 and 2008, respectively. The graph below shows the total general revenues and program revenues of the County for 2009 and 2008.

Governmental Activities - General and Program Revenues



COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal 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, 2009 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2009</u>	<u>Fund Balance</u> <u>December 31, 2008</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 1,437,132	\$ 1,710,476	\$ (273,344)
Human services	392,088	61,285	330,803
Motor vehicle license and gasoline tax	1,518,868	611,692	907,176
Hopewell MRDD	4,416,530	4,279,055	137,475
Emergency ambulance levy	885,070	746,858	138,212
Other nonmajor governmental funds	<u>3,041,497</u>	<u>3,186,709</u>	<u>(145,212)</u>
Total	<u>\$ 11,691,185</u>	<u>\$ 10,596,075</u>	<u>\$ 1,095,110</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 \$1,437,132, a 15.98% decrease from 2008. The decrease of the general fund balance in 2009 was primarily due to a decrease in tax revenues as well as a decrease in investment income in 2009. The table that follows assists in illustrating the revenues of the general fund.

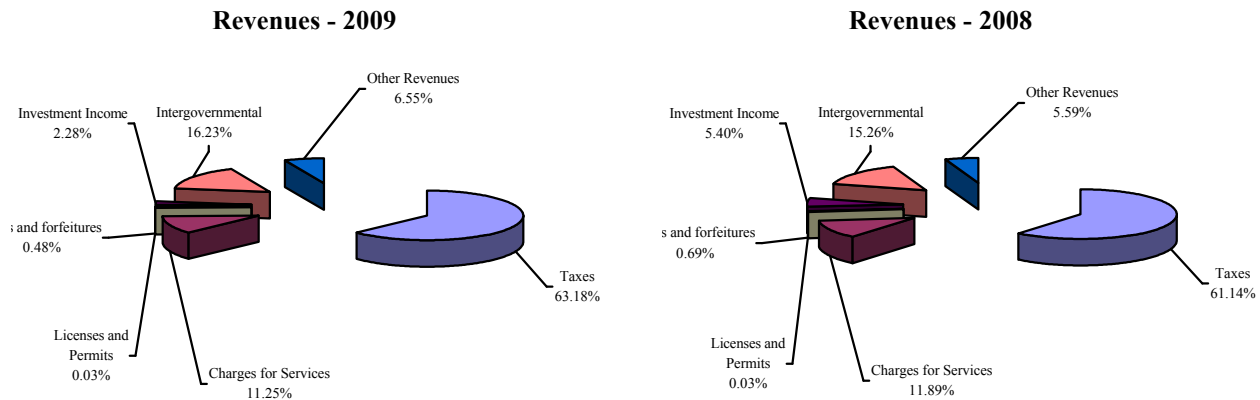
	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase/</u> <u>Decrease</u>	<u>Percentage</u> <u>Change</u>
Revenues				
Taxes	\$ 5,354,490	\$ 5,809,689	\$ (455,199)	(7.84) %
Charges for services	953,720	1,130,207	(176,487)	(15.62) %
Licenses and permits	2,376	2,490	(114)	(4.58) %
Fines and forfeitures	40,781	65,404	(24,623)	(37.65) %
Intergovernmental	1,375,555	1,450,466	(74,911)	(5.16) %
Investment income	193,111	513,437	(320,326)	(62.39) %
Other	<u>555,298</u>	<u>531,132</u>	<u>24,166</u>	4.55 %
Total	<u>\$ 8,475,331</u>	<u>\$ 9,502,825</u>	<u>\$ (1,027,494)</u>	(10.81) %

COSHOCOTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

Tax revenue represents 63.18% of all general fund revenue. Tax revenue decreased by 7.84% under prior year. The decrease in investment income is due to lower interest rates throughout the year. The decrease in intergovernmental revenues is due to less funding from State and federal sources. All other revenue remained comparable to 2008.

The graphs below show the breakdown of revenues, by source, for 2009 and 2008.



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

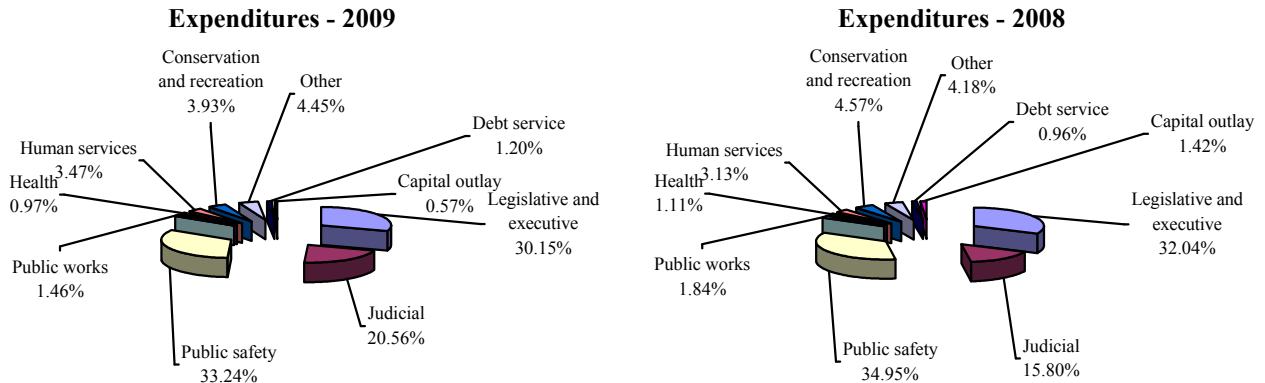
	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase/</u> <u>Decrease</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
General government				
Legislative and executive	\$2,586,208	\$ 3,145,814	\$ (559,606)	(17.79) %
Judicial	1,763,474	1,550,014	213,460	13.77 %
Public safety	2,850,955	3,432,102	(581,147)	(16.93) %
Public works	125,060	180,965	(55,905)	(30.89) %
Health	83,383	109,430	(26,047)	(23.80) %
Human services	298,038	307,441	(9,403)	(3.06) %
Conservation and recreation	337,400	448,821	(111,421)	(24.83) %
Other	381,377	410,583	(29,206)	(7.11) %
Capital outlay	48,487	139,700	(91,213)	100.00 %
Debt service	102,641	94,500	8,141	8.61 %
Total	<u>\$8,577,023</u>	<u>\$ 9,819,370</u>	<u>\$(1,242,347)</u>	(12.65) %

The most significant decrease was in the area of public safety, the general fund's largest expenditures. This decrease can be attributed to the overall decrease in operating costs related to departments like the Sheriff, juvenile probation, detention home and jail operations. Expenditures related to conservation and recreation decreased due to a decrease in agriculture grants received by the County. The County reduced costs related to legislative and executive expenditures in order to cope with decreasing revenues.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

The graphs below show the breakdown of expenditures, by function, for 2009 and 2008.



Human Services Fund

The human services fund, a County major fund, had revenues and other financing sources of \$5,777,637 and expenditures of \$5,446,834 in 2009. The human services fund balance increased \$330,803 from 2008 to 2009.

Motor Vehicle License and Gasoline Tax Fund

The motor vehicle license and gasoline tax fund, a County major fund, had revenues of \$5,503,841 and expenditures of \$4,596,665 in 2009. The motor vehicle license and gasoline tax fund balance increased \$907,176 from 2008 to 2009.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues of \$5,985,075 and expenditures and other financing uses of \$5,847,600 in 2008. The county board of DD fund balance increased \$137,475 from 2008 to 2009.

Emergency Ambulance Levy Fund

The emergency ambulance levy fund, a County major fund, had revenues of \$3,086,726 and expenditures and other financing uses of \$2,948,514 in 2009. The emergency ambulance levy fund balance increased \$138,212 from 2008 to 2009.

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 decreased \$241,699 under original budgeted revenues and other financing sources. Actual revenues and other financing sources of \$8,477,830 were \$97,137 more than final budgeted revenues and other financing sources. Actual expenditures and other financing uses were \$389,821 less than the final budgeted expenditures.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Capital Assets and Debt Administration

Capital Assets

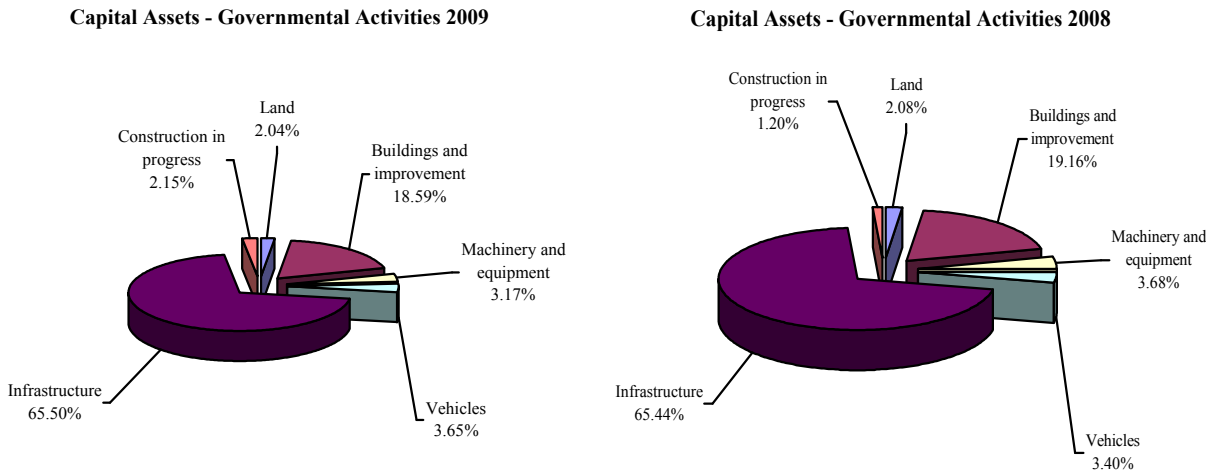
At the end of 2009, the County had \$28,225,077 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure.

The following table shows 2009 balances compared to 2008:

	Capital Assets at December 31 (Net of Depreciation)	
	<u>Governmental Activities</u> 2009	<u>Governmental Activities</u> 2008
Land	\$ 577,137	\$ 608,087
Building and improvements	5,245,786	5,600,635
Machinery and equipment	893,492	1,075,495
Vehicles	1,029,218	994,683
Infrastructure	19,872,363	20,594,643
Construction in progress	607,081	350,866
Total	<u>\$ 28,225,077</u>	<u>\$ 29,224,409</u>

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 2009 and 2008.



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, 70.41% of the County's total governmental capital assets.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Debt Administration

At December 31, 2009, governmental activities had \$3,360,000 in general obligation bonds, OWDA loans of \$604,081, OPWC loans of \$200,463, notes payable of \$260,000 and capital leases of \$134,833 outstanding. Of this total, \$277,155 is due within one year and \$4,282,222 is due in greater than one year. The following table summarizes the debt obligations outstanding.

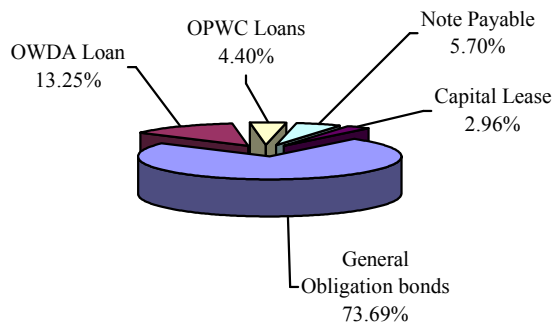
Outstanding Debt, at Year End

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Long-Term Obligations		
General obligation bonds	\$ 3,360,000	\$ 3,661,388
OWDA loan	604,081	350,866
OPWC loans	200,463	213,254
Note payable	260,000	75,000
Capital leases	<u>134,833</u>	<u>179,663</u>
Total	<u>\$ 4,559,377</u>	<u>\$ 4,480,171</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 - 2009



COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

Economic Factors and Next Year's Budgets and Rates

Coshocton County's current population is an estimated 35,767 according to the U.S. Census Bureau. The County's unemployment rate is currently 15%, compared to Ohio's rate of 11.5% and 9.7% nationally.

Although private sector investment was difficult to measure in 2009, several major public infrastructure projects commenced thanks to strong support from the State and federal government. One such example is a \$3.3 million sanitary sewer extension project in the West Lafayette area supported largely by the American Recovery and Reinvestment Act. Undertaken by the County Commissioners, the project will relieve the County Commissioners from Ohio Environmental Protection Agency findings and orders requiring that such service be provided to residents in the hamlet of Fresno. The infrastructure also allows Pearl Valley Cheese to maintain its operations with 30 employees since service will be extended to its place of business.

The Richard Downing Airport has begun construction of a major improvement project that will extend its runway to 5000 feet. Supported by local, State, and federal funds, the \$450,000 investment should result in a completed project by the fall of 2010.

Private sector successes came in small and large doses in 2009 with Woodbury Outfitters, a regional hunting and outdoor retail outlet, having purchased and relocated to a former Big Bear grocery store in Coshocton. This was a significant investment that resulted in expanded operations and inventory for the business.

A number of other small businesses expanded operations in 2009 including the Unusual Junction and Raven's Glenn Winery near West Lafayette, the opening of Heritage Farms Winery near Warsaw, a Family Dollar retail location in Coshocton, and growing capacity in the medical arena with the expansion of Coshocton Laboratories, LLC and Three Rivers Therapeutic, LLC both of which are in Coshocton.

Perhaps the most positive signs of economic recovery were reflected in call backs for employees at AK Steel near Conesville and continued investments in the millions at American Electric Power in Conesville.

These economic factors were considered in preparing the County's budget for 2009, along with realistic projections of real and sales tax collections and close monitoring of cash flow. Final budgeted revenues and other financing sources in the general fund for 2009 budget are \$8,380,693. Coshocton County officials continue to work together using conservative budgeting practices in order to strengthen the County's financial position in the future.

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.

COSHOCTON COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Primary Government	Component Units	
	Governmental Activities	Regional Airport Authority	Hopewell Industries, Inc.
Assets:			
Equity in pooled cash and cash equivalents	\$ 9,871,751	\$ 113,289	\$ 94,201
Cash with fiscal agent	1,593,511	-	-
Cash in segregated accounts	432	-	-
Investments	-	-	139,853
Receivables (net of allowances for uncollectibles):			
Sales taxes	674,246	-	-
Real and other taxes	6,217,332	-	-
Accounts	282,608	-	17,391
Accrued interest	179,547	-	-
Due from other governments	5,013,828	-	-
Prepayments	87,948	-	1,011
Materials and supplies inventory	169,261	-	5,003
Capital assets:			
Land and construction in progress	1,184,218	559,222	-
Depreciable capital assets, net	27,040,859	3,714,401	29,904
Total capital assets	28,225,077	4,273,623	29,904
Total assets	52,315,541	4,386,912	287,363
Liabilities:			
Accounts payable	513,358	-	756
Accrued wages and benefits	461,301	-	688
Due to other governments	513,071	-	987
Unearned revenue	5,662,800	-	-
Accrued interest payable	18,465	-	-
Loan payable	-	3,178	-
Notes payable	25,776	-	-
Claims payable	354,358	-	9,255
Long-term liabilities:			
Due within one year	912,861	-	-
Due in more than one year	4,688,604	-	-
Total liabilities	13,150,594	3,178	11,686
Net assets:			
Invested in capital assets, net of related debt	23,665,700	4,270,445	29,904
Restricted for:			
Capital projects	536,700	-	-
Debt service	80,809	-	-
Public works projects	4,642,057	-	-
Human services programs	2,160,646	-	-
Health programs	4,922,079	-	-
General government operations	734,532	-	-
Public safety programs	775,275	-	-
Other purposes	42,177	-	-
Unrestricted	1,604,972	113,289	245,773
Total net assets	\$ 39,164,947	\$ 4,383,734	\$ 275,677

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government:				
Legislative and executive	\$ 3,326,695	\$ 1,485,260	\$ 847	\$ -
Judicial	1,822,100	229,776	-	-
Public safety	5,299,819	166,964	1,931,394	-
Public works	6,374,341	84,152	5,241,349	1,123,462
Health	9,010,252	1,836,586	4,758,944	-
Human services	10,534,432	638,466	8,679,834	-
Conservation and recreation	338,619	-	-	-
Other	387,607	-	8,250	-
Interest and fiscal charges	210,825	64,264	-	-
Total primary government	\$ 37,304,690	\$ 4,505,468	\$ 20,620,618	\$ 1,123,462
Component units:				
Regional Airport Authority	\$ 604,177	\$ 401,643	\$ 96,537	\$ 184,924
Hopewell Industries, Inc	352,967	130,254	170,436	-
Total component units	\$ 957,144	\$ 531,897	\$ 266,973	\$ 184,924

General revenues:

Property taxes levied for:

General purposes	
Health	
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

* As restated - see footnote 20

Net (Expense) Revenue and Changes in Net Assets		
Primary	Component Units	
Government	Regional	Hopewell
Governmental	Airport	Industries, Inc.
Activities	Authority	
\$ (1,840,588)	\$ -	\$ -
(1,592,324)	-	-
(3,201,461)	-	-
74,622	-	-
(2,414,722)	-	-
(1,216,132)	-	-
(338,619)	-	-
(379,357)	-	-
(146,561)	-	-
<u>(11,055,142)</u>	<u>-</u>	<u>-</u>
-	78,927	-
-	-	(52,277)
<u>-</u>	<u>78,927</u>	<u>(52,277)</u>
1,327,475	-	-
2,524,864	-	-
803,659	-	-
1,230,617	-	-
170,379	-	-
4,080,862	-	-
4,241	-	-
1,434,992	-	-
280,377	2,022	274
431,666	1,562	-
<u>12,289,132</u>	<u>3,584</u>	<u>274</u>
1,233,990	82,511	(52,003)
<u>37,930,957</u>	<u>4,301,223</u>	<u>327,680</u>
<u>\$ 39,164,947</u>	<u>\$ 4,383,734</u>	<u>\$ 275,677</u>

COSHOCTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,124,005	\$ 494,826	\$ 872,516	\$ 2,940,241
Cash with fiscal agent	-	-	-	1,593,511
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Sales taxes	674,246	-	-	-
Real and other taxes	1,452,006	-	-	2,602,481
Accounts	49,806	50	-	-
Accrued interest	179,547	-	-	-
Due from other governments	466,436	173,286	2,421,848	371,341
Interfund loans	20,000	-	-	-
Due from other funds	56,902	-	-	-
Prepayments	87,948	-	-	-
Materials and supplies inventory	-	-	169,261	-
Total assets	<u>\$ 4,110,896</u>	<u>\$ 668,162</u>	<u>\$ 3,463,625</u>	<u>\$ 7,507,574</u>
Liabilities:				
Accounts payable	\$ 38,622	\$ 108,329	\$ 21,592	\$ 35,148
Accrued wages and benefits	145,600	61,824	35,634	74,647
Compensated absences payable	-	-	-	-
Due to other governments	140,487	79,514	72,505	115,721
Due to other funds	-	26,325	-	-
Interfund loans payable	-	-	-	-
Deferred revenue	1,008,455	82	1,815,026	505,528
Unearned revenue	1,340,600	-	-	2,360,000
Notes payable	-	-	-	-
Total liabilities	<u>2,673,764</u>	<u>276,074</u>	<u>1,944,757</u>	<u>3,091,044</u>
Fund balances:				
Reserved for encumbrances	368,752	173,841	225,748	406,582
Reserved for prepayments	87,948	-	-	-
Reserved for materials and supplies inventory	-	-	169,261	-
Unreserved, undesignated, reported in:				
General fund	980,432	-	-	-
Special revenue funds	-	218,247	1,123,859	4,009,948
Debt service fund	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>1,437,132</u>	<u>392,088</u>	<u>1,518,868</u>	<u>4,416,530</u>
Total liabilities and fund balances	<u>\$ 4,110,896</u>	<u>\$ 668,162</u>	<u>\$ 3,463,625</u>	<u>\$ 7,507,574</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 1,028,707	\$ 3,288,100	\$ 9,748,395
-	-	1,593,511
-	432	432
-	-	674,246
1,157,231	1,005,614	6,217,332
165,895	66,857	282,608
-	-	179,547
74,413	1,506,504	5,013,828
-	-	20,000
-	-	56,902
-	-	87,948
-	-	169,261
<u>\$ 2,426,246</u>	<u>\$ 5,867,507</u>	<u>\$ 24,044,010</u>
\$ 165,887	\$ 143,780	\$ 513,358
49,712	93,186	460,603
-	100	100
32,361	71,451	512,039
-	30,577	56,902
-	20,000	20,000
231,216	1,540,940	5,101,247
1,062,000	900,200	5,662,800
-	25,776	25,776
<u>1,541,176</u>	<u>2,826,010</u>	<u>12,352,825</u>
144,363	517,050	1,836,336
-	-	87,948
-	-	169,261
-	-	980,432
740,707	2,205,383	8,298,144
-	77,404	77,404
-	241,660	241,660
<u>885,070</u>	<u>3,041,497</u>	<u>11,691,185</u>
<u>\$ 2,426,246</u>	<u>\$ 5,867,507</u>	<u>\$ 24,044,010</u>

COSHOCTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
DECEMBER 31, 2009

Total governmental fund balances		\$ 11,691,185
<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.		28,225,077
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 554,321	
Sales taxes receivable	345,511	
Intergovernmental revenues receivable	3,959,838	
Charges for services receivable	62,030	
Interest receivable	<u>179,547</u>	
Total		5,101,247
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:		(232,732)
In the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued.		(18,465)
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	(3,360,000)	
OPWC loans	(200,463)	
OWDA loan	(604,081)	
Compensated absences	(1,041,988)	
Capital lease payable	(134,833)	
Notes payable	<u>(260,000)</u>	
Total		<u>(5,601,365)</u>
Net assets of governmental activities		<u>\$ 39,164,947</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>
Revenues:				
Property taxes	\$ 1,312,390	\$ -	\$ -	\$ 2,492,417
Sales taxes	4,042,100	-	-	-
Payment in lieu of taxes	1,498	-	-	1,500
Charges for services	953,720	-	-	-
Licenses and permits	2,376	-	-	-
Fines and forfeitures	40,781	-	37,441	-
Intergovernmental	1,375,555	5,556,029	5,400,592	3,421,954
Investment income	193,111	-	2,868	13,360
Rental income	122,134	-	-	-
Other	431,666	41,782	62,940	55,844
Total revenues	<u>8,475,331</u>	<u>5,597,811</u>	<u>5,503,841</u>	<u>5,985,075</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	2,586,208	-	-	-
Judicial	1,763,474	-	-	-
Public safety	2,850,955	-	-	-
Public works	125,060	-	4,474,867	-
Health	83,383	-	-	5,797,600
Human services	298,038	5,446,834	-	-
Conservation and recreation	337,400	-	-	-
Other	381,377	-	-	-
Capital outlay	48,487	-	13,758	-
Debt service:				
Principal retirement	93,317	-	54,298	-
Interest and fiscal charges	9,324	-	53,742	-
Total expenditures	<u>8,577,023</u>	<u>5,446,834</u>	<u>4,596,665</u>	<u>5,797,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,692)</u>	<u>150,977</u>	<u>907,176</u>	<u>187,475</u>
Other financing sources (uses):				
Note issuance	-	-	-	-
Loan issuance	-	-	-	-
Transfers in	-	179,826	-	-
Transfers out	(220,139)	-	-	(50,000)
Capital lease transaction	48,487	-	-	-
Total other financing sources (uses)	<u>(171,652)</u>	<u>179,826</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balances	(273,344)	330,803	907,176	137,475
Fund balances at beginning of year	<u>1,710,476</u>	<u>61,285</u>	<u>611,692</u>	<u>4,279,055</u>
Fund balances at end of year	<u>\$ 1,437,132</u>	<u>\$ 392,088</u>	<u>\$ 1,518,868</u>	<u>\$ 4,416,530</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 1,125,533	\$ 1,052,411	\$ 5,982,751
-	-	4,042,100
631	612	4,241
1,576,599	1,727,953	4,258,272
-	7,204	9,580
-	15,441	93,663
359,813	5,817,936	21,931,879
-	847	210,186
-	-	122,134
24,150	103,958	720,340
<u>3,086,726</u>	<u>8,726,362</u>	<u>37,375,146</u>
-	645,862	3,232,070
-	62,989	1,826,463
-	2,289,913	5,140,868
-	916,261	5,516,188
2,903,514	189,671	8,974,168
-	4,649,377	10,394,249
-	-	337,400
-	11,742	393,119
-	273,734	335,979
-	274,881	422,496
-	145,672	208,738
<u>2,903,514</u>	<u>9,460,102</u>	<u>36,781,738</u>
<u>183,212</u>	<u>(733,740)</u>	<u>593,408</u>
-	200,000	200,000
-	253,215	253,215
-	135,313	315,139
(45,000)	-	(315,139)
-	-	48,487
<u>(45,000)</u>	<u>588,528</u>	<u>501,702</u>
138,212	(145,212)	1,095,110
746,858	3,186,709	10,596,075
<u>\$ 885,070</u>	<u>\$ 3,041,497</u>	<u>\$ 11,691,185</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, 2009

Net change in fund balances - total governmental funds \$ 1,095,110

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. Depreciation expense exceeded capital outlays in the current period accordingly.

Capital asset additions	\$ 1,470,078	
Current year depreciation	<u>(2,377,742)</u>	
Total		(907,664)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (91,668)

The issuance of notes and loans is recorded as other financing sources in the funds, however, in the statement of activities, it's not reported as revenue as they increase the liabilities on the statement of net assets. (453,215)

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	74,243	
Sales taxes	38,762	
Intergovernmental	939,018	
Charges for services	23,370	
Accrued interest	<u>87,266</u>	
Total		1,162,659

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. 422,496

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. (48,487)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (2,087)

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	<u>(41,699)</u>	
Total		(41,699)

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.

98,545

Change in net assets of governmental activities. \$ 1,233,990

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,342,271	\$ 1,304,644	\$ 1,304,926	\$ 282
Sales taxes	4,115,360	4,000,000	4,038,622	38,622
Payment in lieu of taxes	1,747	1,698	1,456	(242)
Charges for services	990,817	963,043	959,603	(3,440)
Licenses and permits	2,042	1,985	2,376	391
Fines and forfeitures	43,468	42,250	42,104	(146)
Intergovernmental	1,392,522	1,353,487	1,378,959	25,472
Investment income	258,753	251,500	255,860	4,360
Rental income	134,058	130,300	122,099	(8,201)
Other	331,860	322,558	362,597	40,039
Total revenues	<u>8,612,898</u>	<u>8,371,465</u>	<u>8,468,602</u>	<u>97,137</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	2,943,369	2,867,424	2,788,227	79,197
Judicial	2,029,359	2,030,664	1,905,206	125,458
Public safety	3,126,249	3,017,233	2,930,711	86,522
Public works	114,442	180,312	179,347	965
Health	84,038	84,240	83,383	857
Human services	401,058	401,632	353,929	47,703
Conservation and recreation	340,629	340,629	340,200	429
Other	434,035	395,853	381,891	13,962
Debt service:				
Principal retirement	63,058	63,058	63,058	-
Interest and fiscal charges	1,752	1,752	1,752	-
Total expenditures	<u>9,537,989</u>	<u>9,382,797</u>	<u>9,027,704</u>	<u>355,093</u>
Excess of expenditures over revenues	<u>(925,091)</u>	<u>(1,011,332)</u>	<u>(559,102)</u>	<u>452,230</u>
Other financing sources (uses):				
Transfers in	9,494	9,228	9,228	-
Transfers out	<u>(301,838)</u>	<u>(254,867)</u>	<u>(220,139)</u>	<u>34,728</u>
Total other financing sources (uses)	<u>(292,344)</u>	<u>(245,639)</u>	<u>(210,911)</u>	<u>34,728</u>
Net change in fund balance	(1,217,435)	(1,256,971)	(770,013)	486,958
Fund balance at beginning of year	809,998	809,998	809,998	-
Prior year encumbrances appropriated	629,502	629,502	629,502	-
Fund balance at end of year	<u>\$ 222,065</u>	<u>\$ 182,529</u>	<u>\$ 669,487</u>	<u>\$ 486,958</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 5,959,738	\$ 5,304,364	\$ 5,383,612	\$ 79,248
Other	42,695	38,000	41,732	3,732
Total revenues	<u>6,002,433</u>	<u>5,342,364</u>	<u>5,425,344</u>	<u>82,980</u>
Expenditures:				
Current:				
Human services	6,467,361	5,766,370	5,708,848	57,522
Total expenditures	<u>6,467,361</u>	<u>5,766,370</u>	<u>5,708,848</u>	<u>57,522</u>
Excess of expenditures over revenues	<u>(464,928)</u>	<u>(424,006)</u>	<u>(283,504)</u>	<u>140,502</u>
Other financing sources:				
Transfers in	202,044	179,826	179,826	-
Total other financing sources	<u>202,044</u>	<u>179,826</u>	<u>179,826</u>	<u>-</u>
Net change in fund balance	(262,884)	(244,180)	(103,678)	140,502
Fund balance (deficit) at beginning of year. . . .	(123,539)	(123,539)	(123,539)	-
Prior year encumbrances appropriated	386,423	386,423	386,423	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 18,704</u>	<u>\$ 159,206</u>	<u>\$ 140,502</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 38,481	\$ 45,000	\$ 40,355	\$ (4,645)
Intergovernmental	4,574,355	5,349,231	5,328,138	(21,093)
Investment income	5,131	6,000	3,625	(2,375)
Other	47,033	55,000	62,472	7,472
Total revenues	<u>4,665,000</u>	<u>5,455,231</u>	<u>5,434,590</u>	<u>(20,641)</u>
Expenditures:				
Current:				
Public works	5,222,311	5,430,024	4,926,227	503,797
Debt service:				
Principal retirement	54,298	554,298	554,298	-
Interest and fiscal charges	55,702	55,702	53,073	2,629
Total expenditures	<u>5,332,311</u>	<u>6,040,024</u>	<u>5,533,598</u>	<u>506,426</u>
Net change in fund balance	(667,311)	(584,793)	(99,008)	485,785
Fund balance at beginning of year	285,370	285,370	285,370	-
Prior year encumbrances appropriated	<u>429,411</u>	<u>429,411</u>	<u>429,411</u>	<u>-</u>
Fund balance at end of year	<u>\$ 47,470</u>	<u>\$ 129,988</u>	<u>\$ 615,773</u>	<u>\$ 485,785</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)
 COUNTY BOARD OF DD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 2,730,148	\$ 2,474,656	\$ 2,476,732	\$ 2,076
Payment in lieu of taxes	1,473	1,335	1,432	97
Intergovernmental	2,983,713	2,704,492	3,026,519	322,027
Other	66,415	60,200	54,602	(5,598)
Total revenues	<u>5,781,749</u>	<u>5,240,683</u>	<u>5,559,285</u>	<u>318,602</u>
Expenditures:				
Current:				
Health	6,043,725	6,398,725	5,931,202	467,523
Total expenditures	<u>6,043,725</u>	<u>6,398,725</u>	<u>5,931,202</u>	<u>467,523</u>
Excess of expenditures over revenues	<u>(261,976)</u>	<u>(1,158,042)</u>	<u>(371,917)</u>	<u>786,125</u>
Other financing uses:				
Transfers out	-	(50,000)	(50,000)	-
Total other financing uses	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	(261,976)	(1,208,042)	(421,917)	786,125
Fund balance at beginning of year	2,562,098	2,562,098	2,562,098	-
Prior year encumbrances appropriated	281,415	281,415	281,415	-
Fund balance at end of year	<u>\$ 2,581,537</u>	<u>\$ 1,635,471</u>	<u>\$ 2,421,596</u>	<u>\$ 786,125</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,069,788	\$ 1,113,925	\$ 1,119,380	\$ 5,455
Payment in lieu of taxes	-	-	602	602
Charges for services	1,368,537	1,425,000	1,615,276	190,276
Intergovernmental	320,801	334,036	359,813	25,777
Other	14,546	15,146	23,567	8,421
Total revenues	<u>2,773,672</u>	<u>2,888,107</u>	<u>3,118,638</u>	<u>230,531</u>
Expenditures:				
Current:				
Health	3,267,191	3,389,691	3,060,992	328,699
Total expenditures	<u>3,267,191</u>	<u>3,389,691</u>	<u>3,060,992</u>	<u>328,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(493,519)</u>	<u>(501,584)</u>	<u>57,646</u>	<u>559,230</u>
Other financing uses:				
Transfers out	-	(45,000)	(45,000)	-
Total other financing uses	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net change in fund balance	(493,519)	(546,584)	12,646	559,230
Fund balance at beginning of year	154,110	154,110	154,110	-
Prior year encumbrances appropriated	521,557	521,557	521,557	-
Fund balance at end of year	<u>\$ 182,148</u>	<u>\$ 129,083</u>	<u>\$ 688,313</u>	<u>\$ 559,230</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 DECEMBER 31, 2009

	Governmental Activity - Internal Service Fund
	<u> </u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents.	\$ 123,356
Total assets	<u>123,356</u>
Liabilities:	
Current liabilities:	
Accrued wages and benefits	698
Due to other governments	1,032
Claims payable	<u>354,358</u>
Total liabilities	<u>356,088</u>
Net assets:	
Unrestricted (deficit)	<u>(232,732)</u>
Total net assets (deficit).	<u><u>\$ (232,732)</u></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, 2009

	Governmental Activity - Internal Service Fund
	<u> </u>
Operating revenues:	
Charges for services	\$ 2,653,083
Other	<u>135,870</u>
Total operating revenues	<u>2,788,953</u>
Operating expenses:	
Personal services	20,830
Contract services	426,541
Claims	2,241,590
Other	<u>2,322</u>
Total operating expenses	<u>2,691,283</u>
Operating income	<u>97,670</u>
Nonoperating revenues :	
Intergovernmental revenue	<u>875</u>
Total nonoperating revenues	<u>875</u>
Changes in net assets	98,545
Net assets (deficit) at beginning of year	<u>(331,277)</u>
Net assets (deficit) at end of year	<u><u>\$ (232,732)</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, 2009

	Governmental Activity - Internal Service Fund
Cash flows from operating activities:	
Cash received from interfund services	\$ 2,653,083
Cash received from other receipts	135,870
Cash payments for personal services.	(22,557)
Cash payments for contractual services	(426,541)
Cash payments for claims	(2,270,954)
Cash payments for other expenses	(2,322)
Net cash provided by operating activities	66,579
Cash flows from noncapital financing activities:	
Cash received from grants	875
Net cash provided by noncapital financing activities	875
Net increase in cash and cash equivalents	67,454
Cash and cash equivalents at beginning of year	55,902
Cash and cash equivalents at end of year	\$ 123,356
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 97,670
Changes in assets and liabilities:	
Decrease in accounts payable.	(2,400)
Increase in accrued wages and benefits.	214
Increase in due to other governments	459
Decrease in claims payable	(29,364)
Net cash provided by operating activities	\$ 66,579

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,177,343
Cash in segregated accounts	413,523
Receivables:	
Real and other taxes.	26,642,312
Due from other governments	<u>2,039,003</u>
Total assets	<u>\$ 31,272,181</u>
Liabilities:	
Due to other governments	\$ 28,681,298
Deposits held and due to others	<u>2,590,883</u>
Total liabilities	<u>\$ 31,272,181</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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) guidance issued on or before November 30, 1989, to its governmental activities and its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The County has the option to also apply FASB guidance issued after November 30, 1989 to its proprietary fund, subject to this same limitation. The County has elected not to apply this FASB guidance.

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, 2009

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 Developmental Disabilities (County Board of DD), provides sheltered employment for developmentally disabled adults in Coshocton County. The Coshocton County Board of DD 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 developmentally 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 21 and 22.

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 PCU's 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 2009 and no future contributions by the County are anticipated.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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 sixty-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 2009 was \$272,394.

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 2009, Coshocton County contributed \$431,477 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, 2009

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 2009, 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, 2009

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, 2009

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

County board of developmental disabilities (the "county board of DD") 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) 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, 2009

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 Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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, 2009

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

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance year 2010 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. 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, 2009, are recorded as deferred revenue in the governmental funds.

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, 2009

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

During 2009, 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, 2009.

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 2009 amounted to \$193,111 which includes \$170,608 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, 2009, 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, 2009**

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, 2009

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 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, 2009

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 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2009, the County has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", and GASB Statement No. 57 "Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers".

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the County.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the County.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the County.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 57 establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the County.

B. Fund Deficits

<u>Nonmajor funds</u>	<u>Deficit</u>
Fresno water and sewer	\$ 90,182

This fund complied with Ohio State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance results from adjustments for accrued liabilities.

At December 31, 2009, the health insurance internal service fund also reported deficit net assets in the amount of \$232,732. Management is currently analyzing the operations of this fund to determine appropriate action to alleviate the deficit.

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;

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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 2009, the County and public depositories complied with the provisions of these statutes.

A. Cash with Fiscal Agent

At December 31, 2009, the County had \$1,593,511 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, 2009, the County had \$432 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, 2009, the County had \$953 in cash on hand which is reported on the financial statements as part of "equity in pooled cash and cash equivalents".

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all County deposits was \$11,501,961 including cash in segregated accounts. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2009, \$6,568,679 of the County’s bank balance of \$11,320,600 was exposed to custodial risk as discussed below, while \$4,751,921 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.

E. Investments

As of December 31, 2009, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 months or less</u>
STAR Ohio	\$ 454,335	\$ 454,335
FHLB	505,800	505,800
Total	<u>\$ 960,135</u>	<u>\$ 960,135</u>

The weighted average length to maturity is 0.23 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 rating service. 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2009:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAR Ohio	\$ 454,335	47.32
FHLB	505,800	52.68
Total	<u>\$ 960,135</u>	<u>100.00</u>

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, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 11,501,961
Investments	960,135
Cash on hand	953
Cash with fiscal agent	<u>1,593,511</u>
Total	<u>\$ 14,056,560</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 11,465,694
Agency funds	<u>2,590,866</u>
Total	<u>\$ 14,056,560</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Human services fund	\$ 179,826
Nonmajor governmental funds	40,313
 <u>Transfers from Hopewell MRDD fund to:</u>	
Nonmajor governmental funds	50,000
 <u>Transfers from emergency ambulance levy fund to:</u>	
Nonmajor governmental funds	<u>45,000</u>
Total transfers	<u>\$ 315,139</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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 2009 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.

B. Due To/From Other Funds

The County had the following amounts due to/from other funds at December 31, 2009:

Fund	Due from other funds	Due to other funds
General	\$ 56,902	\$ -
Human services	-	26,325
Nonmajor governmental	-	30,577
Total	\$ 56,902	\$ 56,902

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, 2009, consist of the following individual fund loan receivable and payable as reported on the fund statements:

Fund	Interfund receivable	Interfund payable
General	\$ 20,000	\$ -
Nonmajor governmental	-	20,000
Total	\$ 20,000	\$ 20,000

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Beginning in calendar year 2009 tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property tax collections in calendar year 2009 represents delinquent collections.

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 2009-2010, 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, 2009 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 2009 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, 2009 was \$12.45 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 2009 amounted to \$4,042,100 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 \$764,044, 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>
2010	\$ 43,275
2011	43,275
2012	43,275
2013	13,586
2014	<u>5,443</u>
Total minimum lease payments	148,854
Less: amount representing interest	<u>(14,021)</u>
Present value of minimum lease payments	<u>\$ 134,833</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, 2009

NOTE 10 - NOTES PAYABLE

- A. 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 was 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 2009:

	Balance 12/31/08	Issued	Retired	Balance 12/31/09
Road improvement note	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ -</u>

- B. The County issued a \$25,776 note payable on December 23, 2009. The note bears an interest rate of 2.95% and matures on December 23, 2010. The note was issued to purchase easements from landowners. The following is a summary of the note payable activity for 2009:

	Balance 12/31/08	Issued	Retired	Balance 12/31/09
Easement note	<u>\$ -</u>	<u>\$ 25,776</u>	<u>\$ -</u>	<u>\$ 25,776</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.

At year end, the County was involved in a pending lawsuit as a defendant. However, at December 31, the outcome of the lawsuit is undetermined.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - RECEIVABLES

Receivables at December 31, 2009, 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, 2009, as well as intended to finance 2009 operations. A summary of the principal items due from other governments:

<u>Fund / Type</u>	<u>Amount</u>
Major funds:	
General fund:	
Local government revenue	\$ 348,501
Payment in lieu of taxes	78
Homestead and rollback	85,329
Miscellaneous reimbursements	<u>32,528</u>
	<u>466,436</u>
Human services fund:	
Grants and entitlements	<u>173,286</u>
Motor vehicle license and gasoline tax fund:	
License, gasoline and permissive taxes	1,994,671
Ohio Department of Transportation grants	426,464
Miscellaneous reimbursements	<u>713</u>
	<u>2,421,848</u>
Hopewell MRDD fund:	
Grants and entitlements	219,764
Payment in lieu of taxes	142
Homestead and rollback	<u>151,435</u>
	<u>371,341</u>
Emergency ambulance levy fund:	
EMS receivables	2,421
Homestead and rollback	71,932
Payment in lieu of taxes	<u>60</u>
	<u>74,413</u>
Other governmental funds:	
U.S. Department of Justice (VOCA) grant	14,586
Ohio Department of Development grants	495,396
Capital assistance grants	67,282
Emergency management grants	19,917
FEMA grants	792,500
Payment in lieu of taxes	36
Homestead and rollback	61,001
Miscellaneous grants and reimbursements	<u>55,786</u>
	<u>1,506,504</u>
Total due from other governments	<u>\$ 5,013,828</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

<u>Governmental activities:</u>	*Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/09</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 608,087	\$ 2,100	\$ (33,050)	\$ 577,137
Construction in progress	350,866	256,215	-	607,081
Total capital assets, not being depreciated	<u>958,953</u>	<u>258,315</u>	<u>(33,050)</u>	<u>1,184,218</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	13,730,121	21,255	(89,133)	13,662,243
Machinery and equipment	4,685,633	86,695	(61,404)	4,710,924
Vehicles	3,433,403	430,699	(66,589)	3,797,513
Infrastructure	31,401,802	673,114	-	32,074,916
Total capital assets, being depreciated	<u>53,250,959</u>	<u>1,211,763</u>	<u>(217,126)</u>	<u>54,245,596</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(8,129,486)	(317,486)	30,515	(8,416,457)
Machinery and equipment	(3,610,138)	(268,698)	61,404	(3,817,432)
Vehicles	(2,438,720)	(396,164)	66,589	(2,768,295)
Infrastructure	(10,807,159)	(1,395,394)	-	(12,202,553)
Total accumulated depreciation	<u>(24,985,503)</u>	<u>(2,377,742)</u>	<u>158,508</u>	<u>(27,204,737)</u>
Total capital assets, being depreciated net	<u>28,265,456</u>	<u>(1,165,979)</u>	<u>(58,618)</u>	<u>27,040,859</u>
Governmental activities capital assets, net	<u>\$ 29,224,409</u>	<u>\$ (907,664)</u>	<u>\$ (91,668)</u>	<u>\$ 28,225,077</u>

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

<u>Governmental activities:</u>	
General government:	
Legislative and executive	\$ 129,124
Judicial	45,711
Public safety	172,545
Public works	1,674,674
Health	273,543
Human services	81,017
Conservation and recreation	<u>1,128</u>
Total depreciation expense - governmental activities	<u>\$ 2,377,742</u>

* As restated – see footnote 20.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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:

Governmental activities:	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/09</u>	<u>Amount Due in One Year</u>
General obligation bonds:								
Human Services Building	1990	12/1/2016	5.9-7.3%	\$ 295,000	\$ -	\$ (40,000)	\$ 255,000	\$ 40,000
Water Lines	1996	12/1/2013	6.40%	90,000	-	(90,000)	-	-
County Garage Building	1999	12/1/2019	5.875-6.5%	685,000	-	(45,000)	640,000	45,000
Juvenile/Probate Court Phones	2002	12/1/2022	1.6-4.5%	630,000	-	(35,000)	595,000	35,000
N. Corridor/Various Purpose	2004	12/1/2029	4.5-4.99%	1,930,000	-	(60,000)	1,870,000	60,000
Bridge	2005	2/11/2009	3.10%	31,388	-	(31,388)	-	-
Total general obligation bonds				<u>3,661,388</u>	<u>-</u>	<u>(301,388)</u>	<u>3,360,000</u>	<u>180,000</u>
Notes								
Hopewell Roof Note	2003	3/20/2013	5.50%	75,000	-	(15,000)	60,000	15,000
Sewer Note				-	200,000	-	200,000	20,000
Total notes				<u>75,000</u>	<u>200,000</u>	<u>(15,000)</u>	<u>260,000</u>	<u>35,000</u>
Loans:								
OPWC - Bridge Program	2005	12/1/2015	0.00%	78,257	-	(5,098)	73,159	10,195
OPWC - N. Corridor Sewer	2001	7/1/2021	0.00%	46,683	-	(1,868)	44,815	3,735
OPWC - Bridge Program	2002	7/1/2021	0.00%	27,605	-	(4,200)	23,405	8,400
OPWC - Sewer Replacement	2004	1/1/2024	0.00%	12,861	-	(429)	12,432	858
OPWC - SR 83 Extension	2007	1/1/2028	0.00%	47,848	-	(1,196)	46,652	2,392
OWDA - Fresno Water & Sewer	2004	N/A	N/A	350,866	52,600	-	403,466	-
OWDA - Fresno Area Pressure Sewer	2009	N/A	N/A	-	200,615	-	200,615	-
Total loans				<u>564,120</u>	<u>253,215</u>	<u>(12,791)</u>	<u>804,544</u>	<u>25,580</u>
Other long-term obligations:								
Capital leases				179,663	48,487	(93,317)	134,833	36,575
Compensated absences				1,024,101	594,368	(576,381)	1,042,088	635,706
Total other long-term obligations				<u>1,203,764</u>	<u>642,855</u>	<u>(669,698)</u>	<u>1,176,921</u>	<u>672,281</u>
Total general long-term obligations				<u>\$ 5,504,272</u>	<u>\$1,096,070</u>	<u>\$ (998,877)</u>	<u>\$ 5,601,465</u>	<u>\$ 912,861</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 and the sewer note will be paid from debt service funds (nonmajor governmental funds) using property tax revenues.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - LONG TERM OBLIGATIONS - (Continued)

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 county board of DD fund.

The County has entered into contractual agreements for construction loans from the OWDA. Under the terms of these agreements, 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 loans. These loans will not have accurate repayment schedules until the loans are finalized and, therefore, are not included in the schedule of future annual debt service requirements below. The balance of the County's OWDA loans is \$604,081 at December 31, 2009.

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
2010	\$ 180,000	\$ 174,091	\$ 25,580	\$ 35,000	\$ 9,264	\$ 240,580	\$ 183,355
2011	185,000	165,039	25,580	35,000	7,983	245,580	173,022
2012	195,000	155,519	23,785	35,000	6,702	253,785	162,221
2013	195,000	145,683	17,180	35,000	5,421	247,180	151,104
2014	205,000	135,522	17,180	20,000	4,140	242,180	139,662
2015 - 2019	1,080,000	501,435	57,109	100,000	10,350	1,237,109	511,785
2020 - 2024	670,000	248,024	23,277	-	-	693,277	248,024
2025 - 2029	650,000	92,998	10,772	-	-	660,772	92,998
Total	<u>\$ 3,360,000</u>	<u>\$ 1,618,311</u>	<u>\$ 200,463</u>	<u>\$ 260,000</u>	<u>\$ 43,860</u>	<u>\$ 3,820,463</u>	<u>\$ 1,662,171</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 \$11,620,025 at December 31, 2009 and the unvoted legal debt margin was \$6,561,047 at December 31, 2009.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 sixty-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. The program is governed by a nine member Board of Trustees, all of whom must be commissioners from member counties. 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-one 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	153,016,104
Other property insurance:	
Extra expense/business interruption	21,000,000
Data processing equipment	1,388,008
Bridges	794,601
Sewer line coverage	3,715,000
Water line coverage	5,225,307
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, 2009

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 \$1,500 individual and \$2,000 family deductible and a Preferred Provider Network (PPO) with a \$400 individual and a \$800 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 \$869 family coverage, \$365 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 \$354,358 reported in the fund at December 31, 2009, 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 2009 and 2008 were:

	Balance at		Current		Claim		Balance at
	<u>Beginning of Year</u>		<u>Year Claims</u>		<u>Payments</u>		<u>End of Year</u>
2009	\$ 383,722	\$	2,241,590	\$	(2,270,954)	\$	354,358
2008	228,924		2,511,653		(2,356,855)		383,722

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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 2009, 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 2009 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 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63% of covered payroll.

The County's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008 and 2007 were \$1,258,237, \$1,137,432 and \$1,233,868, respectively; 93.43% has been contributed for 2009 and 100% has been contributed for 2008 and 2007. The unpaid contribution to fund pension obligations for 2009, in the amount of \$139,884, is recorded as a liability.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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.

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 2009, 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, 2009, 2008, and 2007 were \$65,826, \$70,073 and \$92,735, respectively; 100% has been contributed for 2009, 2008 and 2007. There were no contributions for the DCP and CP for 2009.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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.

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 not does 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 2009, local government employers contributed 14.00% of covered payroll (17.63% 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 portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

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, 2009, 2008 and 2007 were \$863,309, \$1,065,068 and \$763,947, respectively; 93.43% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

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 for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 or by calling (888) 227-7877.

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. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, 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, 2009, 2008 and 2007 were \$5,064, \$5,390 and \$7,133, respectively; 100% has been contributed for 2009, 2008 and 2007.

NOTE 18 - RELATED PARTY TRANSACTIONS

Hopewell Industries, Inc., a component unit of Coshocton County, received contributions in the amount of \$89,676 during 2009 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 \$180,321 in the operation of Hopewell Industries, Inc. during 2009.

Coshocton County Airport authority is a component unit of Coshocton County. During 2009, the County Airport Authority received an operating transfer from the County in the amount of \$41,562.

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 statements 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,

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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:

	Net Change in Fund Balances				
	<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	\$ (770,013)	\$ (103,678)	\$ (99,008)	\$ (421,917)	\$ 12,646
Net adjustments for revenues	6,729	172,467	69,251	425,790	(31,912)
Net adjustments for expenditures	40,388	(73,606)	680,295	(308,289)	(152,772)
Net adjustments for other financing financing sources/uses	39,259	-	-	-	-
Encumbrances	<u>410,293</u>	<u>335,620</u>	<u>256,638</u>	<u>441,891</u>	<u>310,250</u>
GAAP Basis	<u>\$ (273,344)</u>	<u>\$ 330,803</u>	<u>\$ 907,176</u>	<u>\$ 137,475</u>	<u>\$ 138,212</u>

NOTE 20 - NET ASSETS RESTATEMENT

Governmental Activities – In the Government – Wide statements, construction in progress was over stated due to the County improperly recording infrastructure construction in progress for 2007 and 2008 that was below the established threshold. The restatement has a corresponding effect on change in net assets.

	<u>Net Assets as Previously Reported</u>	<u>Construction in Progress Restatement</u>	<u>Net Assets as Restated</u>
Governmental Activities:			
Net Assets	<u>\$ 40,181,293</u>	<u>\$ (2,250,336)</u>	<u>\$ 37,930,957</u>
Total Governmental Activities	<u>\$ 40,181,293</u>	<u>\$ (2,250,336)</u>	<u>\$ 37,930,957</u>

NOTE 21 - 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 21 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)

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.

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
Furniture and Equipment	25 years
Vehicles	10 years
Infrastructure	5 - 40 years

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 21 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

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 \$113,289 and the bank balance was \$113,289. The entire balance was covered by Federal Deposit Insurance Corporation. The Airport has no investments.

D. Loan Payable

The Airport has a loan payable at December 31, 2009 as follows:

	Outstanding			Outstanding
	<u>12/31/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/09</u>
Chase Bank loan	<u>\$ 9,424</u>	<u>\$ -</u>	<u>\$ (6,246)</u>	<u>\$ 3,178</u>

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%.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 21 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

E. Capital Assets

	Balance 12/31/08	Additions	Deductions	Balance 12/31/09
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,339	\$ -	\$ -	\$ 11,339
Construction in progress	<u>605,989</u>	<u>203,709</u>	<u>(261,815)</u>	<u>547,883</u>
Total capital assets, not being depreciated	<u>617,328</u>	<u>203,709</u>	<u>(261,815)</u>	<u>559,222</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	675,000	-	-	675,000
Infrastructure	3,606,535	261,815	-	3,868,350
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>261,815</u>	<u>-</u>	<u>4,871,571</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(182,500)	(11,250)	-	(193,750)
Infrastructure	(571,183)	(154,734)	-	(725,917)
Vehicles	(14,394)	-	-	(14,394)
Furniture and equipment	<u>(203,878)</u>	<u>(19,231)</u>	<u>-</u>	<u>(223,109)</u>
Total accumulated depreciation	<u>(971,955)</u>	<u>(185,215)</u>	<u>-</u>	<u>(1,157,170)</u>
Total capital assets, being depreciated net	<u>3,637,801</u>	<u>76,600</u>	<u>-</u>	<u>3,714,401</u>
Total capital assets, net	<u>\$ 4,255,129</u>	<u>\$ 280,309</u>	<u>\$ (261,815)</u>	<u>\$ 4,273,623</u>

NOTE 22 - 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 Developmental Disabilities (County Board of DD), provides sheltered employment for developmentally disabled adults in Coshocton County. The Coshocton County Board of DD 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 developmentally 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.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 22 - HOPEWELL INDUSTRIES, INC - COMPONENT UNIT - (Continued)

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 \$94,201 and the bank balance was \$88,861. 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 \$149,953.

D. Equipment and Buildings

The following is a summary of equipment and capital improvements at December 31, 2009.

Furniture, fixtures & vehicles	\$ 142,080
Building improvements	27,549
Equipment	<u>129,781</u>
	299,410
Less: Accumulated depreciation	<u>(269,506)</u>
Net equipment and capital improvements	<u>\$ 29,904</u>

COSHOCKTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Pass Through Entity Number	Disbursements
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants	14.228	B-F-0801601	90,808
Community Development Block Grants	14.228	B-C-0701601	65,348
Community Development Block Grants	14.228	B-C-09016-1	<u>10,000</u>
Total Community Development Block Grant			166,156
Community Home Investments Partnerships Program	14.239	B-C-071602	235,284
Community Home Investments Partnerships Program	14.239	B-C-09016-2	<u>8,000</u>
Total Community Home Investments Partnerships Program			<u>243,284</u>
Total U.S. Department of Housing and Urban Development			<u>409,440</u>
<u>U.S. Department of Justice</u>			
<i>Passed Through the Ohio Department of Justice:</i>			
VOCA	16.575	2009VAGENE001T	4,860
		2008VAGENE001T	13,258
		2009SAGENE001	<u>500</u>
Total VOCA			18,618
Total U.S. Department of Justice			<u>18,618</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed Through Ohio Department of Public Safety:</i>			
Emergency Management Performance Program	97.042	2009-EM-E9-0085	27,392
Emergency Management Performance Program	97.042	2008-EN-E8-0002	13,997
FEMA - Disaster Grant	97.036	31-0C4A7-052	39,583
FEMA - Pre Disaster Mitigation	97.047	DDM-PJ-05-OH-2008-002	27,500
State Homeland Security Program	97.067	2007-GE-T7-0030	<u>15,267</u>
Total U.S. Department of Homeland Security			<u>123,739</u>
<u>U.S. Department of Education</u>			
<i>Passed Through Ohio Department of Education:</i>			
Adult Education State Grant Program	84.002	N/A	68,019
Rehabilitation Services - Pathways	84.126	N/A	264,930
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	26,453
ARRA Special Education - Grants to States	84.391	N/A	20,014
Special Education - Preschool Grants	84.173	N/A	8,789
ARRA Special Education - Preschool Grants	84.392	N/A	<u>221</u>
Total Special Education Cluster			55,477
Total U.S. Department of Education			<u>388,426</u>

COSHOCOTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

Pass Through Grantor/ Program Title	CFDA Number	Pass Through Entity Number	Disbursements
<u>U.S. Department of Labor</u>			
<i>Passed Through Workforce Investment Act, Area 7:</i>			
Workforce Investment Act Cluster:			
Workforce Investment Act-Adult Program	17.258	N/A	134,868
ARRA Workforce Investment Act-Adult Program	17.258	N/A	80,365
Workforce Investment Act-Youth Activities	17.259	N/A	249,279
ARRA Workforce Investment Act-Youth Activities	17.259	N/A	165,596
Workforce Investment Act-Dislocated Workers	17.260	N/A	125,408
ARRA Workforce Investment Act-Dislocated Workers	17.260	N/A	<u>84,559</u>
Total WIA Cluster			840,075
Total U.S. Department of Labor			<u>840,075</u>
<u>U.S. Department of Transportation</u>			
<i>Direct from the Federal Government</i>			
Airport Improvement Program	20.106	N/A	94,426
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	N/A	488,258
Capital Assist Program for Elderly Persons & Persons with Disabilities	20.513	N/A	<u>38,080</u>
Total U.S. Department of Transportation			<u>620,764</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through National Association of County & City Health Offices</i>			
Medical Reserve Corps Capacity Building Grant	93.008	1MRCSG061001-02	5,000
Promoting Safe & Stable Families	93.556	N/A	27,070
Temporary Assistance for Needy Families	93.558	JFSFT-3V60	1,598,757
Temporary Assistance for Needy Families - Independent Living	93.558	N/A	<u>1,384</u>
Total Temporary Assistance for Needy Families			<u>1,600,141</u>
Child Support Enforcement	93.563	JF8FCS-3970	637,942
ARRA Child Support Enforcement	93.563	JFSFCS-3970	<u>39,600</u>
Total Child Support Enforcement			<u>677,542</u>
Child Welfare Services - State Grants	93.645	N/A	40,423
Foster Care	93.658	N/A	28,417
ARRA Foster Care	93.658	N/A	27,512
ARRA Foster Care Protect Ohio	93.658	N/A	<u>4,616</u>
Total Foster Care			<u>60,545</u>
Child Care and Development Block Grant	93.575	JFSFCD09-3H70	124,628
Child Care Mandatory and Matching fund of Child Care	93.596	JFSFCD09S-3H70	239,097
Adoption Assistance	93.659	N/A	4,376
ARRA Child Care & Development Block Grant	93.713	JFSFCD09S-3H70	80,000
Social Services Block Grant	93.667	JFSF10-3960	351,093
Child Abuse & Neglect	93.669	N/A	1,937
Chaffee Foster Care Independence Program	93.674	N/A	3,706
Medical Assistance Program - Targeted Case Management	93.778	JFSFM	378,415

COSHOCKTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

Pass Through Grantor/ Program Title	CFDA Number	Pass Through Entity Number	Disbursements
<i>Passed Through the Ohio Department of Mental Retardation and Development Disabilities:</i>			
Social Services Block Grant	93.667	N/A	42,352
State Children's Insurance Program	93.767	N/A	307
Medical Assistance Program - Targeted Case Management	93.778	N/A	56,110
ARRA Medical Assistance Program - Targeted Case Management	93.778	N/A	50,017
Total U.S. Department of Health and Human Services			<u>3,742,759</u>
<u>U.S. Election Assistance Commission</u>			
<i>Passed through Ohio Secretary of State</i>			
Help America Vote Act	90.401	N/A	<u>5,882</u>
Total U.S. Election Assistance Commission			5,882
<u>U.S. Department of Agriculture</u>			
<i>Passed through Ohio Jobs & Family Services</i>			
Supplemental Nutrition Assistance Program	10.551	JFSFFB09-3840	6,878
Supplemental Nutrition Assistance Program - State Admin Matching Grants	10.561	JFSFF10-3840	138,146
ARRA Supplemental Nutrition Assistance Program - State Admin Matching Grants	10.561	JFSFFB09S-3840	<u>21,160</u>
Total U.S. Department of Agriculture			<u>166,184</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>6,315,887</u></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, 2009

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.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by
Government Auditing Standards**

Coshocton County Financial Condition
349 Main Street
Coshocton, Ohio 43812

To the Board of Commissioners:

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 Financial Condition, Coshocton County, Ohio, (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 13, 2010, wherein we noted the County adopted Governmental Accounting Standards Board Statements No. 52, No. 55, No. 56 and No. 57. 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

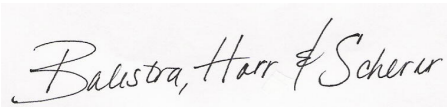
We did note certain internal control matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 13, 2010.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 management, the audit committee, Board of Commissioners, and federal awarding agencies and pass-through entities, and others within the County. We intend it for no one 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.
August 13, 2010



Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Coshocton County Financial Condition
349 Main Street
Coshocton, Ohio 43812

To the Board of Commissioners:

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 applicable to each of its major federal programs for the year ended December 31, 2009. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 such other procedures we considered necessary in the circumstances. We believe 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 Coshocton County Financial Condition complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of the County's internal control over compliance.

Coshocton County Financial Condition

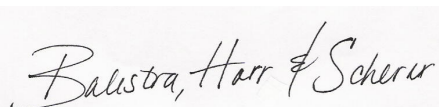
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program
and on Internal Control Over Compliance Required by OMB Circular A-133

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A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of the 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 over compliance that might be deficiencies, 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.

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



Balestra, Harr & Scherer, CPAs, Inc.
August 13, 2010

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any significant internal control deficiencies reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any material weakness reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any significant internal control deficiencies reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any material weakness reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under .510?	No
<i>(d)(1)(vii)</i>	Major Program (list):	WIA Cluster Programs – CFDA #17.258, 17.259 & 17.260 Temporary Assistance for Needy Families – CFDA #93.558 Child Support Enforcement – CFDA #93.563 Medical Assistance – CFDA #93.778 Social Service Block Grant – CFDA #93.667 Supplemental Nutrition Assistance Programs – CFDA #10.551, 10.561
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

COSHOCTON COUNTY FINANCIAL CONDITION

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2009
(Continued)

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

Finding Number 2009-001

Material Weakness

The County's Capital Asset Accounting Policy requires each asset to have a cost or dollar value of \$100,000 for all infrastructure assets and that all assets should be recorded at cost. Upon review of the 2008 and 2009 CIP listings for infrastructure, several assets listed were under the County's capitalization threshold of \$100,000. This resulted in a beginning balance adjustment of \$2,250,336 to Non-Depreciable Capital Assets and 2009 ending balance adjustments to Non-Depreciable Capital Assets of \$8,232 and Depreciable Capital Assets of \$(255,661) to properly remove the items from construction in progress.

Additionally, the County Engineer's Office is recording infrastructure additions and construction in progress additions based on the project estimated costs. Testing of the 2009 additions revealed variances between the actual costs and the estimated costs at which the asset was booked to be significant in variance in relation to each individual asset.

Inquiry of the Auditor's Office and the Engineer's Office indicated a lack of controls over the recording of infrastructure asset additions.

We recommend that the Auditor's Office and Engineer's Office review the County's Capital Asset Accounting Policy and establish controls over ensuring that the policy is effectively followed to ensure all assets are being properly recorded. We also recommend that the Engineer's Office begin recording all asset additions based on the actual costs rather than estimated costs. Furthermore, we recommend that the Auditor's Office and Engineer's Office complete a valuation of all assets to ensure that all assets that should be capitalized are recorded and being depreciated at the correct rate.

Client Response:

We will contact Julian and Grube, Inc. and ask for future recommendation of Construction in Progress and infrastructure reporting. Policy for construction in progress and Infrastructure reporting will be implemented by 2010 reporting.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COSHOCTON COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-001	Ohio Revised Code Section 5705.36 allows all subdivision to request a reduced amended certificate of estimated resources upon determination that revenue to be collected will be less than the amount in the official certificate of estimated resources. The County had appropriations in excess of actual receipts plus beginning balances in the Human Services fund and the Motor Vehicle Gas Tax Fund at year end.	Yes	

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Mary Taylor, CPA
Auditor of State

COSHOCTON COUNTY 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
NOVEMBER 30, 2010**