



Dave Yost • Auditor of State



**COSHOCTON COUNTY  
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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Coshocton County  
349 Main Street  
Coshocton, Ohio 43812

To the County 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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

We were unable to obtain evidence to support the December 31, 2011 book balance of the Coshocton County Regional Airport Authority which represents 96% of total net assets of the aggregate discretely presented component units. We cannot reasonably determine the amount by which this error would affect net assets of this opinion unit.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of the aggregate discretely presented component units for Coshocton County, as of December 31, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Coshocton County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle License and Gas Tax, County Board of DD, and Emergency Ambulance Levy Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during 2011 Coshocton County adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012 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 results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The Federal Awards Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations* is not a required part of the basic financial statements. The Federal Awards Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

September 19, 2012

## COSHOCTON COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011. 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 2011 are as follows:

- The total net assets of the County increased \$596,323 which represents a 1.46% increase from 2010.
- General revenues accounted for \$14,786,089 or 40.72% of total governmental activities revenue. Program specific revenues accounted for \$21,528,605 or 59.28% of total governmental activities revenue.
- The County had \$35,718,371 in expenses related to governmental activities; \$21,528,605 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,786,089 were adequate to provide for these programs.
- The County has four major governmental funds. The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$9,605,200 in 2011. The general fund, had expenditures and other financing uses of \$9,631,247 in 2011. The general fund balance decreased \$26,047 from the 2010's restated fund balance.
- The motor vehicle license and gasoline tax fund, a County major fund, had revenues and other financing sources of \$5,936,229 and expenditures and other financing uses of \$6,009,313 in 2011. The motor vehicle license and gasoline tax fund balance decreased \$73,084 from 2010 to 2011.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of \$5,975,265 and expenditures of \$6,253,886 in 2011. The county board of DD fund balance decreased \$278,621 from 2010 to 2011.
- The emergency ambulance levy fund, a County major fund, had revenues of \$3,140,589 and expenditures and other financing uses of \$2,828,842 in 2011. The emergency ambulance levy fund balance increased \$311,747 from 2010 to 2011.
- In the general fund, the actual revenues and other financing sources came in \$368,806 lower than they were originally budgeted and actual expenditures and other financing uses were \$629,909 more 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, 2011

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 four major governmental funds: the general, 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 2011?" 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, 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, 2011

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 20-29 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 34-73 of this report.

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Government-Wide Financial Analysis**

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

The table below provides a summary of the County's net assets at December 31, 2011 and 2010.

	Governmental Activities	
	2011	Restated 2010
<b><u>Assets</u></b>		
Current and other assets	\$ 25,413,856	\$ 24,944,209
Capital assets, net	30,035,600	28,982,083
Total assets	55,449,456	53,926,292
<b><u>Liabilities</u></b>		
Long-term liabilities	8,701,885	5,266,824
Other liabilities	5,428,263	7,963,068
Total liabilities	14,130,148	13,229,892
<b><u>Net Assets</u></b>		
Invested in capital assets, net		
of related debt	25,752,198	24,894,778
Restricted	10,656,126	9,462,123
Unrestricted	4,910,984	6,339,499
Total net assets	\$ 41,319,308	\$ 40,696,400

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the County's assets exceeded liabilities by \$41,319,308. The County's finances remained stable during 2011.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At year-end, capital assets represented 54.17% of total assets. Capital assets include land, buildings and improvements, machinery and equipment, vehicles, infrastructure and software. Capital assets, net of related debt to acquire the assets at December 31, 2011, were \$25,752,198. 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, \$10,656,126 or 25.79% 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 \$4,910,984.

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The table below shows the changes in net assets for 2011 and 2010. The beginning balance has been restated to conform with GASB Statement No. 54 (as described in note 3.B).

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 7,320,384	\$ 4,557,057
Operating grants and contributions	12,868,205	16,308,637
Capital grants and contributions	1,340,016	3,477,125
General revenues:		
Property taxes	6,511,958	6,303,792
Sales tax	4,910,827	4,320,073
Payment in lieu of taxes	4,707	4,148
Unrestricted grants	2,896,095	2,958,230
Investment earnings	132,836	248,228
Miscellaneous	<u>329,666</u>	<u>618,441</u>
Total revenues	<u>36,314,694</u>	<u>38,795,731</u>
<b><u>Expenses</u></b>		
General government	5,044,429	5,155,209
Public safety	5,182,800	5,099,786
Public works	8,121,858	7,694,867
Health	9,433,369	9,299,171
Human services	7,342,782	9,279,663
Conservation and recreation	146,128	155,398
Other	286,377	394,795
Interest and fiscal charges	<u>160,628</u>	<u>185,389</u>
Total expenses	<u>35,718,371</u>	<u>37,264,278</u>
Change in net assets	596,323	1,531,453
Net assets at beginning of year (restated)	<u>40,722,985</u>	<u>39,191,532</u>
Net assets at end of year	<u>\$ 41,319,308</u>	<u>\$ 40,722,985</u>

**Governmental Activities**

Governmental activities increased \$596,323 or 1.46% during 2011.

Governmental activities capital grants and contributions revenue decreased 61.46% from \$3,477,125 in 2010 to \$1,340,016 in 2011.

The State and federal government contributed to the County revenues of \$12,868,205 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, \$5,551,792, or 43.14% subsidized public works. Operating grants and contributions decreased 21.09% in 2011 due to a decrease in funding for programs related to public safety and human services.

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

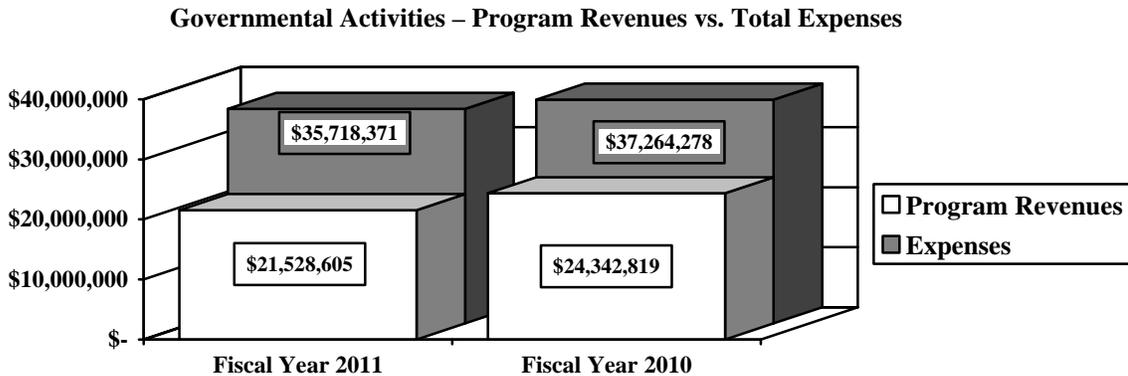
General revenues totaled \$14,786,089, and amounted to 40.72% of total revenues. These revenues primarily consist of property and sales tax revenue of \$11,427,492 or 77.29% of total general revenues in 2011. Property tax revenue increased \$208,166 from 2010 to 2011. The County sales tax revenue increased \$590,754 from 2010 to 2011. 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 \$2,896,095, or 19.59% of general revenues. Other revenues decreased \$288,775 from miscellaneous refunds and reimbursements.

General government expenses include legislative and executive and judicial programs, totaled \$5,044,429 or 14.12% of total governmental expenses. General government expenses were covered by \$1,169,939 of direct charges to users in 2011.

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 2011 versus the prior year.

Human services expenses support the operations of public assistance and the children services board, and accounts for \$7,342,782 of expenses, or 20.56% of total governmental expenses of the County. These expenses were funded by \$654,008 in charges to users of services and \$4,776,726 in operating grants and contributions in 2011.

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, 2011**

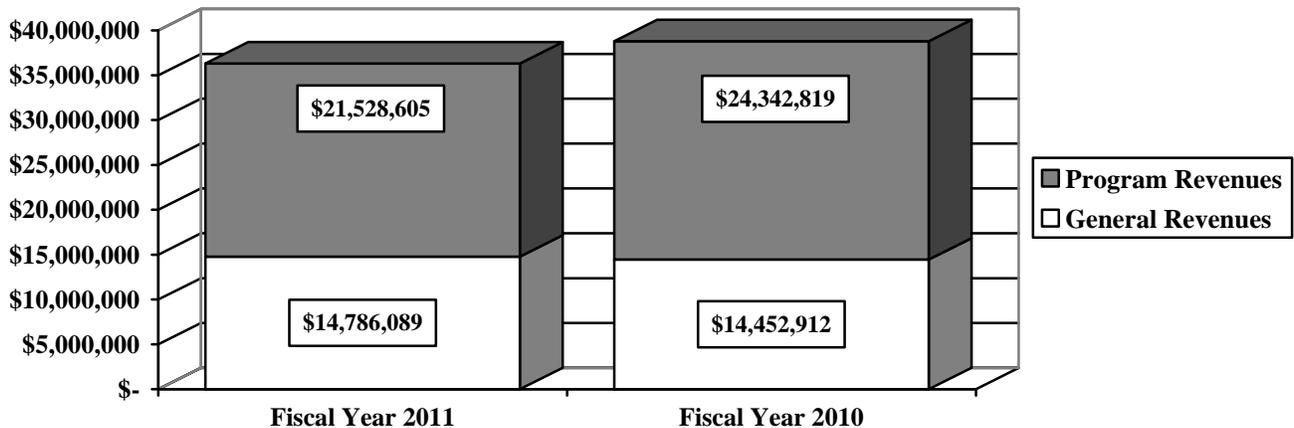
The following table shows, for governmental activities, the total cost of services and the net cost of services for 2011 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
<b>Expenses:</b>				
General government	\$ 5,044,429	\$ 2,770,335	\$ 5,155,209	\$ 3,158,129
Public safety	5,182,800	3,216,690	5,099,786	2,962,674
Public works	8,121,858	1,115,375	7,694,867	(518,789)
Health	9,433,369	4,645,446	9,299,171	4,954,042
Human services	7,342,782	1,912,048	9,279,663	1,689,589
Conservation and recreation	146,128	136,807	155,398	145,274
Other	286,377	286,377	394,795	394,795
Interest and fiscal charges	<u>160,628</u>	<u>106,688</u>	<u>185,389</u>	<u>135,745</u>
<b>Total expenses</b>	<b><u>\$ 35,718,371</u></b>	<b><u>\$ 14,189,766</u></b>	<b><u>\$ 37,264,278</u></b>	<b><u>\$ 12,921,459</u></b>

The dependence upon general revenues for governmental activities is apparent, with 39.73% and 34.68% of expenses supported through taxes and other general revenues during 2011 and 2010, respectively. The graph below shows the total general revenues and program revenues of the County for 2011 and 2010.

**Governmental Activities - General and Program Revenues**



**COSHOCTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 unassigned 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 reported a combined fund balance of \$12,692,681, which is lower than last year's balance of \$13,294,030. The County's governmental funds are presented on the balance sheet on pages 20-21. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2011 for all major and nonmajor governmental funds.

	Fund Balance <u>December 31, 2011</u>	Restated Fund Balance <u>December 31, 2010</u>	Increase/ <u>(Decrease)</u>
<b>Major Funds:</b>			
General	\$ 2,141,008	\$ 2,167,055	\$ (26,047)
Motor vehicle license and gasoline tax	1,212,084	1,285,168	(73,084)
County board of DD	4,604,431	4,883,052	(278,621)
Emergency ambulance levy	1,619,777	1,308,030	311,747
Other nonmajor governmental funds	<u>3,115,381</u>	<u>3,650,725</u>	<u>(535,344)</u>
Total	<u>\$ 12,692,681</u>	<u>\$ 13,294,030</u>	<u>\$ (601,349)</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 \$2,141,008, a 1.20% decrease from the 2010 restated balance. The general fund's 2010 information has been restated to conform with GASB 54 Statement No. 54 (as described in note 3.B). The decrease of the general fund balance in 2011 was primarily due to a decrease intergovernmental and other revenues.

**COSHOCTON COUNTY, OHIO**

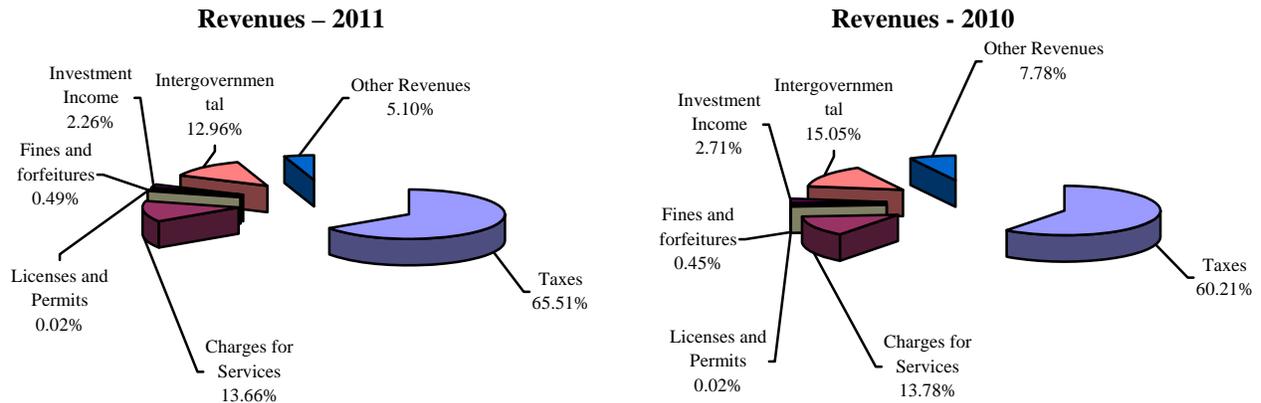
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase/ Decrease	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 5,930,031	\$ 5,712,066	\$ 217,965	3.82 %
Charges for services	1,236,587	1,307,865	(71,278)	(5.45) %
Licenses and permits	2,215	2,339	(124)	(5.30) %
Fines and forfeitures	44,388	42,402	1,986	4.68 %
Intergovernmental	1,173,012	1,428,292	(255,280)	(17.87) %
Investment income	204,158	257,416	(53,258)	(20.69) %
Other	461,795	737,733	(275,938)	(37.40) %
<b>Total</b>	<b><u>\$ 9,052,186</u></b>	<b><u>\$ 9,488,113</u></b>	<b><u>\$ (435,927)</u></b>	<b>(4.59) %</b>

Tax revenue represents 65.51% of all general fund revenue. Tax revenue increased by 3.82% over prior year. The decrease in investment income is due to the slight decrease in 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 2010.

The graphs below show the breakdown of revenues, by source, for 2011 and 2010.



## COSHOCTON COUNTY, OHIO

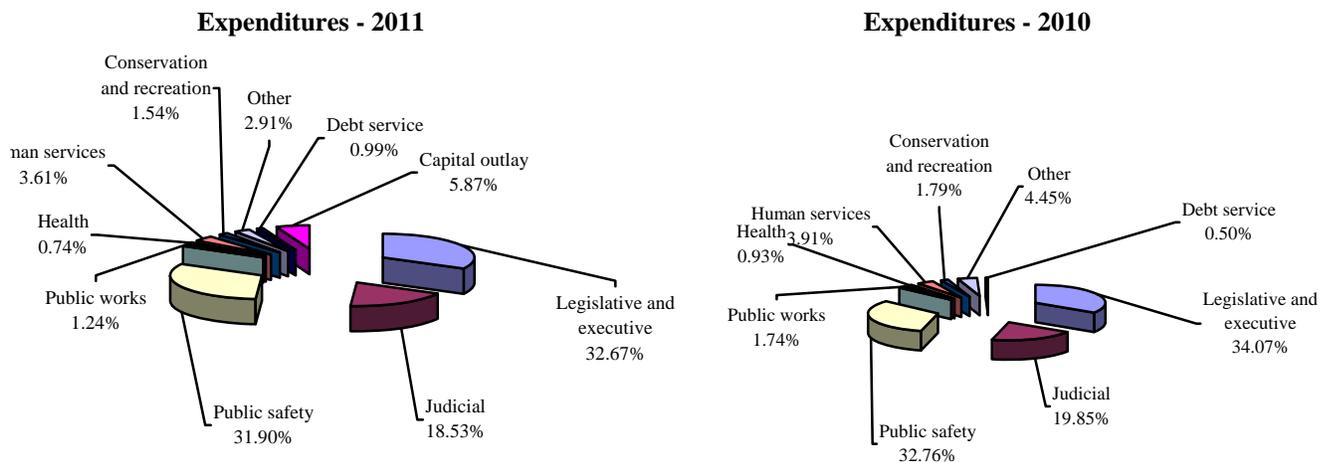
### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

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

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase/ Decrease	Percentage Change
<b><u>Expenditures</u></b>				
General government				
Legislative and executive	\$ 3,075,440	\$ 2,931,441	\$ 143,999	4.91 %
Judicial	1,745,220	1,708,223	36,997	2.17 %
Public safety	3,003,924	2,818,300	185,624	6.59 %
Public works	117,079	149,787	(32,708)	(21.84) %
Health	69,500	80,206	(10,706)	(13.35) %
Human services	340,327	336,139	4,188	1.25 %
Conservation and recreation	145,000	154,177	(9,177)	(5.95) %
Other	273,747	383,109	(109,362)	(28.55) %
Capital outlay	553,014	-	553,014	(100.00) %
Debt service	92,919	43,275	49,644	114.72 %
<b>Total</b>	<b><u>\$ 9,416,170</u></b>	<b><u>\$ 8,604,657</u></b>	<b><u>\$ 811,513</u></b>	<b>9.43 %</b>

Expenditures related to conservation and recreation decreased due to a decrease in agriculture grants received by the County. Other expenditures decreased due primarily to a decrease in expenditures related to the airport. The increase in public safety expenditures can be attributed to the overall increase in costs related to the sheriff's department and jail operations. Capital outlay increased in 2011, because the County entered into capital leases and lease purchase agreements during the year.

The graphs below show the breakdown of expenditures, by function, for 2011 and 2010.



## COSHOCTON COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

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

The motor vehicle license and gasoline tax fund, a County major fund, had revenues and other financing sources of \$5,936,229 and expenditures and other financing uses of \$6,009,313 in 2011. The motor vehicle license and gasoline tax fund balance decreased \$73,084 from 2010 to 2011.

#### ***County Board of Developmental Disabilities (County Board of DD)***

The county board of DD, a County major fund, had revenues of \$5,975,265 and expenditures of \$6,253,886 in 2011. The county board of DD fund balance decreased \$278,621 from 2010 to 2011.

#### ***Emergency Ambulance Levy Fund***

The emergency ambulance levy fund, a County major fund, had revenues of \$3,140,589 and expenditures and other financing uses of \$2,828,842 in 2011. The emergency ambulance levy fund balance increased \$311,747 from 2010 to 2011.

#### ***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 \$96,860 from the original budgeted revenues and other financing sources. Actual revenues and other financing sources of \$9,659,794 were \$271,946 less than final budgeted revenues and other financing sources. Actual expenditures and other financing uses were \$193,010 more than the final budgeted expenditures.

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

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

At the end of 2011, the County had \$30,035,600 (net of accumulated depreciation) invested in land, buildings and improvements, machinery and equipment, vehicles, infrastructure and software.

The following table shows 2011 balances compared to 2010:

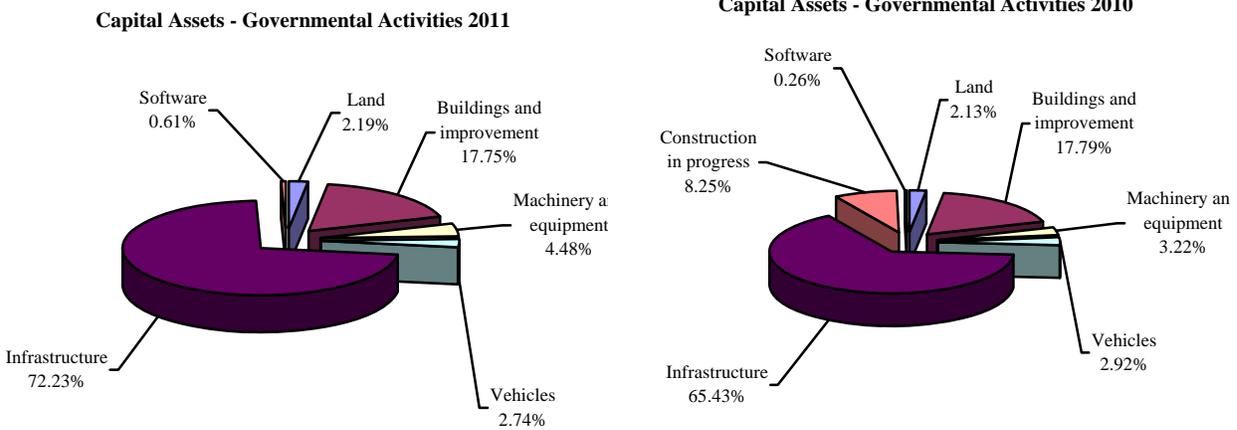
	<b>Capital Assets at December 31 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2011</u>	<u>2010</u>
Land	\$ 656,781	\$ 617,503
Building and improvements	5,332,316	5,154,713
Machinery and equipment	1,346,519	931,960
Vehicles	823,517	846,689
Infrastructure	21,692,517	18,966,150
Software	183,950	75,223
Construction in progress	<u>-</u>	<u>2,389,845</u>
Total	<u>\$ 30,035,600</u>	<u>\$ 28,982,083</u>

**COSHOCTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

See Note 14 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 2011 and 2010.



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, 72.23% of the County's total governmental capital assets.

***Debt Administration***

At December 31, 2011, governmental activities had \$3,020,000 in general obligation bonds, OWDA loans of \$226,408, OPWC loans of \$301,011, notes payable of \$190,000, capital leases of \$85,494 and lease purchase agreements of \$487,940 outstanding. Of this total, \$428,731 is due within one year and \$3,882,122 is due in greater than one year. The following table summarizes the debt obligations outstanding.

**Outstanding Debt, at Year End**

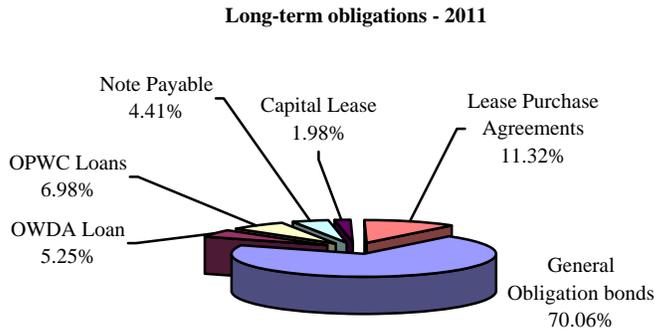
	Governmental Activities 2011	Governmental Activities 2010
Long-Term Obligations		
General obligation bonds	\$ 3,020,000	\$ 3,180,000
OWDA loan	226,408	385,325
OPWC loans	301,011	198,722
Note payable	190,000	225,000
Capital leases	85,494	98,258
Lease purchase agreements	487,940	-
<b>Total</b>	<b>\$ 4,310,853</b>	<b>\$ 4,087,305</b>

See Note 15 to the basic financial statements for detail on governmental activities outstanding debt.

## COSHOCTON COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

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



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

The County's estimated population is 36,901 according to the U.S. Census Bureau. The County's unemployment rate ended 2011 at 11.2%, compared to the state average 8.6% and the national average of 8.9%.

The most recent state budget included severe cuts to local governments on the state funding level. The Commissioners and Auditor had realized that this would have an impact on future general fund revenues and had the foresight to both estimate revenues conservatively and budget expenditures accordingly. Because of this planning, the County's general fund balance is relatively strong. County officials continue to work together using conservative budgeting practices in order to strengthen the County's financial position in future years.

The year 2011 also saw an upward swing in county sales tax revenue, ending at 4.18% over 2010 collections. This promise of a recovering local economy, together with the wise budgeting strategy, bodes extremely well for the County finances in 2012.

In addition to the financial side of the government, the Board of County Commissioners work closely with the Coshocton Port Authority to not only build existing businesses, but also to draw new business and industry into the County. The Coshocton Port Authority reports the following major economic development projects in the calendar year 2011:

- With the oil and gas industry on our doorstep, Coshocton began its community information, education, awareness and strategic planning process. It is predicted that Utica and Marcellus shale gas drilling will add 65,680 jobs and \$4.9 billion in value to the Ohio economy by 2014, according to a study by the Ohio Shale Coalition. The study shows that nearly 17 percent of the jobs created will be with oil and gas field service companies. Moreover, the drilling and hydro-fracturing should create a demand for more truck drivers, construction workers, mechanics, real estate agents, insurance agents, employment placement workers, architects, engineers, lawyers, environmental consultants, nurses, physicians, food service, emergency health care workers and retail employees, among other new jobs. It will be an economic boom for our community and we want to make sure we are prepared to take advantage of all the opportunities that will be presented to us.
- A small business incubator was created in the Progress Center to help businesses with office and conference room space. Two cubes are currently available.

## COSHOCTON COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

- The Small Business Development Center, Chamber of Commerce and Coshocton Port Authority worked with over 100 individuals seeking help to start, expand, and retain their small business. Over 42 different types of business ideas were presented.
- Nine county buildings received energy-saving upgrades because of an Ohio Department of Development's Energy Efficiency Block Grant. The funding for the grant came from the American Recovery and Reinvestment Act. The Coshocton Port Authority applied for the grant and the county was awarded almost \$480,000 toward a \$627,000 project. The project included upgrades to lighting systems, installation of vending machine misers, night setback controllers, a new central HVAC system in the Courthouse Annex, and a modification to the HVAC system in the Title Building. Reporting for this project will continue through March of 2012.
- Four Coshocton County EPA initiatives were underway in 2011 and will conclude in 2012.
  - \$200,000 Community-Wide Hazardous Substance Assessment grant
  - \$200,000 Community-Wide Petroleum Substance Assessment grant
  - \$288,364 Clean Ohio Assistance Fund under the Ohio's Voluntary Action Program for the Steel Ceilings Property
  - \$231,753 Clean Ohio Assistance Fund under the Ohio's Voluntary Action Program for the SABIC/GE Property
- The Port Authority was granted another USDA Revolving Loan Fund amounting to \$99,990. The RLF guidelines were modified to help small businesses with small loans up to \$7,500 without bank financing.
- Discussions to reopen the Coshocton Ethanol Plant are continuing with the hopes of creating over 30 new jobs.
- Coshocton competed in America in Bloom program. America in Bloom Coshocton brought together municipal, corporate and citizen volunteers to work together to beautify our public spaces, business properties and our neighborhoods. This initiative is designed to make our community a better place to live, work and plan for our future! Coshocton won the "Best YouTube Video" award presented in Washington DC.
- Coshocton Airport Amphitheater, a community initiative, opened its third season with 4 successful shows.
- The Main Street Coshocton initiative is making progress on becoming a 501C3 organization, forming their board and assigning committee projects. The Ohio Main Street Program, administered by Heritage Ohio, has been working with communities across the state to revitalize their historic and traditional commercial area and has become a powerful economic development tool.

#### **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 Christine Sycks, Coshocton County Auditor, at 349 Main Street – Room 101, Coshocton, Ohio 43812

**COSHOCTON COUNTY**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	<b>Primary Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Regional Airport Authority</b>	<b>Hopewell Industries, Inc.</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 11,101,858	\$ 200,496	\$ 194,008
Cash with fiscal agent . . . . .	1,581,505	-	-
Receivables (net of allowances for uncollectibles):			
Sales taxes . . . . .	1,198,742	-	-
Real and other taxes . . . . .	7,099,021	-	-
Accounts . . . . .	905,413	20,289	15,880
Accrued interest . . . . .	99,037	-	-
Due from other governments. . . . .	2,871,112	86,046	-
Prepayments . . . . .	73,577	-	2,155
Materials and supplies inventory. . . . .	453,368	-	-
Unamortized bond issue costs . . . . .	30,223	-	-
Capital assets:			
Land . . . . .	656,781	11,339	-
Depreciable capital assets, net . . . . .	29,378,819	4,386,062	27,964
Total capital assets, net. . . . .	<u>30,035,600</u>	<u>4,397,401</u>	<u>27,964</u>
Total assets. . . . .	<u>55,449,456</u>	<u>4,704,232</u>	<u>240,007</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	357,733	17,639	1,728
Contracts payable. . . . .	107,423	66,046	-
Accrued wages and benefits . . . . .	528,988	-	-
Due to other governments . . . . .	584,164	-	12,442
Unearned revenue . . . . .	6,598,390	-	37,338
Accrued interest payable . . . . .	13,757	-	-
Notes payable. . . . .	-	20,000	-
Claims payable . . . . .	511,430	-	-
Long-term liabilities:			
Due within one year . . . . .	1,184,719	-	-
Due in more than one year . . . . .	4,243,544	-	-
Total liabilities . . . . .	<u>14,130,148</u>	<u>103,685</u>	<u>51,508</u>
<b>Net assets:</b>			
Invested in capital assets, net			
of related debt . . . . .	25,752,198	4,397,401	27,964
Restricted for:			
Capital projects . . . . .	243,999	-	-
Debt service . . . . .	71,738	-	-
Public works projects . . . . .	2,971,622	-	-
Human services programs . . . . .	831,938	-	-
Health programs . . . . .	5,106,503	-	-
General government operations . . . . .	721,271	-	-
Public safety programs. . . . .	666,878	-	-
Other purposes. . . . .	42,177	-	-
Unrestricted . . . . .	<u>4,910,984</u>	<u>203,146</u>	<u>160,535</u>
Total net assets . . . . .	<u>\$ 41,319,308</u>	<u>\$ 4,600,547</u>	<u>\$ 188,499</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government:				
Legislative and executive . . . . .	\$ 3,124,625	\$ 1,169,939	\$ 13,874	\$ 33,239
Judicial . . . . .	1,919,804	1,056,746	296	-
Public safety. . . . .	5,182,800	1,532,994	433,116	-
Public works. . . . .	8,121,858	147,914	5,551,792	1,306,777
Health . . . . .	9,433,369	2,695,522	2,092,401	-
Human services . . . . .	7,342,782	654,008	4,776,726	-
Conservation and recreation. . . . .	146,128	9,321	-	-
Other. . . . .	286,377	-	-	-
Interest and fiscal charges . . . . .	160,628	53,940	-	-
Total primary government . . . . .	<u>\$ 35,718,371</u>	<u>\$ 7,320,384</u>	<u>\$ 12,868,205</u>	<u>\$ 1,340,016</u>
<b>Component units:</b>				
Regional Airport Authority. . . . .	\$ 569,080	\$ 477,265	\$ 26,640	\$ 223,791
Hopewell Industries, Inc . . . . .	424,278	167,215	167,255	-
Total component units . . . . .	<u>\$ 993,358</u>	<u>\$ 644,480</u>	<u>\$ 193,895</u>	<u>\$ 223,791</u>

**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 (restated) . . .**

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>	<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Regional Airport Authority</b>	<b>Hopewell Industries, Inc.</b>
\$ (1,907,573)	\$ -	\$ -
(862,762)	-	-
(3,216,690)	-	-
(1,115,375)	-	-
(4,645,446)	-	-
(1,912,048)	-	-
(136,807)	-	-
(286,377)	-	-
(106,688)	-	-
<u>(14,189,766)</u>	<u>-</u>	<u>-</u>
-	158,616	-
-	-	(89,808)
<u>-</u>	<u>158,616</u>	<u>(89,808)</u>
1,442,646	-	-
2,700,247	-	-
860,226	-	-
1,311,916	-	-
196,923	-	-
4,910,827	-	-
4,707	-	-
2,896,095	-	-
132,836	1,137	8,206
329,666	2,256	534
<u>14,786,089</u>	<u>3,393</u>	<u>8,740</u>
596,323	162,009	(81,068)
<u>40,722,985</u>	<u>4,438,538</u>	<u>269,567</u>
<u>\$ 41,319,308</u>	<u>\$ 4,600,547</u>	<u>\$ 188,499</u>

**COSHOCTON COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

	<u>General</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>	<u>Emergency Ambulance Levy</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 1,840,529	\$ 695,436	\$ 3,242,110	\$ 1,676,506
Cash with fiscal agent . . . . .	-	-	1,581,505	-
Receivables (net of allowances for uncollectibles):				
Sales taxes . . . . .	1,198,742	-	-	-
Real and other taxes . . . . .	1,550,480	-	2,956,044	1,311,900
Accounts . . . . .	54,947	381	-	771,349
Accrued interest . . . . .	99,037	-	-	-
Due from other governments . . . . .	370,507	2,005,632	149,984	74,290
Interfund loans . . . . .	19,429	-	-	-
Due from other funds . . . . .	57,418	-	-	-
Prepayments . . . . .	73,577	-	-	-
Materials and supplies inventory . . . . .	61,341	339,812	2,807	40,128
Total assets. . . . .	<u>\$ 5,326,007</u>	<u>\$ 3,041,261</u>	<u>\$ 7,932,450</u>	<u>\$ 3,874,173</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 81,956	\$ 35,227	\$ 29,776	\$ 35,287
Contracts payable . . . . .	-	-	-	-
Accrued wages and benefits . . . . .	189,171	38,288	82,189	64,420
Compensated absences payable . . . . .	12,847	-	-	-
Due to other governments . . . . .	160,222	55,753	96,327	73,237
Interfund loans payable . . . . .	-	-	-	-
Due to other funds . . . . .	-	-	13,834	-
Deferred revenue . . . . .	1,289,803	1,699,909	368,893	855,452
Unearned revenue . . . . .	1,451,000	-	2,737,000	1,226,000
Total liabilities . . . . .	<u>3,184,999</u>	<u>1,829,177</u>	<u>3,328,019</u>	<u>2,254,396</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	161,987	339,812	2,807	40,128
Restricted . . . . .	-	872,272	4,601,624	-
Committed . . . . .	-	-	-	1,579,649
Assigned . . . . .	1,467,448	-	-	-
Unassigned (deficit) . . . . .	<u>511,573</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances. . . . .	<u>2,141,008</u>	<u>1,212,084</u>	<u>4,604,431</u>	<u>1,619,777</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,326,007</u>	<u>\$ 3,041,261</u>	<u>\$ 7,932,450</u>	<u>\$ 3,874,173</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,646,598	\$ 11,101,179
-	1,581,505
-	1,198,742
1,280,597	7,099,021
67,366	894,043
-	99,037
270,699	2,871,112
-	19,429
61,446	118,864
-	73,577
9,280	453,368
<u>\$ 5,335,986</u>	<u>\$ 25,509,877</u>

\$ 175,487	\$ 357,733
107,423	107,423
154,113	528,181
-	12,847
197,861	583,400
19,429	19,429
105,030	118,864
276,872	4,490,929
1,184,390	6,598,390
<u>2,220,605</u>	<u>12,817,196</u>

9,280	554,014
2,950,605	8,424,501
275,877	1,855,526
-	1,467,448
<u>(120,381)</u>	<u>391,192</u>
<u>3,115,381</u>	<u>12,692,681</u>
<u>\$ 5,335,986</u>	<u>\$ 25,509,877</u>

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**COSHOCTON COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2011

<b>Total governmental fund balances</b>		\$	12,692,681
<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.			30,035,600
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	500,365	
Sales taxes receivable		805,883	
Intergovernmental revenues receivable		2,390,382	
Charges for services receivable		695,262	
Accrued interest receivable		99,037	
Total			4,490,929
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. The net assets of the internal service fund are:			(500,952)
On the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued.			(13,757)
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.			30,223
Unamortized deferred charges on refundings are not recognized in governmental funds.			21,999
Unamortized premiums on bond issuance are not recognized in governmental funds.			(9,275)
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		(3,020,000)	
OPWC loans		(301,011)	
OWDA loan		(226,408)	
Compensated absences		(1,117,287)	
Capital lease payable		(85,494)	
Lease purchase payable		(487,940)	
Notes payable		(190,000)	
Total			(5,428,140)
<b>Net assets of governmental activities</b>		\$	<u><u>41,319,308</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>	<u>Emergency Ambulance Levy</u>
<b>Revenues:</b>				
Property taxes . . . . .	\$ 1,469,388	\$ -	\$ 2,759,286	\$ 1,236,523
Sales taxes . . . . .	4,460,643	-	-	-
Payment in lieu of taxes . . . . .	1,654	-	1,699	657
Charges for services . . . . .	1,236,587	-	206,700	1,542,617
Licenses and permits . . . . .	2,215	-	-	-
Fines and forfeitures . . . . .	44,388	29,938	-	-
Intergovernmental . . . . .	1,173,012	5,200,793	2,824,001	301,080
Investment income . . . . .	204,158	1,683	80,917	-
Rental income . . . . .	130,454	-	-	-
Other . . . . .	329,687	54,442	102,662	59,712
Total revenues . . . . .	<u>9,052,186</u>	<u>5,286,856</u>	<u>5,975,265</u>	<u>3,140,589</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	3,075,440	-	-	-
Judicial . . . . .	1,745,220	-	-	-
Public safety . . . . .	3,003,924	-	-	-
Public works . . . . .	117,079	4,641,445	-	-
Health . . . . .	69,500	-	6,253,886	2,783,842
Human services . . . . .	340,327	-	-	-
Conservation and recreation . . . . .	145,000	-	-	-
Other . . . . .	273,747	-	-	-
Capital outlay . . . . .	553,014	619,876	-	-
Debt service:				
Principal retirement . . . . .	77,838	88,595	-	-
Interest and fiscal charges . . . . .	15,081	10,024	-	-
Bond issuance costs . . . . .	-	30,541	-	-
Total expenditures . . . . .	<u>9,416,170</u>	<u>5,390,481</u>	<u>6,253,886</u>	<u>2,783,842</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(363,984)</u>	<u>(103,625)</u>	<u>(278,621)</u>	<u>356,747</u>
<b>Other financing sources (uses):</b>				
Bond issuance . . . . .	-	640,000	-	-
Note issuance . . . . .	-	-	-	-
Payment to refunded bond escrow agent . . . . .	-	(618,832)	-	-
Capital lease transaction . . . . .	553,014	-	-	-
Transfers in . . . . .	-	-	-	-
Transfers (out) . . . . .	(215,077)	-	-	(45,000)
Premium on bond issuance . . . . .	-	9,373	-	-
Total other financing sources (uses) . . . . .	<u>337,937</u>	<u>30,541</u>	<u>-</u>	<u>(45,000)</u>
<b>Special item:</b>				
Loan forgiveness . . . . .	-	-	-	-
Total special item . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	(26,047)	(73,084)	(278,621)	311,747
<b>Fund balances at beginning of year (restated) . . . . .</b>	<u>2,167,055</u>	<u>1,285,168</u>	<u>4,883,052</u>	<u>1,308,030</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,141,008</u>	<u>\$ 1,212,084</u>	<u>\$ 4,604,431</u>	<u>\$ 1,619,777</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,181,626	\$ 6,646,823
-	4,460,643
697	4,707
3,213,771	6,199,675
100,680	102,895
48,901	123,227
7,406,149	16,905,035
295	287,053
-	130,454
341,765	888,268
<u>12,293,884</u>	<u>35,748,780</u>

779,846	3,855,286
118,345	1,863,565
2,170,421	5,174,345
2,121,409	6,879,933
409,225	9,516,453
6,873,464	7,213,791
-	145,000
-	273,747
271,551	1,444,441
183,684	350,117
137,011	162,116
-	30,541
<u>13,064,956</u>	<u>36,909,335</u>

<u>(771,072)</u>	<u>(1,160,555)</u>
------------------	--------------------

-	640,000
280,810	280,810
-	(618,832)
-	553,014
260,077	260,077
-	(260,077)
-	9,373
<u>540,887</u>	<u>864,365</u>

<u>(305,159)</u>	<u>(305,159)</u>
<u>(305,159)</u>	<u>(305,159)</u>

(535,344)	(601,349)
-----------	-----------

<u>3,650,725</u>	<u>13,294,030</u>
<u>\$ 3,115,381</u>	<u>\$ 12,692,681</u>

**COSHOCTON COUNTY**

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, 2011

<b>Net change in fund balances - total governmental funds</b>	\$	(601,349)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Capital outlays exceeded depreciation expense in the current period accordingly.</p>		
Capital asset additions	\$ 3,346,780	
Current year depreciation	<u>(2,274,006)</u>	
Total		1,072,774
<p>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.</p>		
		(19,257)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	(134,865)	
Sales taxes	450,184	
Intergovernmental	(346,091)	
Charges for services	634,769	
Investment income	<u>(71,322)</u>	
Total		532,675
<p>Premiums and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the year:</p>		
Premiums on bonds	(9,373)	
Deferred charges on refundings	23,832	
Bond issuance costs	<u>30,541</u>	
Total		45,000
<p>Repayment of bond, lease and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.</p>		
		945,117
<p>The forgiveness of loans is a special item in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.</p>		
		305,159
<p>Proceeds of OPWC loans, OWDA loans, leases and bonds are recognized as other financing sources in the governmental funds, however, in the statement of activities they are not reported as revenues as they increase liabilities on the statement of net assets.</p>		
		(1,473,824)
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:</p>		
Decrease in accrued interest payable	3,541	
Amortization of bond premiums	98	
Amortization of deferred charges on refundings	(1,833)	
Amortization of bond issue costs	<u>(318)</u>	
Total		1,488
<p>Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
		8,779
<p>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.</p>		
		<u>(220,239)</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>596,323</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,492,285	\$ 1,477,870	\$ 1,478,698	\$ 828
Sales taxes . . . . .	4,485,582	4,442,260	4,442,260	-
Payment in lieu of taxes . . . . .	1,568	1,553	1,691	138
Charges for services. . . . .	1,056,293	1,046,091	984,756	(61,335)
Licenses and permits . . . . .	2,282	2,260	2,215	(45)
Fines and forfeitures. . . . .	44,515	44,085	43,593	(492)
Intergovernmental . . . . .	1,187,417	1,175,949	1,174,996	(953)
Investment income. . . . .	227,785	225,585	225,388	(197)
Rental income . . . . .	131,473	130,203	130,579	376
Other. . . . .	445,491	441,188	439,149	(2,039)
Total revenues . . . . .	<u>9,074,691</u>	<u>8,987,044</u>	<u>8,923,325</u>	<u>(63,719)</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	2,983,632	3,257,015	3,113,111	143,904
Judicial. . . . .	1,932,016	1,940,023	1,835,668	104,355
Public safety . . . . .	3,039,885	3,073,454	3,051,833	21,621
Public works . . . . .	147,237	330,384	152,229	178,155
Health . . . . .	67,496	67,496	69,500	(2,004)
Human services. . . . .	391,947	391,988	375,138	16,850
Conservation and recreation . . . . .	141,500	145,000	145,000	-
Other . . . . .	421,840	339,369	273,441	65,928
	<u>9,125,553</u>	<u>9,544,729</u>	<u>9,015,920</u>	<u>528,809</u>
Excess of expenditures over revenues. . . . .	<u>(50,862)</u>	<u>(557,685)</u>	<u>(92,595)</u>	<u>465,090</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	4,324	4,282	-	(4,282)
Advances in . . . . .	736,915	729,798	736,469	6,671
Advances (out) . . . . .	-	-	(755,398)	(755,398)
Transfers (out). . . . .	(230,133)	(247,845)	(216,377)	31,468
Other financing sources . . . . .	212,670	210,616	-	(210,616)
Other financing uses. . . . .	(2,100)	(2,111)	-	2,111
Total other financing sources (uses) . . . . .	<u>721,676</u>	<u>694,740</u>	<u>(235,306)</u>	<u>(930,046)</u>
Net change in fund balances . . . . .	670,814	137,055	(327,901)	(464,956)
<b>Fund balances at beginning of year . . . . .</b>	1,229,711	1,229,711	1,229,711	-
<b>Prior year encumbrances appropriated . . . . .</b>	377,157	377,157	377,157	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,277,682</u>	<u>\$ 1,743,923</u>	<u>\$ 1,278,967</u>	<u>\$ (464,956)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MOTOR VEHICLE LICENSE AND GAS TAX FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 26,944	\$ 28,485	\$ 28,485	\$ -
Intergovernmental . . . . .	4,344,030	4,592,478	5,213,989	621,511
Investment income . . . . .	1,578	1,668	1,668	-
Other . . . . .	47,024	49,713	54,061	4,348
<b>Total revenues . . . . .</b>	<u>4,419,576</u>	<u>4,672,344</u>	<u>5,298,203</u>	<u>625,859</u>
<b>Expenditures:</b>				
Current:				
Public works . . . . .	4,836,327	5,341,348	5,583,456	(242,108)
Debt service:				
Principal retirement . . . . .	117,893	88,595	88,595	-
Interest and fiscal charges . . . . .	-	29,298	10,024	19,274
Bond issuance costs . . . . .	-	30,541	30,541	-
<b>Total expenditures . . . . .</b>	<u>4,954,220</u>	<u>5,489,782</u>	<u>5,712,616</u>	<u>(222,834)</u>
Excess of expenditures over revenues . . . . .	(534,644)	(817,438)	(414,413)	403,025
<b>Other financing sources:</b>				
Bond issuance . . . . .	585,354	640,000	640,000	-
Payment to refunded bond escrow agent . . . . .	-	(618,832)	(618,832)	-
Premium on bond issuance . . . . .	-	9,373	9,373	-
Other financing sources . . . . .	4,070	4,303	-	(4,303)
<b>Total other financing sources . . . . .</b>	<u>589,424</u>	<u>34,844</u>	<u>30,541</u>	<u>(4,303)</u>
Net change in fund balances . . . . .	54,780	(782,594)	(383,872)	398,722
<b>Fund balances at beginning of year . . . . .</b>	550,471	550,471	550,471	-
<b>Prior year encumbrances appropriated . . . . .</b>	358,349	358,349	358,349	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 963,600</u>	<u>\$ 126,226</u>	<u>\$ 524,948</u>	<u>\$ 398,722</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

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, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Real and other taxes . . . . .	\$ 2,455,267	\$ 2,779,915	\$ 2,779,915	\$ -
Charges for services. . . . .	179,000	202,668	206,700	4,032
Intergovernmental . . . . .	2,369,857	2,683,212	2,686,931	3,719
Payment in lieu of taxes . . . . .	1,251	1,416	1,699	283
Other. . . . .	113,270	128,247	102,662	(25,585)
<b>Total revenues . . . . .</b>	<u>5,118,645</u>	<u>5,795,458</u>	<u>5,777,907</u>	<u>(17,551)</u>
<b>Expenditures:</b>				
Current:				
Health . . . . .	5,935,466	6,915,466	6,363,452	552,014
<b>Total expenditures . . . . .</b>	<u>5,935,466</u>	<u>6,915,466</u>	<u>6,363,452</u>	<u>552,014</u>
Excess of expenditures over revenues. . . . .	(816,821)	(1,120,008)	(585,545)	534,463
<b>Other financing sources:</b>				
Other financing sources . . . . .	6,003	6,797	-	(6,797)
<b>Total other financing sources. . . . .</b>	<u>6,003</u>	<u>6,797</u>	<u>-</u>	<u>(6,797)</u>
Net change in fund balances . . . . .	(810,818)	(1,113,211)	(585,545)	527,666
<b>Fund balances at beginning of year . . . . .</b>	2,932,985	2,932,985	2,932,985	-
<b>Prior year encumbrances appropriated . . .</b>	441,254	441,254	441,254	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,563,421</u>	<u>\$ 2,261,028</u>	<u>\$ 2,788,694</u>	<u>\$ 527,666</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

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, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Real and other taxes . . . . .	\$ 1,127,716	\$ 1,243,756	\$ 1,244,613	\$ 857
Charges for services. . . . .	1,404,159	1,548,646	1,581,140	32,494
Intergovernmental . . . . .	273,603	301,757	301,080	(677)
Payment in lieu of taxes . . . . .	544	600	714	114
Other. . . . .	51,795	57,125	57,791	666
<b>Total revenues . . . . .</b>	<u>2,857,817</u>	<u>3,151,884</u>	<u>3,185,338</u>	<u>33,454</u>
<b>Expenditures:</b>				
Current:				
Health . . . . .	3,238,983	3,414,483	2,999,528	414,955
<b>Total expenditures . . . . .</b>	<u>3,238,983</u>	<u>3,414,483</u>	<u>2,999,528</u>	<u>414,955</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(381,166)</u>	<u>(262,599)</u>	<u>185,810</u>	<u>448,409</u>
<b>Other financing (uses):</b>				
Transfers (out). . . . .	(45,000)	(45,000)	(45,000)	-
<b>Total other financing (uses) . . . . .</b>	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net change in fund balances . . . . .	(426,166)	(307,599)	140,810	448,409
<b>Fund balances at beginning of year . . . . .</b>	1,042,118	1,042,118	1,042,118	-
<b>Prior year encumbrances appropriated . . . . .</b>	276,944	276,944	276,944	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 892,896</u>	<u>\$ 1,011,463</u>	<u>\$ 1,459,872</u>	<u>\$ 448,409</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2011

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$          679
Receivables:	
Accounts . . . . .	<u>11,370</u>
Total assets . . . . .	<u>12,049</u>
<b>Liabilities:</b>	
Current liabilities:	
Accrued wages and benefits . . . . .	807
Due to other governments . . . . .	764
Claims payable . . . . .	<u>511,430</u>
Total liabilities . . . . .	<u>513,001</u>
<b>Net assets:</b>	
Unrestricted (deficit) . . . . .	<u>(500,952)</u>
Total net assets (deficit) . . . . .	<u>\$         (500,952)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 3,166,110
Other . . . . .	55,915
	3,222,025
<b>Operating expenses:</b>	
Personal services . . . . .	24,759
Contract services . . . . .	440,690
Claims. . . . .	2,976,298
Other . . . . .	517
	3,442,264
Total operating revenues . . . . .	3,222,025
Total operating expenses . . . . .	3,442,264
Change in net assets. . . . .	(220,239)
<b>Net assets (deficit) at beginning of year. . . . .</b>	<b>(280,713)</b>
<b>Net assets (deficit) at end of year . . . . .</b>	<b>\$ (500,952)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from interfund services . . . . .	\$ 3,166,110
Cash received from other receipts. . . . .	55,963
Cash payments for personal services . . . . .	(25,074)
Cash payments for contractual services . . . . .	(440,690)
Cash payments for claims . . . . .	(2,798,163)
Cash payments for other expenses. . . . .	<u>(517)</u>
Net cash used in operating activities . . . . .	<u>(42,371)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from advances in . . . . .	250,000
Cash used for advances out . . . . .	<u>(250,000)</u>
Net cash provided by noncapital financing activities . . . . .	<u>-</u>
Net decrease in cash and cash equivalents . . . . .	(42,371)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>43,050</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 679</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss. . . . .	\$ (220,239)
Changes in assets and liabilities:	
Decrease in accounts receivable . . . . .	48
Decrease in due to other governments . . . . .	(315)
Increase in claims payable . . . . .	<u>178,135</u>
Net cash used in operating activities . . . . .	<u><u>\$ (42,371)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COSHOCTON COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2011**

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 2,419,143
Cash in segregated accounts . . . . .	352,019
Receivables:	
Real and other taxes. . . . .	28,042,847
Due from other governments . . . . .	<u>1,989,350</u>
Total assets . . . . .	<u>\$ 32,803,359</u>
<b>Liabilities:</b>	
Due to other governments . . . . .	\$ 30,026,007
Deposits held and due to others . . . . .	<u>2,777,352</u>
Total liabilities . . . . .	<u>\$ 32,803,359</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### 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, 2011

#### 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 23 and 24.

#### *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 2011 and no future contributions by the County are anticipated.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**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.

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 2011, Coshocton County contributed \$429,248 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. No contributions were made by the County in 2011.

Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves eighteen 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 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 2011, Coshocton County paid \$50,000 to MEORC for residential services.

Ohio Mideastern Governments Association (OMEGA) - OMEGA is organized as an agency of the local governments by agreement among the membership. OMEGA provides opportunities in economic and community development through networking, education, planning, research and allocation of resource. OMEGA consists of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas and Columbiana Counties and other political subdivisions in the counties.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

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. No contributions were made by the County in 2011.

Coshocton County Family and Children First Council (Council) - The mission of the Council is to promote and facilitate collaboration among community agencies serving children and their families and to unite the community in promoting the well-being of children and their families through leadership advocacy, and coordination of services. The Board of Trustees is made up of individuals from various organizations including the County. The Council did not receive and funding from the County during 2011.

Coshocton Port Authority (Port Authority) - The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide or promote transportation, economic development, education, governmental operations, culture, or research within the County. The Port Authority is governed by a five-member Board of Directors. Two members of the Board are appointed by the Mayor of the City and approved by Council of the City of Coshocton. Two members are appointed by the County Commissioner and the fifth appointment shall be approved by the four current members. The County paid \$75,000 to the Port Authority during 2011.

***PUBLIC ENTITY RISK POOL***

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by sixty-three 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 2011 was \$235,932.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

##### *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.

##### *JOINT VENTURE WITHOUT EQUITY INTEREST*

*Coshocton County Regional Planning Commission (the "Commission")* - The Commission was created under ORC 713.21. They make studies, maps, and other reports of the region showing their recommendations for systems of transportation, highways, parks, and recreational facilities, water supplies, sewage disposal, garbage disposal, civil centers, and other public improvements which effect the development of the region as a whole, or more than one political subdivision within the region. At year end the County had no equity interest in the Commission.

#### **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.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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.

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

**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.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

***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 funds are agency funds which account for property taxes, special assessments, "pass through" monies to be disbursed to local governments other than the County, and separate agencies, boards, and commissions for which the County serves as fiscal agent and custodian.

#### **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.

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.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

*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.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 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, 2011, 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.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

**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.

During 2011, investments were limited to non-negotiable certificates of deposit which are reported at cost.

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 2011 amounted to \$204,158 which includes \$166,985 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".

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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 nonspendable fund balance 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, 2011, 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.

**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.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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	20 - 80 years
Machinery and Equipment	10 - 15 years
Vehicles	10 - 20 years
Infrastructure	10 - 50 years
Software	5 - 7 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.

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 loans 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.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Commissioners.

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

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

##### **O. 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.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

**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.

**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 are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or event that are within the control of the County and that are either unusual in nature or infrequent in occurrence. During 2011, the County had a portion of an Ohio Water Development Authority (OWDA) loan forgiven in the fresno water and sewer capital project fund (a nonmajor governmental fund). This item will be presented on the financial statements as a special item.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2011, the County has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the County.

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the County's governmental fund balances as previously reported:

	<u>General</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>	<u>Emergency Ambulance Levy</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 2,029,355	\$ 1,285,168	\$ 4,883,052	\$ 1,308,030	\$ 3,761,840	\$ 13,267,445
Fund reclassifications:						
Unclaimed monies fund	26,585	-	-	-	-	26,585
County recorder equipment fund	6,307	-	-	-	(6,307)	-
Certificate of title administration fund	<u>104,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,808)</u>	<u>-</u>
Total fund reclassifications	<u>137,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,115)</u>	<u>26,585</u>
Restated fund balance at January 1, 2011	<u>\$ 2,167,055</u>	<u>\$ 1,285,168</u>	<u>\$ 4,883,052</u>	<u>\$ 1,308,030</u>	<u>\$ 3,650,725</u>	<u>\$ 13,294,030</u>

The unclaimed monies fund reclassifications had the following effect on net assets at December 31, 2011:

	<u>Governmental Activities</u>
Net assets at December 31, 2010	\$ 40,696,400
Reclassification of unclaimed monies fund	<u>26,585</u>
Restated net assets at January 1, 2011	<u>\$ 40,722,985</u>

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

**C. Deficit Fund Balances / Net Assets**

Fund balances / net assets at December 31, 2011 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Dog and kennel	\$ 3,596
Sheriff's rotary	29,163
Litter control grant	29,310
Victims assistance grant	596
Water and sewer maintenance	55,801
Internal service fund	500,952

These funds 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 these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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 2011, the County and public depositories complied with the provisions of these statutes.

#### **A. Cash with Fiscal Agent**

At December 31, 2011, the County had \$1,581,505 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 on Hand**

At December 31, 2011, the County had \$936 in cash on hand which is reported on the financial statements as part of "equity in pooled cash and cash equivalents".

#### **C. Deposits with Financial Institutions**

At December 31, 2011, the carrying amount of all County deposits was \$13,872,084 including cash in segregated accounts. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2011, \$9,298,301 of the County's bank balance of \$14,186,719 was exposed to custodial risk as discussed below, while \$4,888,418 was covered by the FDIC.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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.

**D. Investments**

The County had no investments at December 31, 2011.

**E. 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, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 13,872,084
Cash on hand	936
Cash with fiscal agent	<u>1,581,505</u>
Total	<u>\$ 15,454,525</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 12,683,363
Agency funds	<u>2,771,162</u>
Total	<u>\$ 15,454,525</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

**A. Interfund Transfers**

Interfund transfers for the year ended December 31, 2011, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	
Nonmajor governmental funds	\$ 215,077
 <u>Transfer from emergency ambulance levy fund to:</u>	
Nonmajor governmental funds	<u>45,000</u>
Total transfers	<u>\$ 260,077</u>

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 2011 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, 2011:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General	\$ 57,418	\$ -
County board of DD	-	13,834
Nonmajor governmental	<u>61,446</u>	<u>105,030</u>
Total	<u>\$ 118,864</u>	<u>\$ 118,864</u>

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

**C. Interfund Balances**

Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2011, consist of the following individual fund loan receivable and payable as reported on the fund statements:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General	\$ 19,429	\$ -
Nonmajor governmental	<u>-</u>	<u>19,429</u>
Total	<u>\$ 19,429</u>	<u>\$ 19,429</u>

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, 2011

**NOTE 6 - PROPERTY TAXES**

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing district their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2011 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 2011 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, 2011 was \$11.65 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

Real property	\$ 582,307,800
Public utility personal property	<u>137,351,580</u>
Total assessed value	<u>\$ 719,659,380</u>

**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 Ohio Office of Budget and Management 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 Ohio Office of Budget and Management 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 2011 amounted to \$4,460,643 with the entire amount credited to the general fund.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

During the current year and in a prior year, the County entered into lease agreements for the acquisition of copiers, 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 \$217,092, 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>
2012	\$ 50,009
2013	20,320
2014	12,177
2015	6,734
2016	<u>3,398</u>
Total minimum lease payments	92,638
Less: amount representing interest	<u>(7,144)</u>
Present value of minimum lease payments	<u>\$ 85,494</u>

**NOTE 9 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE**

During 2011, the County entered into two lease purchase agreements with financial institutions to assist in financing telephone and HVAC equipment.

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the County, a corresponding liability was recorded in the government-wide financial statements. Principal payments in 2011 totaled \$36,820 in the general fund. Principal and interest payments are made from the general fund.

Capital assets consisting of machinery and equipment have been capitalized in the amount of \$524,760 in governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 9 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2011:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	\$ 119,296
2013	119,296
2014	119,295
2015	119,295
2016	<u>72,988</u>
Total minimum lease payments	550,170
Less: amount representing interest	<u>(62,230)</u>
Present value of future minimum lease payments	<u>\$ 487,940</u>

**NOTE 10 - 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.

**NOTE 11 - NOTES PAYABLE**

The County issued a \$25,776 note payable on December 23, 2009. The note bears an interest rate of 2.95% and matured on May 23, 2011. The note was issued to purchase easements from landowners. The following is a summary of the note payable activity for 2011:

	<u>Balance 12/31/10</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/11</u>
Easement note	<u>\$ 25,776</u>	<u>\$ -</u>	<u>\$ (25,776)</u>	<u>\$ -</u>

**NOTE 12 - 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, 2011

**NOTE 13 - RECEIVABLES**

Receivables at December 31, 2011, 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, 2011. A summary of the principal items due from other governments:

<u>Fund / Type</u>	<u>Amount</u>
Major funds:	
General fund:	
Local government revenue	\$ 256,001
Payment in lieu of taxes	36
Homestead and rollback	83,721
Miscellaneous reimbursements	<u>30,749</u>
	<u>370,507</u>
Motor vehicle license and gasoline tax fund:	
License, gasoline and permissive taxes	1,965,670
Miscellaneous reimbursements	<u>39,962</u>
	<u>2,005,632</u>
County board of DD fund:	
Payment in lieu of taxes	135
Homestead and rollback	<u>149,849</u>
	<u>149,984</u>
Emergency ambulance levy fund:	
Homestead and rollback	71,495
Assistance to firefighters grant	<u>2,795</u>
	<u>74,290</u>
Other governmental funds:	
Payment in lieu of taxes	32
Homestead and rollback	61,330
Miscellaneous grants and reimbursements	<u>209,337</u>
	<u>270,699</u>
Total due from other governments	<u>\$ 2,871,112</u>

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 14 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011, was as follows:

<b><u>Governmental activities:</u></b>	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 617,503	\$ 39,278	\$ -	\$ 656,781
Construction in progress	<u>2,389,845</u>	<u>919,997</u>	<u>(3,309,842)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>3,007,348</u>	<u>959,275</u>	<u>(3,309,842)</u>	<u>656,781</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	13,826,775	473,342	-	14,300,117
Machinery and equipment	4,110,209	618,581	(41,349)	4,687,441
Vehicles	3,685,542	289,233	(587,533)	3,387,242
Infrastructure	32,558,360	4,189,553	-	36,747,913
Software	<u>475,539</u>	<u>126,638</u>	<u>(10,185)</u>	<u>591,992</u>
Total capital assets, being depreciated	<u>54,656,425</u>	<u>5,697,347</u>	<u>(639,067)</u>	<u>59,714,705</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(8,672,062)	(295,739)	-	(8,967,801)
Machinery and equipment	(3,178,249)	(201,688)	39,015	(3,340,922)
Vehicles	(2,838,853)	(295,482)	570,610	(2,563,725)
Infrastructure	(13,592,210)	(1,463,186)	-	(15,055,396)
Software	<u>(400,316)</u>	<u>(17,911)</u>	<u>10,185</u>	<u>(408,042)</u>
Total accumulated depreciation	<u>(28,681,690)</u>	<u>(2,274,006)</u>	<u>619,810</u>	<u>(30,335,886)</u>
Total capital assets, being depreciated net	<u>25,974,735</u>	<u>3,423,341</u>	<u>(19,257)</u>	<u>29,378,819</u>
Governmental activities capital assets, net	<u>\$ 28,982,083</u>	<u>\$ 4,382,616</u>	<u>\$ (3,329,099)</u>	<u>\$ 30,035,600</u>

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

<b><u>Governmental activities:</u></b>	
General government:	
Legislative and executive	\$ 94,690
Judicial	62,494
Public safety	89,324
Public works	1,716,418
Health	224,518
Human services	85,434
Conservation and recreation	<u>1,128</u>
Total depreciation expense - governmental activities	<u>\$ 2,274,006</u>

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 15 - LONG-TERM OBLIGATIONS**

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

<b>Governmental Activities:</b>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/11</u>	<u>Amount Due in One Year</u>
<b>General obligation bonds:</b>								
Human Services Building	1990	12/1/2016	5.9-7.3%	\$ 215,000	\$ -	\$ (40,000)	\$ 175,000	\$ 35,000
County Garage Building	1999	12/1/2019	5.875-6.5%	595,000	-	(595,000)	-	-
County Garage Building - Refunding Bonds	2011	12/1/2019	1.40-4.00%	-	640,000	(70,000)	570,000	70,000
Juvenile/Probate Court Phones	2002	12/1/2022	1.6-4.5%	560,000	-	(35,000)	525,000	40,000
N. Corridor/Variou Purpose	2004	12/1/2029	4.5-4.99%	1,810,000	-	(60,000)	1,750,000	65,000
<b>Total general obligation bonds</b>				<u>3,180,000</u>	<u>640,000</u>	<u>(800,000)</u>	<u>3,020,000</u>	<u>210,000</u>
<b>Notes</b>								
Hopewell Roof Note	2003	3/20/2013	3.94%	45,000	-	(15,000)	30,000	15,000
Sewer Note	2009	7/1/2019	3.45%	180,000	-	(20,000)	160,000	20,000
<b>Total notes</b>				<u>225,000</u>	<u>-</u>	<u>(35,000)</u>	<u>190,000</u>	<u>35,000</u>
<b>Loans:</b>								
OPWC - Bridge Program	2005	7/1/2016	0.00%	62,964	-	(10,195)	52,769	10,195
OPWC - N. Corridor Sewer	2001	7/1/2021	0.00%	41,080	-	(3,735)	37,345	3,735
OPWC - Bridge Program	2002	7/1/2012	0.00%	15,005	-	(8,400)	6,605	6,605
OPWC - Sewer Replacement	2004	1/1/2024	0.00%	11,574	-	(858)	10,716	858
OPWC - SR 83 Extension	2007	7/1/2029	0.00%	44,260	-	(2,392)	41,868	2,392
OPWC - County Rd. 55	2010	1/1/2032	0.00%	1,575	2,510	-	4,085	1,168
OPWC - County Rd. 495	2010	1/1/2032	0.00%					
Township Rd. 74				22,264	125,359	-	147,623	9,675
OWDA - Fresno/Pearl Wastewater System	2011	11/30/2011	0.00%	-	126,765	(126,765)	-	-
OWDA - Fresno/Pearl Sewer Construction	2010	1/1/2041	1.00%	385,325	26,176	(185,093)	226,408	6,766
<b>Total Loans</b>				<u>584,047</u>	<u>280,810</u>	<u>(337,438)</u>	<u>527,419</u>	<u>41,394</u>
<b>Other long-term obligations:</b>								
Capital Leases				98,258	28,254	(41,018)	85,494	46,162
Lease Purchase Agreements				-	524,760	(36,820)	487,940	96,175
Compensated Absences				1,179,519	547,679	(597,064)	1,130,134	755,988
<b>Total Other Long-Term Obligations</b>				<u>1,277,777</u>	<u>1,100,693</u>	<u>(674,902)</u>	<u>1,703,568</u>	<u>898,325</u>
<b>Total general long-term obligations</b>				<u>\$ 5,266,824</u>	<u>\$ 2,021,503</u>	<u>\$ (1,847,340)</u>	<u>5,440,987</u>	<u>\$ 1,184,719</u>
Add: unamortized premium on bond issuance							9,275	
Less: unamortized deferred charges on refunding							(21,999)	
<b>Total reported on the statement of net assets</b>							<u>\$ 5,428,263</u>	

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 15 - LONG TERM OBLIGATIONS - (Continued)**

The general obligation bonds are direct obligations of the County and 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.

On April 5, 2011, the City issued \$640,000 in County garage building refunding bonds - Series 2011 for the purpose of refunding the County garage building bonds - Series 1999. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding bonds are comprised of current interest bonds, par value \$640,000. The bonds bear interest rates ranging from 1.40% - 4.00%. Principal and interest payments are made from the motor vehicle license and gasoline tax fund and are due on December 1 of each year. The bonds mature on December 1, 2019.

The reacquisition price exceeded the net carrying amount of old debt by \$23,832. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The refunding resulted in \$62,993 in gross debt service savings.

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

The Hopewell roof note and the sewer note will be paid from debt service funds (nonmajor governmental funds) using property tax revenues.

Compensated absences will be paid from the fund from which the employees' salaries are paid, which, for the County, is primarily the general fund, the human services fund (a nonmajor governmental 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. During 2011, the County received \$305,159 in American Recovery and Reinvestment Act funds to be used for the forgiveness of \$305,159 of the County's outstanding OWDA loans. This forgiveness has been presented on the financial statements as a special item. See Note 2.S for additional detail on special items. At December 31, 2011 the balance of the County's OWDA loan is \$226,408.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 15 - LONG TERM OBLIGATIONS - (Continued)**

The annual requirements to retire governmental activities debt are as follows. OPWC loans County Road 55 and County Road 495 are currently “open” meaning the final disbursements have not yet been made from OPWC; therefore, future debt service requirements have not been finalized and are not presented in the schedule of future debt service below.

Year Ending December 31,	General Obligation Bonds		OPWC Loans	OWDA Loans	
	Principal	Interest	Principal	Principal	Interest
2012	\$ 210,000	\$ 135,663	\$ 23,785	\$ 6,766	\$ 2,247
2013	205,000	128,353	17,180	6,834	2,179
2014	210,000	120,788	17,180	6,902	2,111
2015	220,000	112,368	17,180	6,972	2,042
2016	225,000	102,755	18,974	7,041	1,972
2017 - 2021	925,000	371,488	34,920	36,280	8,786
2022 - 2026	620,000	181,843	14,096	38,136	6,930
2027 - 2031	405,000	38,129	5,988	40,086	4,980
2032 - 2036	-	-	-	42,136	2,930
2037 - 2041	-	-	-	35,255	798
<b>Total</b>	<b>\$ 3,020,000</b>	<b>\$ 1,191,387</b>	<b>\$ 149,303</b>	<b>\$ 226,408</b>	<b>\$ 34,975</b>

Year Ending December 31,	Note Payable		Total	
	Principal	Interest	Principal	Interest
2012	\$ 35,000	\$ 6,702	\$ 275,551	\$ 144,612
2013	35,000	5,421	264,014	135,953
2014	20,000	4,140	254,082	127,039
2015	20,000	3,450	264,152	117,860
2016	20,000	2,760	271,015	107,487
2017 - 2021	60,000	4,140	1,056,200	384,414
2022 - 2026	-	-	672,232	188,773
2027 - 2031	-	-	451,074	43,109
2032 - 2036	-	-	42,136	2,930
2037 - 2041	-	-	35,255	798
<b>Total</b>	<b>\$ 190,000</b>	<b>\$ 26,613</b>	<b>\$ 3,585,711</b>	<b>\$ 1,252,975</b>

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.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 15 - LONG TERM OBLIGATIONS - (Continued)**

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 \$13,548,977 at December 31, 2011 and the unvoted legal debt margin was \$7,196,594 at December 31, 2011.

**NOTE 16 - 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-three 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-three members.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 16 - RISK MANAGEMENT - (Continued)**

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
Foster parents	6,000,000
Accounts receivable	1,000,000
Property - total covered value	83,370,272
Other property insurance:	
Bridges	845,000
Sewer line coverage	5,932,582
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.

**B. Workers' Compensation**

The County participated in the County Commissioners Association of Ohio Workers' Compensation Group Retro 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. Performance discounts are given to pool members based on experience. 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. At the end of December 31, 2011, this plan provided 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 \$1,391 family coverage, \$585 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.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 16 - RISK MANAGEMENT - (Continued)**

The claims liability of \$511,430 reported in the fund at December 31, 2011, 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 2011 and 2010 were:

		<u>Balance at</u> <u>Beginning of Year</u>		<u>Current</u> <u>Year Claims</u>		<u>Claim</u> <u>Payments</u>		<u>Balance at</u> <u>End of Year</u>
2011	\$	333,295	\$	2,976,298	\$	(2,798,163)	\$	511,430
2010		354,358		2,414,646		(2,435,709)		333,295

**NOTE 17 - 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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 2011, 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 2011 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 11.00% and 11.60%, respectively. The County's contribution rate for 2011 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10% of covered payroll.

## COSHOCTON COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### NOTE 17 - PENSION PLANS - (Continued)

The County's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The County's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. For those plan members in law enforcement and public safety pension contributions were 14.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$1,408,826, \$1,364,522, and \$1,258,237, respectively; 89.90% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$21,875 made by the County and \$15,625 made by the plan members.

#### B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 2011, 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% for members and 14 % 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, 2011, 2010, and 2009 were \$38,752, \$50,208, and \$65,826, respectively; 100% has been contributed for 2011, 2010 and 2009. There were no contributions for the DCP and CP for 2011.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 18 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement**

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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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 administered 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 2011, local government employers contributed 14.00% of covered payroll (18.10% 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 members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

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, 2011, 2010, and 2009 were \$537,490, \$725,808, and \$863,309, respectively; 89.90% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

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, 2011

**NOTE 18 - 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](http://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 2011, 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, 2011, 2010, and 2009 were \$2,981, \$3,861, and \$5,064, respectively; 100 % has been contributed for 2011, 2010 and 2009.

**NOTE 19 - RELATED PARTY TRANSACTIONS**

Hopewell Industries, Inc., a component unit of Coshocton County, received in-kind contributions in the amount of \$95,187 during 2011 from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. The Coshocton County Board of Developmental Disabilities expended \$151,478 in the operation of Hopewell Industries, Inc. during 2011.

Coshocton County Airport authority is a component unit of Coshocton County. During 2011, the County Airport Authority received an operating transfer from the County in the amount of \$6,236.

**NOTE 20 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, the motor vehicle license and gasoline tax fund, the county board of DD fund and the emergency ambulance levy fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 20 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (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 restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>	Motor Vehicle License and <u>Gasoline Tax</u>	County Board of <u>DD</u>	Emergency Ambulance <u>Levy</u>
Budget basis	\$ (327,901)	\$ (383,872)	\$ (585,545)	\$ 140,810
Net adjustment for revenue accruals	(133,164)	608,448	197,358	(44,749)
Net adjustment for expenditure accruals	(530,648)	(468,065)	(273,177)	26,767
Net adjustment for other sources/uses	571,943	-	-	-
Funds budgeted elsewhere	53,206	-	-	-
Adjustment for encumbrances	<u>340,517</u>	<u>170,405</u>	<u>382,743</u>	<u>188,919</u>
GAAP basis	<u>\$ (26,047)</u>	<u>\$ (73,084)</u>	<u>\$ (278,621)</u>	<u>\$ 311,747</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the county recorder equipment fund and the certificate of title administration fund.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 21 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Motor Vehicle and Gas Tax Fund	County Board of DD Fund	Emergency Ambulance Levy Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>						
Prepays	\$ 73,577	\$ -	\$ -	\$ -	\$ -	\$ 73,577
Materials and supplies inventory	61,341	339,812	2,807	40,128	9,280	453,368
Unclaimed monies	<u>27,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,069</u>
<b>Total nonspendable</b>	<u>161,987</u>	<u>339,812</u>	<u>2,807</u>	<u>40,128</u>	<u>9,280</u>	<u>554,014</u>
<b>Restricted:</b>						
Capital projects	-	-	-	-	243,999	243,999
Debt service	-	-	-	-	52,417	52,417
Public works	-	872,272	-	-	100,619	972,891
Human services	-	-	-	-	851,307	851,307
Health	-	-	4,601,624	-	284,976	4,886,600
General government operations	-	-	-	-	720,005	720,005
Public safety programs	-	-	-	-	655,105	655,105
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,177</u>	<u>42,177</u>
<b>Total restricted</b>	<u>-</u>	<u>872,272</u>	<u>4,601,624</u>	<u>-</u>	<u>2,950,605</u>	<u>8,424,501</u>
<b>Committed:</b>						
Capital projects	-	-	-	-	94,635	94,635
Debt service	-	-	-	-	25,075	25,075
Human services	-	-	-	-	156,167	156,167
Health	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,579,649</u>	<u>-</u>	<u>1,579,649</u>
<b>Total committed</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,579,649</u>	<u>275,877</u>	<u>1,855,526</u>
<b>Assigned:</b>						
Public works	34,418	-	-	-	-	34,418
Human services	28,690	-	-	-	-	28,690
General government operations	165,396	-	-	-	-	165,396
Public safety programs	45,040	-	-	-	-	45,040
Other purposes	1,256	-	-	-	-	1,256
Subsequent year appropriations	<u>1,192,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,192,648</u>
<b>Total assigned</b>	<u>1,467,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,467,448</u>
<b>Unassigned (deficit)</b>	<u>511,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,381)</u>	<u>391,192</u>
<b>Total fund balances</b>	<u>\$ 2,141,008</u>	<u>\$ 1,212,084</u>	<u>\$ 4,604,431</u>	<u>\$ 1,619,777</u>	<u>\$ 3,115,381</u>	<u>\$ 12,692,681</u>

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 22 - OTHER COMMITMENTS**

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year - End</u> <u>Encumbrances</u>
General	\$ 274,800
Motor vehicle and gas tax	125,880
County board of DD	337,814
Emergency ambulance levy	154,357
Other governmental	<u>434,355</u>
Total	<u>\$ 1,327,206</u>

**NOTE 23 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT**

**A. Reporting Entity**

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

**B. Summary of Significant Accounting Policies**

The Airport reports its operations as a single enterprise fund. Enterprise accounting is used to report any activity for which a fee is charged to external users for goods or services.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 23 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -  
(Continued)**

1. *Measurement Focus and Basis of Accounting*

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

2. *Cash*

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

3. *Capital Assets*

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

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

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

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

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

4. *Estimates*

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

**C. Deposits and Investments**

At year end, the carrying amount of the Airport's deposits was \$200,496 and the bank balance was \$17,863. The entire balance was covered by Federal Deposit Insurance Corporation. The Airport has no investments.

**COSHOCTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 23 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -  
(Continued)**

**D. Capital Assets**

	Balance 12/31/10	Additions	Deductions	Balance 12/31/11
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,339	\$ -	\$ -	\$ 11,339
Construction in progress	<u>727,548</u>	<u>334,947</u>	<u>(1,062,495)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>738,887</u>	<u>334,947</u>	<u>(1,062,495)</u>	<u>11,339</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	675,000	-	-	675,000
Infrastructure	3,868,350	1,062,495	-	4,930,845
Vehicles	14,394	-	-	14,394
Furniture and equipment	<u>292,627</u>	<u>-</u>	<u>-</u>	<u>292,627</u>
Total cost	<u>4,850,371</u>	<u>1,062,495</u>	<u>-</u>	<u>5,912,866</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(205,000)	(11,250)	-	(216,250)
Infrastructure	(880,652)	(197,234)	-	(1,077,886)
Vehicles	(14,394)	-	-	(14,394)
Furniture and equipment	<u>(213,591)</u>	<u>(4,683)</u>	<u>-</u>	<u>(218,274)</u>
Total accumulated depreciation	<u>(1,313,637)</u>	<u>(213,167)</u>	<u>-</u>	<u>(1,526,804)</u>
Total capital assets, being depreciated net	<u>3,536,734</u>	<u>849,328</u>	<u>-</u>	<u>4,386,062</u>
Total capital assets, net	<u>\$ 4,275,621</u>	<u>\$ 1,184,275</u>	<u>\$ (1,062,495)</u>	<u>\$ 4,397,401</u>

**NOTE 24 - 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.

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 24 - HOPEWELL INDUSTRIES, INC - COMPONENT UNIT - (Continued)**

**B. Basis of Accounting**

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

Current funds - unrestricted funds represent resources over which the Board of Trustees 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 \$33,770 and the bank balance was \$40,222. The entire bank balance was covered by the Federal Deposit Insurance Corporation. Additionally, at December 31, 2011 the Workshop had \$175 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, 2011

**NOTE 24 - HOPEWELL INDUSTRIES, INC - COMPONENT UNIT - (Continued)**

**D. Investments**

As of December 31, 2011, the Workshop had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Greater than 24 months</u>
Corporate bonds	\$ 76,329	\$ 76,329
Mutual funds	<u>83,734</u>	<u>83,734</u>
 Total	 <u>\$ 160,063</u>	 <u>\$ 160,063</u>

The Workshop follows the County's investment policy.

*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* - The Workshop's investments in corporate bonds carry ratings of AA+ and Aaa by Standard & Poor's and Moody's, respectively.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Workshop will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Workshop's investments in corporate bonds 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 Workshop's name. The County has no investment policy dealing with investment custodial risk beyond the requirement in State Statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk* - The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by Hopewell Industries, Inc. at December 31, 2011:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Corporate bonds	\$ 76,329	47.69
Mutual funds	<u>83,734</u>	<u>52.31</u>
 Total	 <u>\$ 160,063</u>	 <u>100.00</u>

**COSHOCTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 24 - HOPEWELL INDUSTRIES, INC - COMPONENT UNIT - (Continued)**

**E. Equipment and Buildings**

The following is a summary of equipment and capital improvements at December 31, 2011.

Furniture, fixtures & vehicles	\$ 88,347
Building improvements	27,549
Equipment	<u>74,705</u>
	190,601
Less: Accumulated depreciation	<u>(162,637)</u>
Net equipment and capital improvements	<u>\$ 27,964</u>

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**COSHOCTON COUNTY**  
**FEDERAL AWARDS EXPENDITURES SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>			
<i>Direct:</i>			
Appalachian Area Development	OH-16186-09	23.002	\$23,475
<b>Total Appalachian Regional Commission</b>			<b>\$23,475</b>
<b><u>U.S DEPARTMENT OF THE ARMY</u></b>			
<i>Direct:</i>			
ARRA - North Dakota Environmental Infrastructure (Section 594)	N/A	12.118	178,394
<b>Total U.S. Department of the Army</b>			<b>178,394</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through the Ohio Rehabilitation Services Commission:</i>			
<i>Vocational Rehabilitation Cluster:</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	N/A	84.126	251,496
<i>Passed through the Ohio Department of Education:</i>			
<i>Adult Education - Basic Grants to States Program:</i>			
Adult Education - Basic Grants to States	ABS1-2011	84.002	37,265
Adult Education - Basic Grants to States	ABS1-2012	84.002	50,475
Total Adult Education - Basic Grants to States Program			87,740
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States (IDEA, Part B)	6BSF-2011	84.027	24,832
Special Education - Grants to States (IDEA, Part B)	6BSF-2012	84.027	5,518
Special Education - Preschool Grants (IDEA Preschool)	6BSF-2011	84.173	8,930
Special Education - Preschool Grants (IDEA Preschool)	6BSF-2012	84.173	1,978
ARRA - Special Education - Grants to States (IDEA, Part B)	6BSF-2011	84.391	9,308
ARRA - Special Education - Preschool Grants (IDEA Preschool)	6BSF-2011	84.392	25
Total Special Education Cluster (IDEA)			50,591
<b>Total U.S. Department of Education</b>			<b>389,827</b>
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>			
<i>Passed through the Ohio Department of Development:</i>			
ARRA - Energy Efficiency and Conservation Block Grant Program	ARRA-EECBG-10-10	81.128	479,298
<b>Total U.S. Department of Energy</b>			<b>479,298</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through the City of Coshocton:</i>			
<i>CDBG - State Administered Cluster:</i>			
Community Development Block Grants/State's Program	N/A	14.228	58,000
<i>Passed through the Ohio Department of Development:</i>			
<i>CDBG - State Administered Cluster:</i>			
Community Development Block Grants/State's Program	B-F-09-016-1	14.228	1,520
Community Development Block Grants/State's Program	B-W-09-016-1	14.228	579,011
Community Development Block Grants/State's Program	B-C-09-016-1	14.228	54,318
Community Development Block Grants/State's Program	B-F-10-1AP-1	14.228	31,663
Total CDBG - State Administered Cluster			666,512
HOME Investment Partnerships Program	B-C-09-016-2	14.239	264,238
<b>Total U.S. Department of Housing and Urban Development</b>			<b>988,750</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through Ohio Department of Aging</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	N/A	93.044	21,811
<i>Passed through National Association of County and City Health Officials</i>			
Medical Reserves Corp Small Grant Program	IMRCSG101005-01	93.008	3,358
<i>Passed through the Ohio Secretary of State:</i>			
Voting Access for Individuals with Disabilities Grants to States	N/A	93.617	200
<i>Passed through the Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant	N/A	93.667	37,990
<i>Medical Assistance Program:</i>			
Medical Assistance Program	N/A	93.778	129,956
ARRA - Medical Assistance Program	N/A	93.778	16,412
Total Medical Assistance Program			146,368
<i>Passed through the Ohio Department of Job and Family Services</i>			
<i>Temporary Assistance for Needy Families Cluster:</i>			
Temporary Assistance for Needy Families	G-1011-11-5024	93.558	862,667
Child Support Enforcement	G-1011-11-5024	93.563	603,661
<i>CCDF Cluster:</i>			
Child Care and Development of Block Grant	G-1011-11-5024	93.575	29,015
Child Care and Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5024	93.596	31,661
Total CCDF Cluster			60,676
<i>Foster Care Program:</i>			
Foster Care	G-1011-11-5024	93.658	132,885
ARRA - Foster Care	G-1011-11-5024	93.658	853
Total Foster Care Program:			133,738

**COSHOCTON COUNTY**  
**FEDERAL AWARDS EXPENDITURES SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
Promoting Safe and Stable Families	G-1011-11-5024	93.556	38,596
Community Based Child Abuse Prevention Grants	G-1011-11-5024	93.590	1,877
Grants to States for Access and Visitation Programs	G-1011-11-5024	93.597	43,617
Child Welfare Services State Grant	G-1011-11-5024	93.645	67,239
Adoption Assistance Program	G-1011-11-5024	93.659	242,165
Social Services Block Grant	G-1011-11-5024	93.667	530,854
Chafee Foster Care Independence Program	G-1011-11-5024	93.674	8,693
Medical Assistance Program	G-1011-11-5024	93.778	312,440
<b>Total U.S. Department of Health and Human Services</b>			<b>3,115,950</b>
<b><u>Election Assistance Commission</u></b>			
<i>Passed through the Ohio Secretary of State:</i>			
HAVA Title II, 251	N/A	90.401	1,032
<b>Total Election Assistance Commission</b>			<b>1,032</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through the Ohio Department of Job and Family Services</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1011-11-5024	10.561	301,714
<b>Total U.S. Department of Agriculture</b>			<b>301,714</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed through the Ohio Office of Criminal Justice Services:</i>			
Crime Victims Assistance Program:			
Crime Victims Assistance	2011VAGENE001	16.575	15,663
Crime Victims Assistance	2012VAGENE001	16.575	3,997
Total Crime Victims Assistance Program			19,660
<b>Total U.S. Department of Justice</b>			<b>19,660</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SAFETY</u></b>			
<i>Direct:</i>			
Assistance to Firefighters Grant	EMW-2010-FO-05153	97.044	78,205
<i>Passed through the Ohio Department of Public Safety:</i>			
Hazard Mitigation Grant	FEMA-DR-1805-OH	97.039	2,262
Homeland Security Cluster:			
Homeland Security Grant Program	2008-GE-T8-0025	97.067	6,433
Homeland Security Grant Program	2009-SS-T9-0089	97.067	42,711
Homeland Security Grant Program	2010-SS-T0-0012	97.067	21,052
Total Homeland Security Cluster			70,196
Emergency Management Performance Grants Program:			
Emergency Management Performance Grants	2010-EP-00-0003	97.042	5,453
Emergency Management Performance Grants	EMW-2011-EP-00003-S01	97.042	42,509
Total Emergency Management Performance Grants Program:			47,962
<b>Total U.S. Department of Homeland Safety</b>			<b>198,625</b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<i>Passed through Area 7 Workforce Investment Board</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program (SFY 10)	2010-7216-1	17.258	19,023
WIA Adult Program (SFY 10) - Admin	2010-7216-1	17.258	917
WIA Adult Program (SFY 11)	2011-7216-1	17.258	131,781
WIA Adult Program (SFY 11) - Admin	2011-7216-1	17.258	5,771
WIA Adult Program (SFY 12)	2012-7216-1	17.258	34,637
WIA Adult Program (SFY 12) - Admin	2012-7216-1	17.258	1,346
Total WIA - Adult			193,475
WIA Youth Activities (SFY 10)	2010-7216-1	17.259	86,592
WIA Youth Activities (SFY 10) - Admin	2010-7216-1	17.259	1,042
WIA Youth Activities (SFY 11)	2011-7216-1	17.259	14,340
WIA Youth Activities (SFY 11) - Admin	2011-7216-1	17.259	872
Total WIA - Youth			102,846
WIA Dislocated Workers (SFY 10)	2010-7216-1	17.260	11,672
WIA Dislocated Workers (SFY 10) - Admin	2010-7216-1	17.260	917
WIA Dislocated Workers (SFY 11)	2011-7216-1	17.260	93,343
WIA Dislocated Workers (SFY 11) - Admin	2011-7216-1	17.260	7,218
WIA Dislocated Workers (SFY 11) - Admin	2011-7216-1	17.278	665
WIA Dislocated Workers (SFY 12)	2012-7216-1	17.278	15,051
WIA Dislocated Workers (SFY 12) - Admin	2012-7216-1	17.278	1,346
Total WIA - Dislocated Workers			130,212
Total Workforce Investment Act Cluster			426,533
<b>Total U.S. Department of Labor</b>			<b>426,533</b>

**COSHOCTON COUNTY**  
**FEDERAL AWARDS EXPENDITURES SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed through the Ohio Department of Transportation:</i>			
Highway Planning and Construction	N/A	20.205	802,800
Transit Services Program Cluster:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	OH-16-X005	20.513	81,760
New Freedom Program	OH-57-X031	20.521	1,867
Total Transit Services Program Cluster			<u>83,627</u>
<i>Passed through the Ohio Department of Public Safety:</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	HM-HMP-0196-10-01-00	20.703	2,220
<b>Federal Aviation Administration (FAA)</b>			
<i>Direct:</i>			
Airport Improvement Program	3-39-0028-1509 / 3-39-0028-1610 / 3-39-0028-1711	20.106	199,326
<b>Total Federal Aviation Administration (FAA)</b>			<u>199,326</u>
<b>Total U.S. Department of Transportation</b>			<u>1,087,973</u>
<b>Total</b>			<u><u>\$7,211,231</u></u>

The accompanying notes are an integral part of this schedule.

**COSHOCTON COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports Coshocton County's (the County's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The County passes certain federal awards received from the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

Federal awards were passed through to subrecipients during 2011 as follows:

Program Title/ Subrecipient	Federal CFDA Number	Amount
Temporary Assistance to Need Families	93.558	
<i>Passed through to:</i>		
River View Local School District		\$44,241
Ridgewood Local School District		29,787
Coshocton City School District		<u>20,800</u>
<b>Total:</b>		<b>\$94,828</b>

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE D - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2011, the County made allowable transfers of \$310,387 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$862,667 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2011 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,173,054
Transfer to Social Services Block Grant	<u>(310,387)</u>
<b>Total Temporary Assistance for Needy Families</b>	<b><u>\$ 862,667</u></b>

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Coshocton County  
349 Main Street  
Coshocton, Ohio 43812

To the County 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, Ohio, (the County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 19, 2012, wherein we were unable to obtain evidence to support the December 31, 2011 book balance of the Coshocton Regional Airport Authority. In addition, Coshocton County adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Except as discussed in the second preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for 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 and Questioned Costs we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider a significant deficiency.

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 entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 through 2011-004 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-005 described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

### **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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 19, 2012.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Cost. We did not audit the County's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, County Commissioners, and federal awarding agencies and pass-through entities and others within the County. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

September 19, 2012



# Dave Yost • Auditor of State

## 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  
349 Main Street  
Coshocton, Ohio 43812

To the County Commissioners:

### Compliance

We have audited the compliance of Coshocton County, Ohio (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 could directly and materially affect each of the Coshocton County's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying Schedule of Findings and Questioned Costs 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 opine on the County's compliance based on our audit.

Our compliance audit followed 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*. These 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 these requirements and performing 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 these requirements.

In our opinion, Coshocton County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings and Questioned Costs lists these instances as Findings 2011-006 and 2011-007.

### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

*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 internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies, described in the accompanying Schedule of Findings and Questioned Costs as items 2011-006 and 2011-007. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 19, 2012.

The County's responses to the findings we identified are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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



**Dave Yost**  
Auditor of State

September 19, 2012

**COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified, Adverse for component unit opinion unit
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	#14.228 – Community Development Block Grants/State's Program #81.128 – ARRA – Energy Efficiency and Conservation Block Grant Program #17.258, 17.259, 17.260 and 17.278 – Workforce Investment Act Cluster #93.558 – Temporary Assistance for Needy Families #93.563 – Child Support Enforcement #20.205 – Highway Planning and Construction
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

1. **Finding for Recovery - Ohio Rev. Code Sections 149.43(B) and 149.351(A)**

<i>Finding Number</i>	2011-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

**Ohio Revised Code Section 149.43(B)(1) and (B)(2)** state, in part, "all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours...In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection."

**Ohio Revised Code Section 149.351 (A)** establishes guidelines against the destruction or damage of records and states, in part,, "All records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law."

**State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During the course of the audit, we noted approximately 144 credit card transactions totaling \$7,376 that were not initially substantiated by an invoice or receipt. Upon request, certain invoices were provided for some but not all credit card transactions. After further review of the invoices for purchases incurred by David Johnson, former Fiscal Officer, it was determined credit card transactions totaling \$1,450 remained unsupported.

Also, a check made out to former Fiscal Officer, David Johnson, for petty cash in the amount of \$176 was cashed but could not be verified as being included in the petty cash box nor were any receipts maintained to support the \$176.

As a result, the aforementioned expenditure transaction is considered to be not for a proper public purpose. It is apparent that a lack of segregation of duties exist which lead to the increased risk of misappropriation of Airport assets.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against David L. Johnson, former Fiscal Officer, in the amount of \$1,626. This finding for recovery is issued in favor of the Coshocton County Regional Airport Authority's General Fund.

The Airport should implement policies and procedures that address credit card and petty cash. This will help strengthen the Airport's internal control environment as well as help reduce the risk that Airport assets are misappropriated.

**Finding Number 2011-001 (Continued)**

**Official's Response:** Policy and procedures on credit card procedures and petty cash accountability have been addressed in two board meetings (5/10/12 & 6/14/12). Both have met with approval from board members. They will be instituted in the policy & procedure manual being created.

2. **Finding for Recovery - Ohio Rev. Code Sections 2921.42 (A) (4) and (5) and 102.03 (D) and (E)**

<i>Finding Number</i>	2011-002
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NONCOMPLIANCE AND MATERIAL WEAKNESS

**Ohio Rev. Code Section 2921.41 (A) (1) and (2)** states, in part, that no public official or party official shall commit any theft offense, as defined in division (K) of section 2913.01 of the Revised Code, when either of the following applies: (1) The offender uses the offender's office in aid of committing the offense or permits or assents to its use in aid of committing the offense and (2) The property or service involved is owned by this state, any other state, the United States, a county, a municipal corporation, a township, or any political subdivision, department, or agency of any of them, is owned by a political party, or is part of a political campaign fund. **Ohio Rev. Code Section 2921.41 (B)** states, in part, that whoever violates this section is guilty of theft in office.

**State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

We noted the former Fiscal Officer, David Johnson's personal cell phone was added to the Airport's Verizon Wireless plan and paid for by the Airport without knowledge or consent by the Airport's Board. Charges related to the former Fiscal Officer's personal cell phone that were paid for by the Airport totaled \$2,191.

Also, the former Fiscal Officer, David Johnson was in possession of an Airport owned cell phone and lap top computer. Upon Mr. Johnson's termination of employment, neither the cell phone nor lap top computer was returned to the Airport. As a result, this matter will be referred to the Coshocton County Sheriff's Department for any action deemed necessary.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against David L. Johnson, former Fiscal Officer, in the amount of \$2,191. This finding for recovery is issued in favor of the Coshocton County Regional Airport Authority's General Fund.

The Airport should implement policies and procedures that address cell phone usage. This will help strengthen the Airport's internal control environment as well as help reduce the risk that Airport assets are misappropriated.

**Official's Response:** The cell phones in question have been requested of David Johnson as well as the lap top are being addressed through the Coshocton County Sheriff's Department. Currently, there are no Airport owned cell phones under contract.

### 3. Airport Bank Reconciliation

<i>Finding Number</i>	2011-003
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#### MATERIAL WEAKNESS

The Airport's general checking, high yield savings, and federal bank accounts were not reconciled to the Airport's monthly book balances throughout 2011 by the former Airport Fiscal Officer. Formalized monthly general checking/high yield savings/federal bank account reconciliations were not evident. As of December 31, 2011, it was determined the outstanding checklists and deposits in transit were not accurate (i.e., outstanding checks were stale dated and evidence did not support the validity of the expenditure) and the outstanding bank deposits were not received in subsequent months. Consequently, evidence does not exist to support the general checking, high yield savings, and federal bank balance reconciles to the carrying amount of the Airport's financial statements.

The following errors were identified with the December 31, 2011 bank reconciliation:

- The general checking statement reflected \$117,884 less than the carrying amount on the Airport reconciliation or the ending balance reflected on the trial balance.
- Outstanding deposits totaling \$122,900 and \$20,039 on the December 31, 2011 Reconciliation Detail Reports for the general checking and high balance savings account, respectively were found to be unsubstantiated.
- The December 31, 2011 Reconciliation Detail Report for the general checking account did not reflect checks totaling \$13,834 from November 2011 that were still outstanding at December 31, and the outstanding checklist included checks as outstanding at year end that in fact were not outstanding.
- The December 31, 2011 Reconciliation Detail Report reported outstanding checks totaling \$3,713 from the general checking account and \$2,378,145 from the high balance savings account. These totals could not be verified.
- The Airport's 2011 year-end Financial Report beginning cash balance, receipts/expenditures and ending cash balance do not reconcile to the same activity reflected on the County's financial statements by \$64,749.

As a result, the risk that funds could be misappropriated or errors and omissions could go undetected is increased. Also, an adverse financial statement opinion is issued due to the lack of adequate bank account reconciling item supporting documentation which leads to a carrying amount on the Airport's books that could not be substantiated.

The Airport Fiscal Officer should perform an all inclusive general checking, high balance savings, and federal bank account reconciliation monthly and at year-end. The reconciliations should clearly identify the bank balances and each reconciling item that reduces or increases the bank balances to the Airport's balance presented on the Airport's ledgers. Support should be maintained for all reconciling items noted in the monthly reconciliation. All errors affecting the Airport's accounting system identified during the reconciliation process should be timely presented to the Fiscal Officer so the accounting system may be appropriately updated. This will help strengthen the Airport's internal controls over the reconciliation process and ensure errors or omissions are detected timely reducing the risk funds could be misappropriated.

**Finding Number 2011-003 (Continued)**

**Official's Response:** The Airport has implemented many controls that will correct the problems brought up during the audit. The Airport Board is still currently in discussion concerning an independent audit company/person to review our past records. Currently, until a new accounting system is located and purchased, we are going forward with the day to day operations and accounting for all expenditures using excel spreadsheets as well as using the Quick Books system for creating sales receipts for all fuel sales and supplies sold. We are using the Quick Books system for billing for the hangars as well as for creating our monthly statements to account holders who have a fuel or hangar rent balance.

**4. Financial Reporting**

<i>Finding Number</i>	2011-004
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MATERIAL WEAKNESS

As a result of audit procedures performed, errors were noted in the County's financial statements and GAAP conversion that required audit adjustments and reclassifications as follows:

- Accounts Receivable in the Emergency Ambulance Levy Fund was understated by \$592,225 due to delinquent amounts which are still in the process of collection but were not being reported;
- Intergovernmental Revenue and Public Works Expenditures on the Motor Vehicle License and Gas Tax Fund Budgetary versus Actual Statement were understated by \$619,795 since on-behalf disbursements made by the Ohio Department of Transportation were not reported;
- Invested in Capital Assets, Net of Related Debt of \$27,964 was not reported for the Hopewell Industries Component Unit;
- Capital Grants and Contributions of \$66,046 was incorrectly reported as Operating Grants and Contributions for the Regional Airport Authority;
- Contracts Payable of \$66,046 was incorrectly excluded from the Regional Airport Authority;
- Other Revenue and Public Works Expenditures were over reported by \$123,141 in the General Fund due to recording a capital lease transaction twice;
- The Unclaimed Monies Fund balance of \$26,585 was incorrectly reported as an Agency Fund instead of being reported within the General Fund;
- Real and Other Taxes Receivable and Unearned Revenue of \$127,390 was not reported in the North Corridor - County Road 55 Fund;
- Various other revenue and equity reclassifications were also made.

Sound financial reporting is the responsibility of the County Auditor and Board of Commissioners and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the County's financial statements and notes to the financial statements are complete and accurate, the County should adopt policies and procedures, including a final review of the statements and notes by the County Auditor and Board of Commissioners, to identify and correct errors and omissions.

The financial statements have been adjusted accordingly.

**Finding Number 2011-004 (Continued)**

**Official's Response:** The County recognizes the need for sound financial reporting. We will continue to work with the individual departments, recommending policy and procedure implementation where needed to clarify certain records and providing guidance in all areas. Information and recommendations will be shared with the Regional Airport Authority and Hopewell Industries, as component units, as well. The County will add an additional level of internal review and approval to enhance the internal control procedures related to financial reporting. We will also work closely with our GAAP conversion consultants to ensure the financial statements are both complete and accurate and already have a meeting scheduled to review these weaknesses in order to avoid them on future reports.

**5. Office of Management and Budget (OMB) Circular A-133, Section .310 (b)**

<i>Finding Number</i>	2011-005
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SIGNIFICANT DEFICIENCY

**Office of Management and Budget (OMB) Circular A-133, Section .310 (b)** requires recipients to prepare a Federal Awards Expenditures Schedule that should include, among other things, providing the total federal awards expended for each individual federal program.

During 2011, the County received and expended Medicaid Administrative Claim monies from the Ohio Department of Developmental Disabilities, an infrastructure grant from the US Army of Corps of Engineers, and a grant from the Appalachian Regional Commission. The County did not report the related program expenditures totaling \$129,956, \$178,394, and \$23,475, respectively. The County did not report the ARRA portion of a Special Education grant in the amount of \$9,333. Also, the County entered into a sub recipient agreement with the City of Coshocton where the County would receive federal funds for the Neighborhood Stabilization Program. Related expenditures totaling \$58,000 were excluded from reporting. Lastly, certain grant expenditures reported included state or local monies expended for 2010 federal grant expenditures. Errors and omissions to the Federal Awards Expenditure Schedule could have an adverse effect on future grant awards by the awarding agency or agencies in addition to an inaccurate assessment of major federal programs that would be subjected to audit. The County's Federal Awards Expenditures Schedule has been adjusted accordingly.

County departments should review all grant and loan awards and be familiar with federal reporting requirements. Departments should implement a system to track all federal expenditures separately from other expenditures and report federal expenditures with proper support including, but not limited to, grant agreements, calculation of the expenditures, and any federal reporting requirements. This will help ensure the Federal Awards Expenditure Schedule is complete and accurate and major federal programs are correctly identified for audit.

The Federal Awards Expenditure Schedule has been adjusted accordingly.

**Official's Response:** The Federal Awards Expenditures Schedule (FAES) is an important element of the County's financial statements and GAAP conversion. While we will continue to use the information reported on the Federal Financial Assistance forms provided by the individual offices, we will augment the FAES by verifying the grant amounts through various websites. The Auditor of State's Audit Team has agreed to share the URLs of such websites for future use. The NSP Grant had been on a previous FAES, but we were advised by another audit team to omit it. This will be restored to any future FAES.

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

**1. 2 CFR Part 225 Section 37.c of Appendix B**

<b>Finding Number</b>	2011-006
<b>CFDA Title and Number</b>	Temporary Assistance for Needy Families, CFDA # 93.558
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**QUESTIONED COST/NON-COMPLIANCE/SIGNIFICANT DEFICIENCY – Allowable Costs/Cost Principles, Equipment and Real Property Management and Period of Availability**

**2 CFR Part 225 Section 37.c of Appendix B** indicates rental costs under “less-than-arm’s-length” leases are allowable only up to the amount (as explained in section 37.b of the appendix) that would be allowable had title to the property vested in the County. For this purpose, a less-than-arm’s length lease is one under which one party to the lease agreement (the County) is able to control or substantially influence the actions of the other (the County Department of Jobs and Family Services). Such leases included, but are not limited to those between divisions of a governmental unit. 2 CFR Part 225 App.B Section 37.b indicates the allowable amounts to be considered had the County Job and Family Services held title to the property include expenses such as depreciation or use allowance, maintenance, taxes and insurance.

**2 CFR Part 225 Section 23.b of Appendix B** states financing costs (including interest) paid or incurred which are associated with the otherwise allowable costs of building acquisition, construction, or fabrication, reconstruction or remodeling completed on or after October 1, 1980 is allowable subject to the conditions in section 23.b (1) through (4) of the appendix.

The Coshocton County Department of Job and Family Services (CCJFS) leases a facility from the Coshocton County Board of Commissioners. Since both parties are divisions of the same governmental unit, this lease agreement appears to constitute a “less-than-arm’s-length” agreement and is therefore subject to the limitations of 2 CFR Part 225, App. B Section 37.c. During 2011, the CCJFS paid \$55,695 in rent to the Coshocton County Commissioners.

**2 CFR Part 225, Section 11.a of Appendix B** states that depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowances. A combination of the two methods may not be used in connection with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.) except as provided for in subsection g. Except for enterprise funds and internal service funds that are included as part of a State/local cost allocation plan, classes of assets shall be determined on the same basis used for the government-wide financial statements.

<b><i>Finding Number</i></b>	<b>2011-006 (Continued)</b>
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**2 CFR Part 225, Section 11.d(1) of Appendix B** further states that the period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment used, historical usage patterns, technological developments, and the renewal and replacement policies of the governmental unit followed for the individual items or classes of assets involved. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight line method of depreciation shall be used. Additionally, Ohio Admin. Code Section 5101:9-4-11(A) indicates, the county family service agency shall follow federal, state, and local regulations when seeking federal financial participation for costs associated with the rent or lease of property or equipment. The costs must be necessary and reasonable for proper and efficient performance and administration of the specific program financing the cost and must be in compliance with Code of Federal Regulations 2 C.F.R. Part 225.

**2 CFR Part 225, Sections 37.b and c of Appendix B**, specify that allowable rental charges are depreciation on the asset, interest on related debt, taxes, maintenance, and insurance. For 2011, depreciation on the building was \$27,650 and interest paid on the debt of the building was \$15,695. Total allowable costs are \$43,345. Taxes, maintenance, and insurance are charged separately by the CCJFS, when applicable. CCJFS paid \$12,350 more than allowed on the rental of the building.

Of this, \$1,645 was paid from the Temporary Assistance to Needy Families Program and the remaining \$10,705 was paid from various other Federal and State programs.

The Coshocton County Department of Job and Family Services should charge only depreciation, insurance, maintenance, and taxes back to their Federal and State grants. They should cease making payments on the renovation of the building. The Board of County Commissioners should modify the building lease agreement with the County JFS so that the lease amount will not exceed the amount allowed in accordance with applicable requirements.

**Official's Response/Corrective Action Plan:** Coshocton County Department of Job and Family Services, under direction of the state of Ohio, has been paying the amount of the bond as rent since the building was built in 1991. This bond had decreased annually and will be paid off in 2016. The agency appreciates and understands the new requirements brought forward in this audit and will comply with a new rental agreement that only includes depreciation, insurance, maintenance and taxes where applicable. However, it should be noted that our current agreement would have allowed the agency to cease paying rent after the bond is satisfied.

**Responsible Official:** Mindy Fehrman, Director

**Anticipated Completion Date:** A new lease agreement will be implemented effective 11/1/12 that complies with the audit finding.

**2. 2 CFR Part 225, Section C**

<b>Finding Number</b>	2011-007
<b>CFDA Title and Number</b>	Temporary Assistance for Needy Families, CFDA # 93.558
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**QUESTIONED COST/NON-COMPLIANCE/SIGNIFICANT DEFICIENCY – Allowable Costs/Cost Principles and Period of Availability**

**2 CFR Part 225 Section C, Subsection 3.b of Appendix A** indicates all activities which benefit from the governmental unit's indirect cost will receive an appropriate allocation of indirect costs. Additionally, **Ohio Admin. Code Section 5101:9-1-04 (C)(1)(a)** indicates that "Income maintenance (IM) administrative costs" are costs that benefit one or more IM programs. The IM cost pool consists of costs relating to the administration of various IM programs and may include work activities under prevention, retention, and contingency (PRC), Ohio works first (OWF), or food stamp employment and training (FSET). **Ohio Admin. Code Section 5101:9-1-05(A)** indicates that shared costs (SC) are indirect costs incurred for a common purpose that benefit two or more major program areas or Ohio department of job and family services (ODJFS) acknowledged functions/programs and are not readily assignable, without effort disproportionate to the results achieved, to a specific program or specific program area cost pool. Costs designated as shared costs are placed in the shared cost pool.

During 2011, the Coshocton County Job and Family Services (CCJFS) charged the employer portion of PERS for IM administrative costs and SC administrative costs to the IM cost pool. This is unallowable as SC administrative costs, such as PERS, benefit multiple programs, including programs that are not part of the IM cost pool. Therefore, the PERS portion of SC administrative costs should be charged to the shared cost pool, where it is then allocated to all the IM cost pool, Child Support cost pool and Social Services cost pool, and to the various programs within these cost pools. As a result, the CCJFS allocated \$8,846 more to TANF and \$20,486 to various other IM cost pool programs (including Medicaid and SNAP) that was not appropriate.

The Coshocton County Job and Family Services should review administrative costs relating to payroll to determine if they are being entered into the correct cost pool, as allowed under the Ohio Administrative Code and 2 CFR Part 225. Additionally, as adjustments can be made to federal awards, the Coshocton County Job and Family Services should consider making adjustments for all incorrectly entered payroll costs for the allowable two year period.

**Official's Response/Corrective Action Plan:** Coshocton County Job and Family Services regrets the miscoding of the employer portion of PERS for IM/SC administrative costs to the IM cost pool and this has been corrected. We have also contacted ODJFS to attempt to correct the error for the past allowable periods.

**Responsible Official:** Mindy Fehrman, Director

**Anticipated Completion Date:** Current year correction has been made and we are waiting for a reply from ODJFS in an attempt to open any available past periods to make said adjustments.

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# Dave Yost • 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  
OCTOBER 9, 2012