



Dave Yost • Auditor of State

COSHOCTON COUNTY

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COSHOCTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITORS' REPORT

Coshocton County
349 Main Street
Coshocton, Ohio 43812

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Coshocton County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 discretely presented component unit and remaining fund information of Coshocton County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Human Services, Motor Vehicle License and Gasoline Tax, County Board of DD and Emergency Ambulance Levy Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Federal Awards Expenditures (the Schedule) also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 15, 2014

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COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013. 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 2013 are as follows:

- The total net position of the County decreased \$576,952 from the 2012 net position.
- General revenues accounted for \$15,558,303 or 43.14% of total governmental activities revenue. Program specific revenues accounted for \$20,510,380 or 56.86% of total governmental activities revenue.
- The County had \$36,645,635 in expenses related to governmental activities; \$20,510,380 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$15,558,303 were not adequate to provide for these programs.
- The County has five major governmental funds. The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$10,603,243 in 2013. The general fund, had expenditures and other financing uses of \$10,256,840 in 2013. The general fund balance increased \$346,403 from the 2012 fund balance.
- The human services fund, a County major fund, had revenues and other financing sources of \$3,021,318 and expenditures of \$3,120,756 in 2013. The human services fund balance decreased \$99,438 from 2012 to 2013.
- The motor vehicle license and gasoline tax fund, a County major fund, had revenues of \$4,771,137 and expenditures of \$4,522,154 in 2013. The motor vehicle license and gasoline tax fund balance increased \$248,983 from 2012 to 2013.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of \$5,751,006 and expenditures of \$5,714,376 in 2013. The county board of DD fund balance increased \$36,630 from 2012 to 2013.
- The emergency ambulance levy fund, a County major fund, had revenues and other financing sources of \$3,854,612 and expenditures and other financing uses of \$4,384,638 in 2013. The emergency ambulance levy fund balance decreased \$530,026 from 2012 to 2013.
- In the general fund, the actual revenues and other financing sources came in \$2,267,668 higher than they were originally budgeted and actual expenditures and other financing uses were \$732,547 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, 2013

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are five major governmental funds: the general, human services, motor vehicle license and gasoline tax, county board of DD, and emergency ambulance levy funds.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2013?" These statements include *all assets, deferred outflows, liabilities, deferred inflows, 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 position and changes in that position. This change in net position 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 position and the statement of activities, the County's governmental activities include most of the County's programs and services including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and State grants and other shared revenues.

Reporting the County's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, human services, 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 12.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Governmental Funds

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

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

The 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 22-32 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 33-35 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 36 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 37-74 of this report.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Government-Wide Financial Analysis

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

The table below provides a summary of the County's net position for 2013 and 2012:

	<u>Governmental Activities</u>	
	2013	2012
<u>Assets</u>		
Current and other assets	\$ 28,093,679	\$ 27,374,967
Capital assets, net	24,735,970	25,532,312
Total assets	52,829,649	52,907,279
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	205,659	220,293
Total deferred outflows	205,659	220,293
<u>Liabilities</u>		
Long-term liabilities	5,682,399	5,295,115
Other liabilities	2,010,713	1,894,023
Total liabilities	7,693,112	7,189,138
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	7,257,418	7,276,704
Total deferred inflows	7,257,418	7,276,704
<u>Net Position</u>		
Net investment in capital assets	21,162,018	21,559,985
Restricted	12,044,248	11,339,993
Unrestricted	4,878,512	5,761,752
Total net position	\$ 38,084,778	\$ 38,661,730

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2013, the County's assets and deferred outflows exceeded liabilities and deferred inflows by \$38,084,778. The County's finances remained stable during 2013.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 46.82% 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, 2013, were \$21,162,018. 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.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

A portion of the County's net position, \$12,044,248 or 31.62% of total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position is \$4,878,512.

The table below shows the changes in net position for 2012 and 2013.

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 7,161,408	\$ 7,663,707
Operating grants and contributions	12,282,659	12,888,928
Capital grants and contributions	1,066,313	1,482,715
General revenues:		
Property taxes	7,292,515	6,675,979
Sales tax	5,713,705	4,866,807
Payment in lieu of taxes	3,246	4,284
Unrestricted grants	2,171,431	2,052,204
Investment earnings	44,741	76,458
Miscellaneous	<u>332,665</u>	<u>538,376</u>
Total revenues	<u>36,068,683</u>	<u>36,249,458</u>
<u>Expenses</u>		
General government	5,748,315	5,661,889
Public safety	5,304,285	5,182,219
Public works	6,737,643	6,441,173
Health	10,660,934	9,517,355
Human services	7,469,640	7,197,955
Conservation and recreation	187,622	144,606
Other	409,769	405,359
Interest and fiscal charges	127,427	114,179
Bond issuance costs	<u>-</u>	<u>86,033</u>
Total expenses	<u>36,645,635</u>	<u>34,750,768</u>
Change in net position	(576,952)	1,498,690
Net position at beginning of year	<u>38,661,730</u>	<u>37,163,040</u>
Net position at end of year	<u>\$ 38,084,778</u>	<u>\$ 38,661,730</u>

Governmental Activities

Governmental activities decreased \$576,952 or 1.49% during 2013.

Governmental activities capital grants and contributions revenue decreased 28.08% from \$1,482,715 in 2012 to \$1,066,313 in 2013.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

The State and federal government contributed to the County revenues of \$12,282,659 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, \$4,582,647, or 37.31% subsidized public works. Operating grants and contributions decreased 4.70% in 2013 due to a decrease in funding for programs related to public works and health.

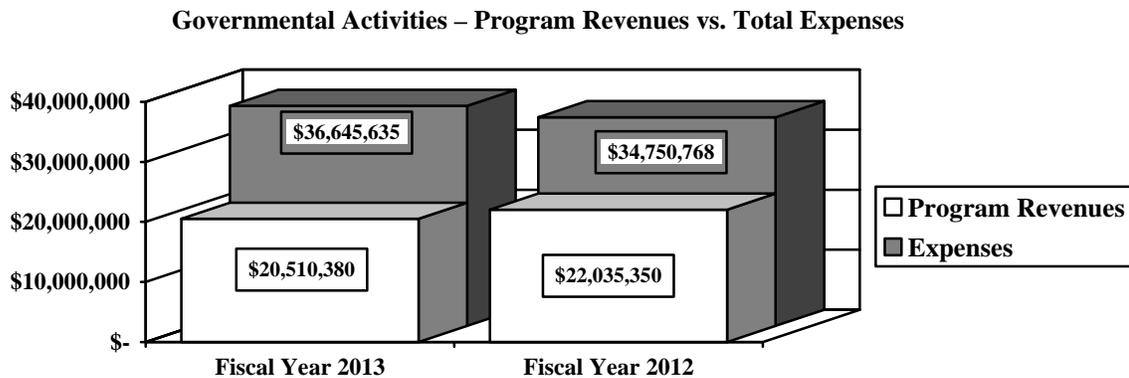
General revenues totaled \$15,558,303, and amounted to 43.14% of total revenues. These revenues primarily consist of property and sales tax revenue of \$13,006,220 or 83.60% of total general revenues in 2013. Property tax revenue increased \$616,536 from 2012 to 2013. The County sales tax revenue increased \$846,898 from 2012 to 2013. 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 \$2,171,431, or 13.96% of general revenues. During 2012, the County entered into an operating lease with Anadarko E&P Company and received \$1,279,575 for exclusive leasing rights to the land and for development, production in marketing of natural resources from this land. This caused the County's other revenues of 2013 to decrease significantly compared to those of 2012.

General government expenses include legislative and executive and judicial programs, totaled \$5,748,315 or 15.69% of total governmental expenses. General government expenses were covered by \$2,305,093 of direct charges to users in 2013.

Public works expenses primarily relate to road and bridge construction and repair projects undertaken by the County. The slight increase in this expense versus the prior year relates primarily to the increase in projects undertaken.

Human services expenses support the operations of public assistance and the children services board, and accounts for \$7,469,640 of expenses, or 20.38% of total governmental expenses of the County. These expenses were funded by \$671,389 in charges to users of services and \$5,048,863 in operating grants and contributions in 2013.

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

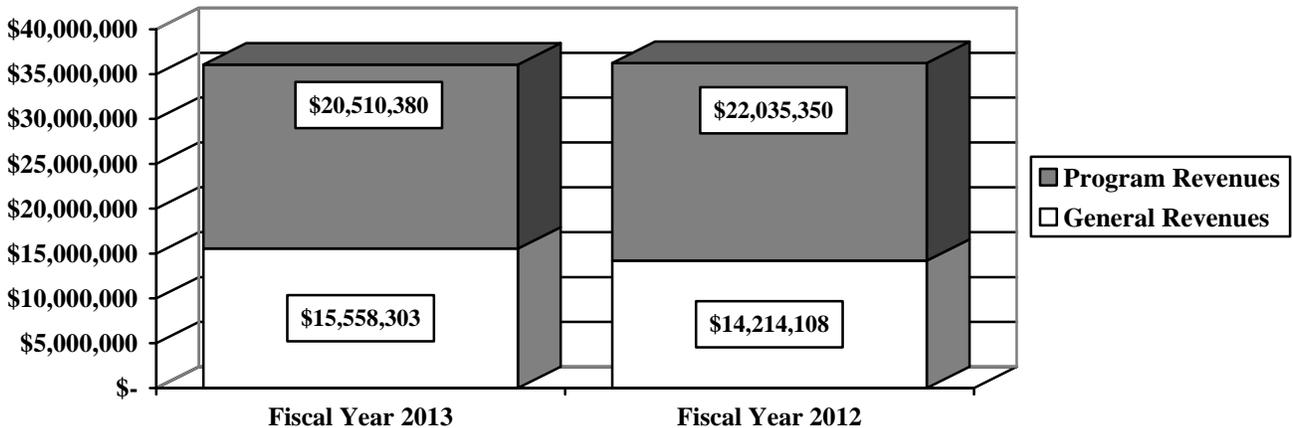
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

The following table shows, for governmental activities, the total cost of services and the net cost of services for 2012 and 2013. 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	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
Expenses:				
General government	\$ 5,748,315	\$ 3,426,552	\$ 5,661,889	\$ 2,051,099
Public safety	5,304,285	3,137,860	5,182,219	3,204,432
Public works	6,737,643	909,626	6,441,173	(360,117)
Health	10,660,934	6,208,342	9,517,355	5,101,399
Human services	7,469,640	1,749,388	7,197,955	2,029,319
Conservation and recreation	187,622	187,622	144,606	135,588
Other	409,769	409,769	405,359	405,359
Interest and fiscal charges	127,427	106,096	114,179	62,306
Bond issuance costs	-	-	86,033	86,033
Total expenses	<u>\$ 36,645,635</u>	<u>\$ 16,135,255</u>	<u>\$ 34,750,768</u>	<u>\$ 12,715,418</u>

The dependence upon general revenues for governmental activities is apparent, with 44.03% and 36.59% of expenses supported through taxes and other general revenues during 2013 and 2012, respectively. The graph below shows the total general revenues and program revenues of the County for 2012 and 2013.

Governmental Activities - General and Program Revenues



COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 \$15,313,751, which is higher than last year's balance of \$14,840,047. The County's governmental funds are presented on the balance sheet on pages 22-23. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2013 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2013</u>	<u>Fund Balance</u> <u>December 31, 2012</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 3,910,030	\$ 3,563,627	\$ 346,403
Human services	101,958	201,396	(99,438)
Motor vehicle license and gasoline tax	1,741,610	1,492,627	248,983
County board of DD	5,118,378	5,081,748	36,630
Emergency ambulance levy	1,149,867	1,679,893	(530,026)
Other nonmajor governmental funds	<u>3,291,908</u>	<u>2,820,756</u>	<u>471,152</u>
Total	<u>\$ 15,313,751</u>	<u>\$ 14,840,047</u>	<u>\$ 473,704</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 \$3,910,030, a 9.72% increase from 2012. The increase of the general fund balance in 2013 was primarily due slightly decreasing revenues and other financing sources exceeding increasing expenditures.

COSHOCTON COUNTY, OHIO

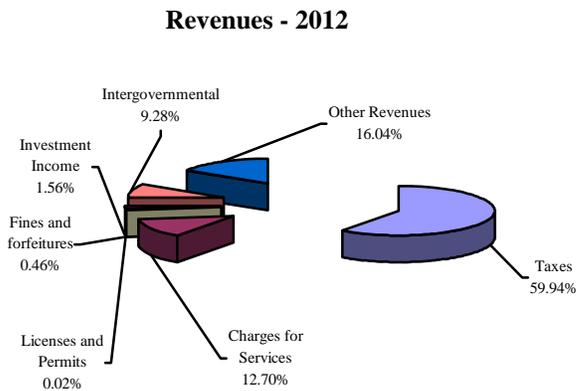
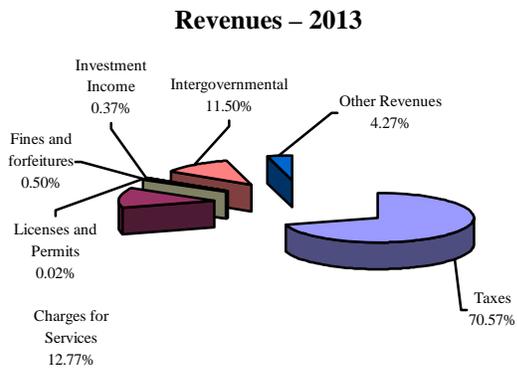
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

<u>Revenues</u>	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Increase/ Decrease</u>	<u>Percentage Change</u>
Taxes	\$ 7,103,776	\$ 6,227,160	\$ 876,616	14.08 %
Charges for services	1,285,651	1,319,315	(33,664)	(2.55) %
Licenses and permits	2,335	1,787	548	30.67 %
Fines and forfeitures	50,275	47,742	2,533	5.31 %
Intergovernmental	1,158,232	964,483	193,749	20.09 %
Investment income	37,713	162,368	(124,655)	(76.77) %
Other	429,692	1,665,839	(1,236,147)	(74.21) %
Total	\$ 10,067,674	\$ 10,388,694	\$ (321,020)	(3.09) %

Tax revenue represents 70.56% of all general fund revenue. Tax revenue increased by 14.08% over prior year due to an increase in sales tax revenue. The decrease in investment income is due to the slight decrease in interest rates throughout the year. The increase in intergovernmental revenues is primarily due to an increase in casino tax revenues. The decrease in other revenues was due to the 2012 signing of the operating lease with Anadarko E&P Company and the related lease of land. All other revenue remained comparable to 2012.

The graphs below show the breakdown of revenues, by source, for 2013 and 2012.



COSHOCTON COUNTY, OHIO

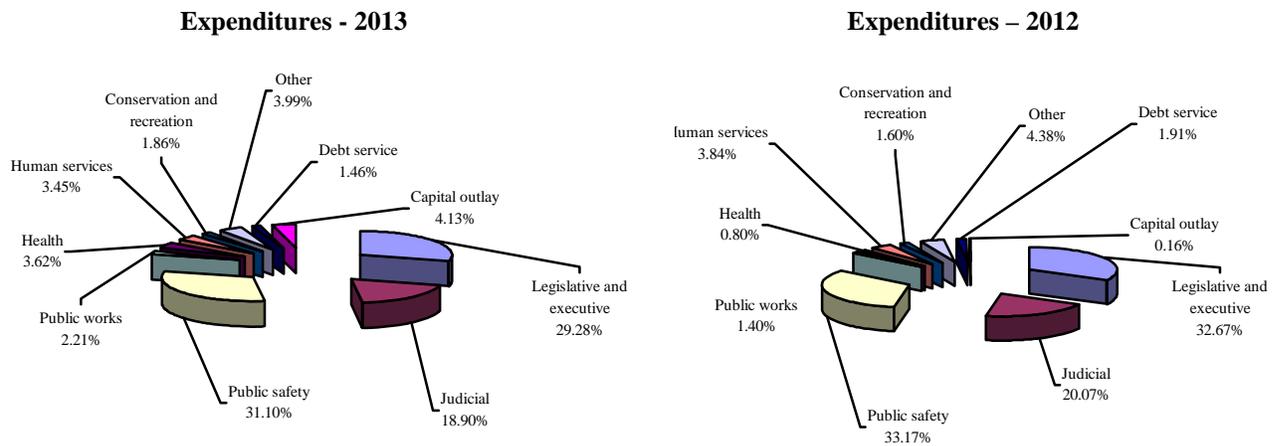
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Increase/ Decrease</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
General government				
Legislative and executive	\$ 2,938,218	\$ 2,937,170	\$ 1,048	0.04 %
Judicial	1,896,076	1,804,341	91,735	5.08 %
Public safety	3,120,729	2,982,247	138,482	4.64 %
Public works	221,533	126,062	95,471	75.73 %
Health	363,519	71,776	291,743	406.46 %
Human services	346,217	345,299	918	0.27 %
Conservation and recreation	186,494	143,478	43,016	29.98 %
Other	400,764	393,725	7,039	1.79 %
Capital outlay	414,405	14,726	399,679	2,714.10 %
Debt service	146,929	171,797	(24,868)	(14.48) %
Total	<u>\$ 10,034,884</u>	<u>\$ 8,990,621</u>	<u>\$ 1,044,263</u>	11.62 %

Expenditures related to legislative and executive increased due to an increase in commissioner, treasurer and prosecuting attorney expenses. Public safety expenditures increased due to an increase in 2013 sheriff costs. Health expenditures increased due to an increase in EMS/ambulance costs. Capital outlay increased in 2013, because during 2013 the County entered into a lease purchase agreement and during 2012 the County did not enter into any similar agreements. Debt service expenses decreased due to a decrease in payments made towards debt.

The graphs below show the breakdown of expenditures, by function, for 2013 and 2012.



COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Human Services Fund

The human services fund, a County major fund, had revenues and other financing sources of \$3,021,318 and expenditures of \$3,120,756 in 2013. The human services fund balance decreased \$99,438 from 2012 to 2013.

Motor Vehicle License and Gasoline Tax Fund

The motor vehicle license and gasoline tax fund, a County major fund, had revenues of \$4,771,137 and expenditures of \$4,522,154 in 2013. The motor vehicle license and gasoline tax fund balance increased \$248,983 from 2012 to 2013.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues of \$5,751,006 and expenditures of \$5,714,376 in 2013. The county board of DD fund balance increased \$36,630 from 2012 to 2013.

Emergency Ambulance Levy Fund

The emergency ambulance levy fund, a County major fund, had revenues and other financing sources of \$3,854,612 and expenditures and other financing uses of \$4,384,638 in 2013. The emergency ambulance levy fund balance decreased \$530,026 from 2012 to 2013.

Budgeting Highlights - General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly. In the general fund, there were significant changes between the original and final budget. Final budgeted revenues and other financing sources were increased \$2,148,814 from the original budgeted revenues and other financing sources. Actual revenues and other financing sources of \$10,178,442 were \$118,854 more than final budgeted revenues and other financing sources. Actual expenditures and other financing uses were \$365,554 less than the final budgeted expenditures.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Capital Assets and Debt Administration

Capital Assets

At the end of 2013, the County had \$24,735,970 (net of accumulated depreciation) invested in land, buildings and improvements, machinery and equipment, vehicles, infrastructure and software.

The following table shows 2013 balances compared to the 2012 balances:

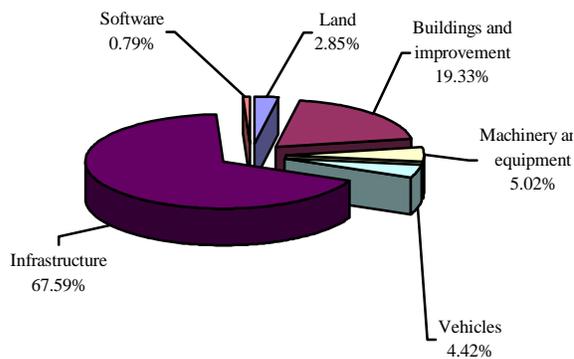
**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u> 2013	<u>Governmental Activities</u> 2012
Land	\$ 703,858	\$ 703,858
Building and improvements	4,781,560	5,034,527
Machinery and equipment	1,240,563	1,164,982
Vehicles	1,094,246	988,415
Infrastructure	16,720,794	17,480,990
Software	194,949	159,540
Total	\$ 24,735,970	\$ 25,532,312

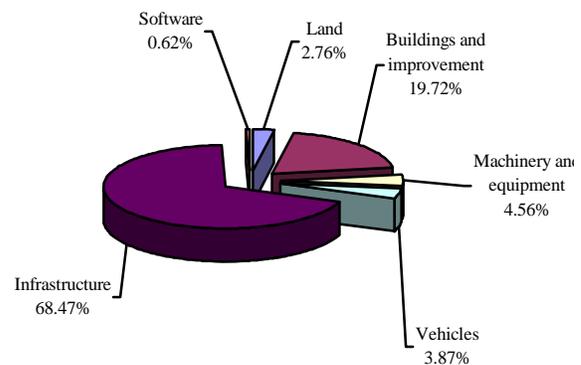
See Note 14 to the basic financial statements for detail on governmental activities capital assets.

The following graphs show the breakdown of governmental capital assets by category for 2013 and 2012.

Capital Assets - Governmental Activities 2013



Capital Assets - Governmental Activities 2012



The County's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts and waterworks. 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, 67.59% of the County's total governmental capital assets.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Debt Administration

At December 31, 2013, governmental activities had \$2,810,000 in general obligation bonds, OWDA loans of \$212,808, OPWC loans of \$293,119, notes payable of \$120,000, capital leases of \$53,847 and lease purchase agreements of \$1,081,703 outstanding. Of this total, \$491,119 is due within one year and \$4,080,358 is due in greater than one year. The following table summarizes the debt obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2013	Governmental Activities 2012
Long-Term Obligations		
General obligation bonds	\$ 2,810,000	\$ 3,050,000
OWDA loan	212,808	219,642
OPWC loans	293,119	321,141
Note payable	120,000	155,000
Capital leases	53,847	52,070
Lease purchase agreements	1,081,703	391,765
Total	<u>\$ 4,571,477</u>	<u>\$ 4,189,618</u>

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

Economic Factors and Next Year's Budgets and Rates

Coshocton County's estimated 2013 population is 36,760, down 0.4% from 2010 according to the U.S. Census Bureau. The U.S. Bureau of Labor Statistics reports County's unemployment rate ended 2013 at 9.5%, compared to the state average 6.6% and the national average of 7.4%.

The County again saw State level funding cuts in 2013 of another 26.4% from 2012 levels in the Local Government Funds and the Tangible Personal Property and Public Utility Personal Property reimbursements. These revenue streams have been incrementally occurring for the past several years. As the County enters into 2014, the General Fund faces State funding decreases of 64% since 2007. Both the Board of Commissioners and the Auditor continue to estimate revenues conservatively and budget expenses accordingly to preserve the health of the general fund balance. With this planning and with residual monies from the 2012 sale of timber and oil/gas right assets, the County once again ended the year with a strong general fund unencumbered balance of \$2.255 million. Even though income from the sale of assets are a one-time revenue source, all of the County's elected and appointed officials continue to practice conservative budgeting practices that enhance the strength of the County's financial position.

The year 2013 also saw a continuance of the strong upward trend in county sales tax revenue, ending the year at 15.36% over 2012 collections. This is an indicator of a recovering local economy, however, the influx of oil and gas pipeline workers activity greatly supplemented this increase and it is predicted the upward trend will level out at their vacating of the county. Sales tax revenues through April 2014 are up 1.17% over the revenue during the same period in 2013.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

In addition to the financial side of the government, the Board of County Commissioners works closely with the Coshocton Port Authority to develop existing and new business and industry. The Coshocton Port Authority (CPA) reports the following major economic development projects in the calendar year 2013:

- The CPA assisted McWane/Clow Water Systems Company with the expansion of their utility pole division. The company was able to purchase and move into the Lancaster Colony Warehouse. This move not only utilized a large 400,000 square foot vacant building but will add several new jobs as the business grows.
- The ethanol plant was purchased and began operations as Three Rivers Energy, LLC, adding 35+ jobs. This plant not only produces ethanol, but corn oil, corn syrup, distillers' grains and CO₂.
- Buckeye Brine, LLC began to install their second deep well injection site creating construction and operational jobs as well as revenue to our local economy.
- A major influx of workers came into the county with the building of the ATEX pipeline. 500+ workers were headquartered in Coshocton, adding to tourism, commercial, retail, rental, and sales tax income.
- The CPA continued working with the Coshocton County EPA initiatives began in 2012:
 - The Clean Ohio Assistance Fund Grant Phase II assessments of the GE/SABIC property, allowing for the future sale and redevelopment, and the Steel Ceilings, Inc. property.
 - Using grant money awarded in 2012, the CPA worked with Rock-Tenn Company to create a partnership to assist in the remediation of the Steel Ceilings, Inc. site. When this project is complete, Rock-Tenn will be able to utilize the property for logistics purposes and other future uses.
- The CPA continues to support and work with the Small Business Development Center to assist new and emerging small businesses in our county. In 2013, there were more than 150 open accounts to start, expand, or retain more than 42 different types of small businesses. The Coshocton Chamber of Commerce was able to add 28 new members during the year
- The CPA received an AEP – LEAP Grant of \$5,000.00 to complete a county wide commercial property inventory to be included in the Ohio InSite Database which is used by site selectors globally.
- With the continued Oil and Gas Industry activity, the CPA continues to monitor the needs of the industry as well as our community. With this goal in mind, the CPA has:
 - published the results of the community's strategic planning initiative to help prepare for future challenges as well as opportunities.
 - secured funding of more than \$20,000 to purchase the additional required equipment for the Coshocton County Career Center's welding lab. This will allow for specialized training to fill the Oil and Gas Industry's demand for "downhill" welders.
 - worked diligently with the Ohio Department of Jobs and Family Services as well as our community colleges and post-secondary education institutions and employers to help Coshocton take advantage of shale-related job opportunities today and into the future.

Contacting the County's Financial Management

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

COSHOCTON COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Regional Airport Authority</u>
Assets:		
Equity in pooled cash and investments	\$ 13,534,900	\$ 91,851
Cash with fiscal agent	1,055,563	-
Receivables:		
Sales taxes	1,535,044	-
Real and other taxes	7,646,732	-
Accounts	376,428	-
Accrued interest	20,155	-
Due from other governments	3,515,793	-
Prepayments	75,264	-
Materials and supplies inventory	333,800	-
Inventory held for resale	-	42,181
Capital assets:		
Land	703,858	189,296
Depreciable capital assets, net	24,032,112	4,068,527
Total capital assets, net	<u>24,735,970</u>	<u>4,257,823</u>
Total assets	<u>52,829,649</u>	<u>4,391,855</u>
Deferred outflows of resources:		
Unamortized deferred charges on debt refundings	205,659	-
Total deferred outflows of resources	<u>205,659</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>53,035,308</u>	<u>4,391,855</u>
Liabilities:		
Accounts payable	399,399	-
Accrued wages and benefits payable	645,437	-
Due to other governments	535,441	-
Accrued interest payable	13,167	-
Claims payable	416,645	-
Unearned revenue	624	-
Long-term liabilities:		
Due within one year	1,256,036	-
Due in more than one year	4,426,363	-
Total liabilities	<u>7,693,112</u>	<u>-</u>
Deferred inflows of resources:		
Property taxes levied for the next fiscal year	7,257,418	-
Total deferred inflows of resources	<u>7,257,418</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>14,950,530</u>	<u>-</u>
Net position:		
Net investment in capital assets	21,162,018	4,257,823
Restricted for:		
Capital projects	253,781	-
Debt service	13,210	-
Public works projects	4,037,969	-
Human services programs	432,403	-
Health programs	5,502,200	-
General government operations	984,385	-
Public safety programs	736,180	-
Other purposes	84,120	-
Unrestricted	<u>4,878,512</u>	<u>134,032</u>
Total net position	<u>\$ 38,084,778</u>	<u>\$ 4,391,855</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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>
Governmental activities:				
General government:				
Legislative and executive.	\$ 3,691,164	\$ 1,991,087	\$ -	\$ 16,269
Judicial.	2,057,151	314,006	401	-
Public safety	5,304,285	1,670,559	495,866	-
Public works	6,737,643	195,326	4,582,647	1,050,044
Health.	10,660,934	2,297,710	2,154,882	-
Human services	7,469,640	671,389	5,048,863	-
Conservation and recreation	187,622	-	-	-
Other	409,769	-	-	-
Interest and fiscal charges.	127,427	21,331	-	-
Total primary government	<u>\$ 36,645,635</u>	<u>\$ 7,161,408</u>	<u>\$ 12,282,659</u>	<u>\$ 1,066,313</u>
Component units:				
Regional Airport Authority.	<u>757,926</u>	<u>412,126</u>	<u>102,570</u>	<u>44,976</u>
Total component units	<u>\$ 757,926</u>	<u>\$ 412,126</u>	<u>\$ 102,570</u>	<u>\$ 44,976</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 position

Net position at beginning of year.

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Primary		Component Unit	
Government		Regional	
Governmental		Airport	
Activities		Authority	
\$ (1,683,808)		\$ -	
(1,742,744)		-	
(3,137,860)		-	
(909,626)		-	
(6,208,342)		-	
(1,749,388)		-	
(187,622)		-	
(409,769)		-	
(106,096)		-	
<u>(16,135,255)</u>		<u>-</u>	
-		(198,254)	
-		(198,254)	
1,540,753		-	
4,633,489		-	
881,352		-	
100,949		-	
135,972		-	
5,713,705		-	
3,246		-	
2,171,431		-	
44,741		17	
332,665		2,879	
<u>15,558,303</u>		<u>2,896</u>	
(576,952)		(195,358)	
<u>38,661,730</u>		<u>4,587,213</u>	
<u>\$ 38,084,778</u>		<u>\$ 4,391,855</u>	

COSHOCTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>
Assets:				
Equity in pooled cash and investments.	\$ 2,964,855	\$ 200,815	\$ 1,300,287	\$ 4,608,666
Cash with fiscal agent	89,782	-	-	722,142
Receivables:				
Sales taxes	1,535,044	-	-	-
Real and other taxes	1,631,137	-	-	2,856,858
Accounts	68,663	1,769	48,437	683
Accrued interest	20,155	-	-	-
Due from other governments.	420,370	920	2,517,068	161,801
Interfund loans.	614,619	-	-	-
Due from other funds	17,065	95,932	-	-
Prepayments	75,264	-	-	-
Materials and supplies inventory.	54,381	5,745	217,034	2,711
Total assets	<u>\$ 7,491,335</u>	<u>\$ 305,181</u>	<u>\$ 4,082,826</u>	<u>\$ 8,352,861</u>
Liabilities:				
Accounts payable.	\$ 93,467	\$ 34,586	\$ 42,503	\$ 45,101
Accrued wages and benefits payable	222,077	86,682	49,391	84,079
Due to other governments	162,164	58,827	37,255	84,205
Interfund loans payable.	-	-	-	-
Due to other funds	1,900	23,128	-	9,118
Unearned revenue	-	-	-	-
Total liabilities	<u>479,608</u>	<u>203,223</u>	<u>129,149</u>	<u>222,503</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	1,558,000	-	-	2,700,000
Delinquent property tax revenue not available.	72,893	-	-	156,858
Accrued interest not available	20,155	-	-	-
Sales tax revenue not available	1,093,117	-	-	-
Other nonexchange transactions not available.	357,532	-	2,212,067	155,122
Total deferred inflows of resources	<u>3,101,697</u>	<u>-</u>	<u>2,212,067</u>	<u>3,011,980</u>
Total liabilities and deferred inflows of resources.	<u>3,581,305</u>	<u>203,223</u>	<u>2,341,216</u>	<u>3,234,483</u>
Fund balances:				
Nonspendable	165,893	5,745	217,034	2,711
Restricted.	-	96,213	1,524,576	5,115,667
Committed	-	-	-	-
Assigned	2,121,124	-	-	-
Unassigned (deficit)	1,623,013	-	-	-
Total fund balances.	<u>3,910,030</u>	<u>101,958</u>	<u>1,741,610</u>	<u>5,118,378</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,491,335</u>	<u>\$ 305,181</u>	<u>\$ 4,082,826</u>	<u>\$ 8,352,861</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 1,167,993	\$ 3,272,531	\$ 13,515,147
-	243,639	1,055,563
-	-	1,535,044
1,942,270	1,216,467	7,646,732
182,509	63,155	365,216
-	-	20,155
111,372	304,262	3,515,793
-	-	614,619
-	30,709	143,706
-	-	75,264
45,238	8,691	333,800
<u>\$ 3,449,382</u>	<u>\$ 5,139,454</u>	<u>\$ 28,821,039</u>
\$ 42,647	\$ 134,747	\$ 393,051
89,424	112,597	644,250
114,147	78,053	534,651
-	28,574	28,574
-	109,560	143,706
-	624	624
<u>246,218</u>	<u>464,155</u>	<u>1,744,856</u>
1,850,000	1,149,418	7,257,418
92,270	67,049	389,070
-	-	20,155
-	-	1,093,117
111,027	166,924	3,002,672
<u>2,053,297</u>	<u>1,383,391</u>	<u>11,762,432</u>
<u>2,299,515</u>	<u>1,847,546</u>	<u>13,507,288</u>
45,238	8,691	445,312
-	2,828,820	9,565,276
1,104,629	490,589	1,595,218
-	-	2,121,124
-	(36,192)	1,586,821
<u>1,149,867</u>	<u>3,291,908</u>	<u>15,313,751</u>
<u>\$ 3,449,382</u>	<u>\$ 5,139,454</u>	<u>\$ 28,821,039</u>

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COSHOCTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013

Total governmental fund balances		\$	15,313,751
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			24,735,970
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	389,070	
Sales taxes receivable		1,093,117	
Intergovernmental revenues receivable		3,002,672	
Accrued interest receivable		20,155	
Total		4,505,014	4,505,014
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			(980,050)
On the statement of net position interest is accrued on outstanding bonds, whereas in the governmental funds, interest is accrued when due.			(13,167)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			205,659
Unamortized premiums on bond issuances are not recognized in the governmental funds.			(6,931)
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		(2,810,000)	
OPWC loans		(293,119)	
OWDA loan		(212,808)	
Compensated absences		(1,103,991)	
Capital lease payable		(53,847)	
Lease purchase payable		(1,081,703)	
Notes payable		(120,000)	
Total		(5,675,468)	(5,675,468)
Net position of governmental activities		\$	38,084,778

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>
Revenues:				
Property taxes	\$ 1,553,201	\$ -	\$ -	\$ 2,802,175
Sales taxes	5,550,575	-	-	-
Payment in lieu of taxes	1,398	-	-	605
Charges for services.	1,285,651	-	-	236,921
Licenses and permits	2,335	-	-	-
Fines and forfeitures	50,275	-	37,563	-
Intergovernmental.	1,158,232	2,797,752	4,602,736	2,631,179
Investment income.	37,713	-	2,543	99
Rental income	129,928	-	-	-
Contributions and donations.	1	-	-	3,548
Other	298,365	74,373	128,295	76,479
Total revenues	<u>10,067,674</u>	<u>2,872,125</u>	<u>4,771,137</u>	<u>5,751,006</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	2,938,218	-	-	-
Judicial.	1,896,076	-	-	-
Public safety	3,120,729	-	-	-
Public works	221,533	-	4,432,664	-
Health	363,519	-	-	5,714,376
Human services.	346,217	3,120,756	-	-
Conservation and recreation	186,494	-	-	-
Other	400,764	-	-	-
Capital outlay	414,405	-	-	-
Debt service:				
Principal retirement.	125,574	-	75,195	-
Interest and fiscal charges	21,355	-	14,295	-
Total expenditures	<u>10,034,884</u>	<u>3,120,756</u>	<u>4,522,154</u>	<u>5,714,376</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>32,790</u>	<u>(248,631)</u>	<u>248,983</u>	<u>36,630</u>
Other financing sources (uses):				
Sale of capital assets.	7,683	-	-	-
Capital lease transaction.	504,187	-	-	-
Transfers in	-	149,193	-	-
Transfers (out).	(221,956)	-	-	-
Insurance proceeds	23,699	-	-	-
Total other financing sources (uses)	<u>313,613</u>	<u>149,193</u>	<u>-</u>	<u>-</u>
Net change in fund balances	346,403	(99,438)	248,983	36,630
Fund balances at beginning of year	<u>3,563,627</u>	<u>201,396</u>	<u>1,492,627</u>	<u>5,081,748</u>
Fund balances at end of year	<u>\$ 3,910,030</u>	<u>\$ 101,958</u>	<u>\$ 1,741,610</u>	<u>\$ 5,118,378</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 1,871,418	\$ 1,128,354	\$ 7,355,148
-	-	5,550,575
740	503	3,246
1,716,547	3,221,769	6,460,888
-	114,501	116,836
-	64,983	152,821
229,926	3,412,501	14,832,326
-	318	40,673
-	-	129,928
75	-	3,624
29,289	394,865	1,001,666
<u>3,847,995</u>	<u>8,337,794</u>	<u>35,647,731</u>
-	732,679	3,670,897
-	107,465	2,003,541
-	2,164,159	5,284,888
-	776,650	5,430,847
4,284,638	336,760	10,699,293
-	3,844,928	7,311,901
-	-	186,494
-	-	400,764
-	75,846	490,251
-	234,661	435,430
-	79,359	115,009
<u>4,284,638</u>	<u>8,352,507</u>	<u>36,029,315</u>
<u>(436,643)</u>	<u>(14,713)</u>	<u>(381,584)</u>
6,617	-	14,300
-	313,102	817,289
-	172,763	321,956
(100,000)	-	(321,956)
-	-	23,699
<u>(93,383)</u>	<u>485,865</u>	<u>855,288</u>
(530,026)	471,152	473,704
1,679,893	2,820,756	14,840,047
<u>\$ 1,149,867</u>	<u>\$ 3,291,908</u>	<u>\$ 15,313,751</u>

COSHOCTON COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds	\$	473,704
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense exceeded capital outlays in the current period accordingly.		
Capital asset additions	\$ 1,328,769	
Current year depreciation	<u>(2,093,804)</u>	
Total		(765,035)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(31,307)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(62,633)	
Sales taxes	163,130	
Intergovernmental	371,796	
Charges for services	(72,669)	
Investment income	<u>7,028</u>	
Total		406,652
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.		
		435,430
Proceeds of leases 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.		
		(817,289)
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 more interest being reported in the statement of activities:		
Increase in accrued interest payable	1,044	
Amortization of bond premiums	1,172	
Amortization of deferred charges on refundings	<u>(14,634)</u>	
Total		(12,418)
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.		
		(22,949)
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.		
		<u>(243,740)</u>
Change in net position of governmental activities	\$	<u><u>(576,952)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,212,404	\$ 1,545,077	\$ 1,546,402	\$ 1,325
Sales taxes	4,305,831	5,487,316	5,487,316	-
Payment in lieu of taxes	1,256	1,600	1,148	(452)
Charges for services	793,150	1,027,468	1,028,176	708
Licenses and permits	1,432	1,825	2,335	510
Fines and forfeitures	38,639	49,241	49,046	(195)
Intergovernmental	900,609	1,147,729	1,145,988	(1,741)
Investment income	66,793	85,120	84,710	(410)
Rental income	101,758	129,680	136,363	6,683
Contributions and donations	-	-	1	1
Other	159,641	255,271	256,223	952
Total revenues	7,581,513	9,730,327	9,737,708	7,381
Expenditures:				
Current:				
General government:				
Legislative and executive	2,858,716	2,972,206	2,877,461	94,745
Judicial	2,103,404	2,177,169	1,978,406	198,763
Public safety	3,205,957	3,264,119	3,171,006	93,113
Public works	176,423	457,900	305,685	152,215
Health	72,840	372,840	339,067	33,773
Human services	408,915	408,991	378,355	30,636
Conservation and recreation	167,422	187,422	187,400	22
Capital outlay	-	276,630	388,326	(111,696)
Other	393,421	334,848	325,303	9,545
Debt service:				
Principal retirement	125,574	125,574	125,574	-
Interest and fiscal charges	21,355	21,355	21,355	-
Total expenditures	9,534,027	10,599,054	10,097,938	501,116
Excess of expenditures over revenues	(1,952,514)	(868,727)	(360,230)	508,497
Other financing sources (uses):				
Sale of capital assets	7,683	7,683	7,683	-
Advances in	14,747	14,747	14,747	-
Advances (out)	-	(22,055)	(162,619)	(140,564)
Transfers (out)	(256,956)	(267,956)	(262,956)	5,000
Proceeds of capital lease transaction	276,630	276,630	388,326	111,696
Insurance proceeds	24,299	24,299	23,699	(600)
Other financing sources	5,902	5,902	6,279	377
Other financing uses	(2,100)	(2,119)	(2,117)	2
Total other financing sources (uses)	70,205	37,131	13,042	(24,089)
Net change in fund balances	(1,882,309)	(831,596)	(347,188)	484,408
Fund balances at beginning of year	2,204,321	2,204,321	2,204,321	-
Prior year encumbrances appropriated	397,703	397,703	397,703	-
Fund balance at end of year	\$ 719,715	\$ 1,770,428	\$ 2,254,836	\$ 484,408

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HUMAN SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental.	\$ 2,958,850	\$ 2,907,798	\$ 2,825,946	\$ (81,852)
Other	95,507	94,212	91,349	(2,863)
Total revenues	3,054,357	3,002,010	2,917,295	(84,715)
Expenditures:				
Current:				
Human services.	3,362,382	3,368,382	3,320,352	48,030
Total expenditures	3,362,382	3,368,382	3,320,352	48,030
Excess of expenditures over revenues.	(308,025)	(366,372)	(403,057)	(36,685)
Other financing sources:				
Transfers in	151,244	149,193	149,193	-
Other financing sources	14,192	14,000	12,098	(1,902)
Total other financing sources.	165,436	163,193	161,291	(1,902)
Net change in fund balances	(142,589)	(203,179)	(241,766)	(38,587)
Fund balances at beginning of year	186,322	186,322	186,322	-
Prior year encumbrances appropriated	142,589	142,589	142,589	-
Fund balance at end of year	\$ 186,322	\$ 125,732	\$ 87,145	\$ (38,587)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE LICENSE AND GAS TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeitures	\$ 34,244	\$ 39,031	\$ 39,031	\$ -
Intergovernmental.	4,061,750	4,631,785	4,631,785	-
Investment income.	1,755	2,000	2,281	281
Other	41,363	47,145	76,795	29,650
Total revenues	<u>4,139,112</u>	<u>4,719,961</u>	<u>4,749,892</u>	<u>29,931</u>
Expenditures:				
Current:				
Public works	4,465,922	4,861,775	4,655,761	206,014
Debt service:				
Principal retirement.	75,195	75,195	75,195	-
Interest and fiscal charges	21,000	21,001	15,000	6,001
Total expenditures	<u>4,562,117</u>	<u>4,957,971</u>	<u>4,745,956</u>	<u>212,015</u>
Excess (deficiency) of revenues over (under) expenditures.	(423,005)	(238,010)	3,936	241,946
Other financing sources:				
Other financing sources	1,082	3,000	3,508	508
Total other financing sources	<u>1,082</u>	<u>3,000</u>	<u>3,508</u>	<u>508</u>
Net change in fund balances	(421,923)	(235,010)	7,444	242,454
Fund balances at beginning of year	790,920	790,920	790,920	-
Prior year encumbrances appropriated	176,324	176,324	176,324	-
Fund balance at end of year	<u>\$ 545,321</u>	<u>\$ 732,234</u>	<u>\$ 974,688</u>	<u>\$ 242,454</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes.	\$ 2,436,362	\$ 2,785,867	\$ 2,785,867	\$ -
Payment in lieu of taxes	1,312	1,500	671	(829)
Charges for services.	201,357	230,242	230,242	-
Intergovernmental.	2,380,776	2,722,308	2,584,368	(137,940)
Contributions and donations.	3,103	3,548	3,548	-
Other	48,833	59,438	59,029	(409)
Total revenues	<u>5,071,743</u>	<u>5,802,903</u>	<u>5,663,725</u>	<u>(139,178)</u>
Expenditures:				
Current:				
Health	6,189,948	6,524,948	5,600,183	924,765
Total expenditures	<u>6,189,948</u>	<u>6,524,948</u>	<u>5,600,183</u>	<u>924,765</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,118,205)</u>	<u>(722,045)</u>	<u>63,542</u>	<u>785,587</u>
Other financing sources:				
Other financing sources	10,995	16,767	16,767	-
Total other financing sources	<u>10,995</u>	<u>16,767</u>	<u>16,767</u>	<u>-</u>
Net change in fund balances	(1,107,210)	(705,278)	80,309	785,587
Fund balances at beginning of year	3,538,451	3,538,451	3,538,451	-
Prior year encumbrances appropriated . . .	421,630	421,630	421,630	-
Fund balance at end of year	<u>\$ 2,852,871</u>	<u>\$ 3,254,803</u>	<u>\$ 4,040,390</u>	<u>\$ 785,587</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMERGENCY AMBULANCE LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes.	\$ 1,737,518	\$ 1,861,319	\$ 1,861,825	\$ 506
Payment in lieu of taxes	-	-	438	438
Charges for services.	1,562,659	1,674,000	1,676,723	2,723
Intergovernmental.	211,350	226,409	229,926	3,517
Contributions and donations.	-	-	75	75
Other	18,103	22,383	24,020	1,637
Total revenues	<u>3,529,630</u>	<u>3,784,111</u>	<u>3,793,007</u>	<u>8,896</u>
Expenditures:				
Current:				
Health	4,434,855	4,588,855	4,308,696	280,159
Total expenditures	<u>4,434,855</u>	<u>4,588,855</u>	<u>4,308,696</u>	<u>280,159</u>
Excess of expenditures over revenues.	(905,225)	(804,744)	(515,689)	289,055
Other financing sources (uses):				
Sale of capital assets.	6,617	6,617	6,617	-
Transfers (out).	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(93,383)</u>	<u>(93,383)</u>	<u>(93,383)</u>	<u>-</u>
Net change in fund balances	(998,608)	(898,127)	(609,072)	289,055
Fund balances at beginning of year	1,522,662	1,522,662	1,522,662	-
Prior year encumbrances appropriated	94,325	94,325	94,325	-
Fund balance at end of year	<u>\$ 618,379</u>	<u>\$ 718,860</u>	<u>\$ 1,007,915</u>	<u>\$ 289,055</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 DECEMBER 31, 2013

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents . . .	\$ 19,753
Receivables:	
Accounts.	<u>11,212</u>
Total assets	<u>30,965</u>
Liabilities:	
Current liabilities:	
Accounts payable.	6,348
Accrued wages and benefits payable	1,187
Due to other governments	790
Interfund loans payable.	586,045
Claims payable	<u>416,645</u>
Total liabilities	<u>1,011,015</u>
Net position:	
Unrestricted (deficit)	<u>(980,050)</u>
Total net position (deficit)	<u>\$ (980,050)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 3,419,272
Other	137,898
Total operating revenues.	<u>3,557,170</u>
Operating expenses:	
Personal services	24,570
Contract services.	618,569
Claims.	3,157,071
Other	700
Total operating expenses.	<u>3,800,910</u>
Change in net position	(243,740)
Net position (deficit) at beginning of year. . .	<u>(736,310)</u>
Net position (deficit) at end of year	<u>\$ (980,050)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from interfund services	\$ 3,419,272
Cash received from other receipts.	139,762
Cash payments for personal services	(29,832)
Cash payments for contractual services	(618,569)
Cash payments for claims	(3,201,976)
Cash payments for other expenses.	<u>(700)</u>
Net cash used in operating activities	<u>(292,043)</u>
Cash flows from noncapital financing activities:	
Cash received from interfund loans	<u>136,045</u>
Net cash provided by noncapital financing activities	<u>136,045</u>
Net decrease in cash and cash equivalents	(155,998)
Cash and cash equivalents at beginning of year . . .	<u>175,751</u>
Cash and cash equivalents at end of year	<u><u>\$ 19,753</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	\$ (243,740)
Changes in assets and liabilities:	
Decrease in accounts receivable	1,864
Decrease in accounts payable	(5,403)
Increase in accrued wages and benefits	116
Increase in due to other governments	25
Decrease in claims payable	<u>(44,905)</u>
Net cash used in operating activities	<u><u>\$ (292,043)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 DECEMBER 31, 2013

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,070,771
Cash in segregated accounts	340,762
Receivables:	
Real and other taxes.	28,021,715
Due from other governments	<u>1,863,366</u>
Total assets	<u>\$ 32,296,614</u>
Liabilities:	
Due to other governments	\$ 29,885,016
Deposits held and due to others	<u>2,411,598</u>
Total liabilities	<u>\$ 32,296,614</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 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" and GASB Statement No. 61 "The Financial Reporting Entity Omnibus on Amendment of GASB Statements No. 14 and 34." 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 UNIT

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

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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

Information related to Coshocton County Regional Airport Authority is presented in Note 23.

EXCLUDED POTENTIAL COMPONENT UNITS

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

The District is governed and operated through three groups. A twelve-member Board of Directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. During 2013, the County paid \$21,499 to the District.

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 Mental Health and Recovery Board - (the "MH&R") -

The MH&R 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 MH&R is managed by an fourteen-member Board of Trustees; eight appointed by the member Counties, commissioners of the participating counties, six by the Director of the Ohio Department of Mental Health and Addiction Services. The MH&R Board exercises total control, including budgeting, appropriating, contracting, and designating management.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

During 2013, Coshocton County contributed \$405,203 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 MH&R is not dependent on the County's participation and no equity interest exists. The MH&R has \$127,057 remaining on a promissory note.

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 2013.

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 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 2013, Coshocton County paid \$149,671 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 resources. OMEGA consists of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas and Columbiana Counties and other political subdivisions in the counties.

OMEGA's governing board consists of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers and 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 2013.

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 any funding from the County during 2013.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

Coshocton Port Authority (Port Authority) - The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide or promote transportation, economic development, education, governmental operations, culture, or research within the County. The Port Authority is governed by a five-member Board of Directors. Two members of the Board are appointed by the Mayor of the City and approved by Council of the City of Coshocton. Two members are appointed by the County Commissioner and the fifth appointment shall be approved by the four current members. The County paid \$50,000 to the Port Authority during 2013.

PUBLIC ENTITY RISK POOL

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by sixty-five 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 2013 was \$225,888.

RELATED ORGANIZATIONS

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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 affect 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 position 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 position presents the financial condition of the governmental activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. Fund Accounting

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

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 assets, deferred outflows, liabilities and deferred inflows are 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.

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

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

County board of developmental disabilities (the "county board of DD") fund - This fund accounts for a county-wide property tax levy, federal and 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 position, financial position, and cash flows, and are classified as either enterprise or internal service. The County's only proprietary fund is an internal service fund.

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

D. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets 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, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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 inflows and outflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

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.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the County that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the County that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows. 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, 2013, are recorded as deferred inflows on the governmental fund financial statements.

For current refunding and advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources.

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, 2013

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 2013, the County invested in federal agency securities, municipal bonds and non-negotiable certificates of deposit. The federal agency securities are reported at fair value which is based on quoted market prices. Non-negotiable certificates of deposit 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 2013 amounted to \$37,713 which includes \$30,709 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) and in escrow with a local financial institution for capital lease transaction. These funds held 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, 2013**

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, 2013, 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 position, 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 position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their 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, 2013

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

All reported capital assets are depreciated except for land. 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, notes, capital leases and lease purchase agreements 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 loans 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 position.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 in the general fund.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (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, 2013

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

P. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes 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 position is 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 2013, neither type of transaction occurred.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the County has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the County.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the County.

B. Deficit Fund Balances / Net Position

Fund balances / net position at December 31, 2013 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
OCJS grant	\$ 2,740
Jail diversion	430
Victims assistance grant	4,431
Child support enforcement agency	17,680
DRETAC - Treasurer	725
MOF demolition grant	10,186

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;

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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 2013, the County and public depositories complied with the provisions of these statutes.

A. Cash with Fiscal Agent

At December 31, 2013, the County had \$722,142 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.

At December 31, 2013, the County had \$333,421 in cash with fiscal agent related to a lease purchase agreement. The cash with fiscal agent is being used to make payments to Motorola for radio equipment.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash on Hand

At December 31, 2013, the County had \$1,240 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, 2013, the carrying amount of all County deposits was \$8,122,392 including cash in segregated accounts. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2013, \$6,249,587 of the County’s bank balance of \$8,445,369 was exposed to custodial risk as discussed below, while \$2,195,782 was covered by the FDIC.

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

D. Investments

As of December 31, 2013, the County had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FFCB	\$ 4,978,220	\$ -	\$ -	\$ -	\$ 2,000,860	\$ 2,977,360
FHLB	1,001,220	-	-	-	-	1,001,220
Municipal bonds	<u>1,843,361</u>	-	<u>502,400</u>	-	<u>497,010</u>	<u>843,951</u>
Total	<u>\$ 7,822,801</u>	<u>\$ -</u>	<u>\$ 502,400</u>	<u>\$ -</u>	<u>\$ 2,497,870</u>	<u>\$ 4,822,531</u>

The weighted average maturity of investments is 2.42 years.

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

Credit Risk: The federal agency securities carry a rating of AA+ and Aaa by Standard & Poor’s and Moody, respectively. The municipal bonds carry a rating of Aaa thru Baa2 and AAA thru AA by Moody and Standard & Poor’s, respectively. One short term bond had a rating of Mig1 by Moody. The County’s investment policy does not specifically address credit risk beyond requiring the County to only invest in securities authorized by State statute.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FFCB	\$ 4,978,220	63.64
FHLB	1,001,220	12.80
Municipal bonds	<u>1,843,361</u>	<u>23.56</u>
 Total	 <u>\$ 7,822,801</u>	 <u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 8,122,392
Investments	7,822,801
Cash on hand	1,240
Cash with fiscal agent	<u>1,055,563</u>
Total	<u>\$ 17,001,996</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 14,590,463
Agency funds	<u>2,411,533</u>
Total	<u>\$ 17,001,996</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	
Human services fund	\$ 149,193
Nonmajor governmental funds	72,763
<u>Transfer from emergency ambulance levy fund to:</u>	
Nonmajor governmental funds	<u>100,000</u>
Total transfers	<u>\$ 321,956</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in 2013 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, 2013:

Fund	Due from other funds	Due to other funds
General	\$ 17,065	\$ 1,900
Human services	95,932	23,128
County board of DD	-	9,118
Nonmajor governmental	<u>30,709</u>	<u>109,560</u>
Total	<u>\$ 143,706</u>	<u>\$ 143,706</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 position.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

C. Interfund Balances

Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2013, consist of the following individual fund loan receivable and payable as reported on the fund statements:

Fund	Interfund receivable	Interfund payable
General	\$ 614,619	\$ -
Internal service	-	586,045
Nonmajor governmental	-	28,574
Total	\$ 614,619	\$ 614,619

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 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, 2013 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2013 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all County operations for the year ended December 31, 2013 was \$12.65 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real property	\$ 594,963,200
Public utility personal property	<u>140,795,270</u>
Total assessed value	<u>\$ 735,758,470</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 2013 amounted to \$5,550,575 with the entire amount credited to the general fund.

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. The assets have been capitalized in governmental capital assets in the amount of \$253,300, 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>
2014	\$ 21,773
2015	16,330
2016	12,994
2017	7,105
2018	<u>2,304</u>
Total minimum lease payments	60,506
Less: amount representing interest	<u>(6,659)</u>
Present value of minimum lease payments	<u>\$ 53,847</u>

NOTE 9 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

During the current year and in a prior year, the County entered into lease purchase agreements with financial institutions to assist in financing telephone, HVAC and radio equipment.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

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 2013 totaled \$101,272 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. The assets associated with the radio equipment lease have not been capitalized, because individually, the pieces of radio equipment are below the County's capitalization threshold.

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, 2013:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 209,418
2015	209,418
2016	163,111
2017	90,123
2018	90,123
2019 - 2023	<u>450,615</u>
Total minimum lease payments	1,212,808
Less: amount representing interest	<u>(131,105)</u>
Present value of future minimum lease payments	<u>\$1,081,703</u>

NOTE 10 - OPERATING LEASE - LESSOR DISCLOSURE

The County is the lessor of oil and gas rights on certain land parcels owned by the County to Anadarko E&P Company LP. The lease agreement is from May 11, 2012 through May 11, 2017. The County will receive royalty payments once the operation produces oil and gas.

NOTE 11 - 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 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, 2013

NOTE 13 - RECEIVABLES

Receivables at December 31, 2013, 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, 2013. A summary of the principal items due from other governments:

Fund / Type	Amount
Major funds:	
General fund:	
Local government revenue	\$ 190,708
Payment in lieu of taxes	286
Casino tax	107,371
Homestead and rollback	90,936
Miscellaneous reimbursements	31,069
	420,370
Motor vehicle license and gasoline tax fund:	
License, gasoline and permissive taxes	1,945,115
Miscellaneous grants and reimbursements	571,953
	2,517,068
County board of DD fund:	
Homestead and rollback	155,122
Miscellaneous reimbursements	6,679
	161,801
Emergency ambulance levy fund:	
Payment in lieu of taxes	345
Homestead and rollback	111,027
	111,372
Human services fund:	
Miscellaneous grants and reimbursements	920
	920
Other governmental funds:	
Payment in lieu of taxes	256
Homestead and rollback	52,774
Miscellaneous grants and reimbursements	251,232
	304,262
Total due from other governments	\$ 3,515,793

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 14 - CAPITAL ASSETS

A. Capital asset activity for the year ended December 31, 2013, was as follows:

<u>Governmental activities:</u>	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/13</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 703,858	\$ -	\$ -	\$ 703,858
Total capital assets, not being depreciated	<u>703,858</u>	<u>-</u>	<u>-</u>	<u>703,858</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	12,165,867	54,864	-	12,220,731
Machinery and equipment	4,656,600	291,490	(29,815)	4,918,275
Vehicles	3,563,584	381,633	(83,886)	3,861,331
Infrastructure	29,534,056	538,462	-	30,072,518
Software	591,992	62,320	(33,000)	621,312
Total capital assets, being depreciated	<u>50,512,099</u>	<u>1,328,769</u>	<u>(146,701)</u>	<u>51,694,167</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(7,131,340)	(307,831)	-	(7,439,171)
Machinery and equipment	(3,491,618)	(215,909)	29,815	(3,677,712)
Vehicles	(2,575,169)	(244,495)	52,579	(2,767,085)
Infrastructure	(12,053,066)	(1,298,658)	-	(13,351,724)
Software	(432,452)	(26,911)	33,000	(426,363)
Total accumulated depreciation	<u>(25,683,645)</u>	<u>(2,093,804)</u>	<u>115,394</u>	<u>(27,662,055)</u>
Total capital assets, being depreciated net	<u>24,828,454</u>	<u>(765,035)</u>	<u>(31,307)</u>	<u>24,032,112</u>
Governmental activities capital assets, net	<u>\$ 25,532,312</u>	<u>\$ (765,035)</u>	<u>\$ (31,307)</u>	<u>\$ 24,735,970</u>

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

Governmental activities:	
General government:	
Legislative and executive	\$ 128,377
Judicial	68,092
Public safety	59,720
Public works	1,504,383
Health	251,007
Human services	81,097
Conservation and recreation	<u>1,128</u>
Total depreciation expense - governmental activities	<u>\$ 2,093,804</u>

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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:

Governmental Activities:	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/13</u>	<u>Amount Due in One Year</u>
General obligation bonds:								
Human Services Building	1990	12/1/2016	5.9-7.3%	\$ 140,000	\$ -	\$ (35,000)	\$ 105,000	\$ 35,000
County Garage Building - Refunding Bonds	2011	12/1/2019	1.40-4.00%	500,000	-	(65,000)	435,000	65,000
N. Corridor/Various Purpose General Obligation	2004	12/1/2029	4.5-4.99%	65,000	-	(65,000)	-	-
Refunding Bonds	2012	12/1/2029	1.0-3.4%	2,345,000	-	(75,000)	2,270,000	140,000
Total general obligation bonds				<u>3,050,000</u>	<u>-</u>	<u>(240,000)</u>	<u>2,810,000</u>	<u>240,000</u>
Notes								
Hopewell Roof Note	2003	3/20/2013	3.94%	15,000	-	(15,000)	-	-
Sewer Note	2009	7/1/2019	3.45%	140,000	-	(20,000)	120,000	20,000
Total notes				<u>155,000</u>	<u>-</u>	<u>(35,000)</u>	<u>120,000</u>	<u>20,000</u>
Loans:								
OPWC - Bridge Program	2005	7/1/2016	0.00%	35,682	-	(10,195)	25,487	10,195
OPWC - N. Corridor Sewer	2001	7/1/2021	0.00%	31,745	-	(3,735)	28,010	3,735
OPWC - Sewer Replacement	2004	1/1/2024	0.00%	9,433	-	(858)	8,575	858
OPWC - SR 83 Extension	2007	7/1/2029	0.00%	38,278	-	(2,392)	35,886	2,392
OPWC - County Rd. 55	2010	1/1/2032	0.00%	22,183	-	(1,167)	21,016	1,168
OPWC - County Rd. 495 Township Rd. 74				183,820	-	(9,675)	174,145	9,675
OWDA - Fresno/Pearl Sewer Construction	2010	1/1/2041	1.00%	219,642	-	(6,834)	212,808	6,902
Total Loans				<u>540,783</u>	<u>-</u>	<u>(34,856)</u>	<u>505,927</u>	<u>34,925</u>
Other long-term obligations:								
Capital Leases				52,070	26,079	(24,302)	53,847	18,720
Lease Purchase Agreements				391,765	791,210	(101,272)	1,081,703	177,474
Compensated Absences				1,097,394	484,624	(478,027)	1,103,991	764,917
Total Other Long-Term Obligations				<u>1,541,229</u>	<u>1,301,913</u>	<u>(603,601)</u>	<u>2,239,541</u>	<u>961,111</u>
Total general long-term obligations				<u>\$ 5,287,012</u>	<u>\$ 1,301,913</u>	<u>\$ (913,457)</u>	<u>5,675,468</u>	<u>\$ 1,256,036</u>
Add: unamortized premium on bond issuance							6,931	
Total reported on the statement of net assets							<u>\$ 5,682,399</u>	

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 4, 2012, the County issued \$2,400,000 in general obligation refunding bonds- Series 2012 for the purpose of refunding the Juvenile/Probate Court Phones bonds - Series 2002 and a portion of the North Corridor/Various Purpose bonds - Series 2004. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding bonds are comprised of current interest bonds, par value \$2,400,000. The bonds bear interest rates ranging from 1.00% - 3.40%. Principal and interest payments are made from the County debt service fund (a nonmajor governmental fund) and are due on December 1 and June 1 of each year. The bonds mature on December 1, 2029.

The reacquisition price exceeded the net carrying amount of old debt by \$208,967. 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 \$105,714 in gross debt service savings.

The County Garage Building 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 sewer note will be paid from debt service funds (nonmajor governmental funds) using property tax revenues.

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 County has entered into a contractual agreement for a construction loan from the OWDA. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved projects. OWDA will capitalize administration costs and construction interest and then add them to the total amounts of the final loan. At December 31, 2013 the balance of the County's OWDA loan is \$212,808. The Ohio Water Development Authority (OWDA) loan will be paid from the debt service funds (nonmajor governmental funds) using user fees and property tax revenues.

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

Refer to Notes 8 and 9 for detail on the capital leases and lease purchase agreement, respectively.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 15 - LONG TERM OBLIGATIONS - (Continued)

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

Year Ending December 31,	General Obligation Bonds		OPWC Loans	OWDA Loan	
	Principal	Interest	Principal	Principal	Interest
2014	\$ 240,000	\$ 79,261	\$ 28,023	\$ 6,902	\$ 2,111
2015	250,000	73,241	28,022	6,972	2,042
2016	255,000	67,041	22,925	7,041	1,972
2017	225,000	59,386	17,827	7,112	1,901
2018	230,000	54,136	17,828	7,183	1,830
2019 - 2023	845,000	189,507	79,790	37,011	8,055
2024 - 2028	630,000	87,115	66,177	38,904	6,162
2029 - 2033	135,000	4,591	32,527	40,894	4,172
2034 - 2038	-	-	-	42,985	2,081
2039 - 2040	-	-	-	17,804	223
Total	\$ 2,810,000	\$ 614,278	\$ 293,119	\$ 212,808	\$ 30,549

Year Ending December 31,	Notes Payable		Total	
	Principal	Interest	Principal	Interest
2014	\$ 20,000	\$ 4,140	\$ 294,925	\$ 85,512
2015	20,000	3,450	304,994	78,733
2016	20,000	2,760	304,966	71,773
2017	20,000	2,070	269,939	63,357
2018	20,000	1,380	275,011	57,346
2019 - 2023	20,000	690	981,801	198,252
2024 - 2028	-	-	735,081	93,277
2029 - 2033	-	-	208,421	8,763
2034 - 2038	-	-	42,985	2,081
2039 - 2040	-	-	17,804	223
Total	\$ 120,000	\$ 14,490	\$ 3,435,927	\$ 659,317

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, 2013

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 \$14,116,228 at December 31, 2013 and the unvoted legal debt margin was \$7,357,585 at December 31, 2013.

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-five counties and twenty-three multi-county facilities 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-five members.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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
Back Wages- per occurrence	50,000
Automobile liability	1,000,000
Uninsured/underinsured motorists liability	250,000
Excess liability	5,000,000
Foster parents	6,000,000
Accounts receivable	5,000,000
Property - total covered value	85,724,982
Other property insurance:	
Extra expense/business income	1,000,000
Electronic Data Processing (EDP)	100,000
Media -per occurrence	100,000
Extra Expense - per occurrence	25,000
Sewer line coverage	5,930,582
Water line coverage	5,510,892
Equipment breakdown	100,000,000
Crime insurance	1,000,000
Sirens	57,875
Other coverage	
Attorney Disciplinary Proceedings	25,000
Dog Warden Blanket Bond	2,000

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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - RISK MANAGEMENT - (Continued)

C. Health Care Self-Insurance

The County maintains a Self-Insurance Internal Service Fund to account for, and finance, its uninsured risks of loss in this program. Effective October 1, 2012 a Third Party Administrator, Mutual Health Services, a division of Medical Mutual and located in Akron, Ohio began reviewing all claims which are then paid by the County. For December 31, 2013, the plan provided 3 different options for coverage for eligible County employees. The first option being Plan A – Buyup a major medical with a \$1,000 individual and \$2,000 family deductible and a Preferred Provider Network (PPO) with a \$500 individual and a \$1,000 family deductible. The second option being Plan B - Core a major medical with a \$2,000 individual deductible and a \$4,000 family deductible and a Preferred Provider Network (PPO) with a \$1,000 individual and a \$2,000 family deductible. The third option being a Plan C - Health Savings Account (HSA) major medical with a \$5,000 individual deductible and a \$10,000 family deductible and a Preferred Provider Network (PPO) with a \$2,500 deductible and a \$5,000 family deductible. The County purchases stop-loss coverage of \$90,000 per employee per year and an aggregate annual limit of \$1,000,000. For the period October 1, 2012 through December 31, 2013 the County provided three options for employees to choose from. Plan A- Buyup - \$1,423 family coverage, \$483 single, Employee + Spouse \$1,013 and Employee + child/children \$820. For Plan B – Core - \$1,367 family coverage, \$463 single coverage, \$973 Employee + spouse and \$788 employee + child/children. Plan C – HSA - \$1,422 family coverage, \$482 single, \$1012 employee + spouse and \$819 employee + child/children coverage which represents the entire premium required.

Aultra Administrative Service finished processing all run-out claims (claims prior to October 1, 2012) for the County in April 2013. This premium was paid by the fund that pays a portion of the salary for the employee and is based on historic cost information.

The claims liability of \$416,645 reported in the fund at December 31, 2013, 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 2013 and 2012 were:

	<u>Beginning of Year</u>	<u>Year Claims</u>	<u>Payments</u>	<u>End of Year</u>
2013	\$ 461,550	\$ 3,157,071	\$ (3,201,976)	\$ 416,645
2012	511,430	3,608,488	(3,658,368)	461,550

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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, 277 East Town Street, 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 2013 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 2013 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 12.00% and 12.60%, respectively. The County's contribution rate for 2013 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.

The County's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The County's contribution rate for pension benefits for members in the Combined Plan was 13.00%. For those plan members in law enforcement and public safety pension contributions were 17.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$1,913,694, \$1,463,930, and \$1,408,826, respectively; 92.96% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2013 were \$19,952 made by the County and \$14,252 made by the plan members.

B. State Teachers Retirement System of Ohio

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 East Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 17 - PENSION PLANS - (Continued)

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 percent 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 with five years of service credit, age 55 with 25 years of service credit or with 30 years of service regardless of credit; 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 2013, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2013, 2012 and 2011 were \$43,288, \$36,583 and \$38,752, respectively; 100 percent has been contributed for 2013, 2012 and 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. 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.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 18 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

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, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013 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 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

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, 2013, 2012, and 2011 were \$140,955, \$562,686, and \$537,490, respectively; 92.96% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. State Teachers Retirement System of Ohio

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, under "Publications" or by calling (888) 227-7877.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 18 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2013, 2012 and 2011 were \$3,330, \$2,814 and \$2,981, respectively; 100 percent has been contributed for 2013, 2012 and 2011.

NOTE 19 - RELATED PARTY TRANSACTIONS

Coshocton County Airport authority is a component unit of Coshocton County. During 2013, the County Airport Authority received an operating transfer from the County in the amount of \$21,464.

Additionally, the County pays salary and fringe benefits for Airport Authority employees, with the exception of the Airport Authority's Secretary - Treasurer. During 2013, The County paid Airport Authority employees' salaries and fringe benefits of \$101,514. The Airport Authority obtains federal grants that have matching requirements of 5% and 10%, depending on the grant. Matching requirements are made from non-federal revenue sources. The County pays the local matching requirement of the Airport Authority grants. During 2013, The County paid \$14,955 to Airport Authority vendors to make the local matching requirements.

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, the human services 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);
- (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).

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>	<u>Emergency Ambulance Levy</u>
Budget basis	\$ (347,188)	\$ (241,766)	\$ 7,444	\$ 80,309	\$ (609,072)
Net adjustment for revenue accruals	40,848	(45,170)	21,245	87,281	54,988
Net adjustment for expenditure accruals	(128,882)	85,926	(101,533)	(602,306)	(88,865)
Net adjustment for other sources/uses	300,571	(12,098)	(3,508)	(16,767)	-
Funds budgeted elsewhere	28,800	-	-	-	-
Adjustment for encumbrances	<u>452,254</u>	<u>113,670</u>	<u>325,335</u>	<u>488,113</u>	<u>112,923</u>
GAAP basis	<u>\$ 346,403</u>	<u>\$ (99,438)</u>	<u>\$ 248,983</u>	<u>\$ 36,630</u>	<u>\$ (530,026)</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, 2013**

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:

<u>Fund balance</u>	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle and Gas Tax Fund</u>	<u>County Board of DD Fund</u>	<u>Emergency Ambulance Levy Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:							
Prepayments	\$ 75,264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,264
Materials and supplies inventory	54,381	5,745	217,034	2,711	45,238	8,691	333,800
Unclaimed monies	<u>36,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,248</u>
Total nonspendable	<u>165,893</u>	<u>5,745</u>	<u>217,034</u>	<u>2,711</u>	<u>45,238</u>	<u>8,691</u>	<u>445,312</u>
Restricted:							
Capital projects	-	-	-	-	-	253,781	253,781
Debt service	-	-	-	-	-	7,191	7,191
Public works	-	-	1,524,576	-	-	236,164	1,760,740
Human services	-	96,213	-	-	-	357,597	453,810
Health	-	-	-	5,115,667	-	223,750	5,339,417
General government operations	-	-	-	-	-	960,999	960,999
Public safety programs	-	-	-	-	-	747,153	747,153
Other purposes	-	-	-	-	-	42,185	42,185
Total restricted	<u>-</u>	<u>96,213</u>	<u>1,524,576</u>	<u>5,115,667</u>	<u>-</u>	<u>2,828,820</u>	<u>9,565,276</u>
Committed:							
Capital projects	-	-	-	-	-	239,635	239,635
Debt service	-	-	-	-	-	25,075	25,075
Human services	-	-	-	-	-	163,801	163,801
Health	-	-	-	-	1,104,629	-	1,104,629
Public safety programs	-	-	-	-	-	62,078	62,078
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,104,629</u>	<u>490,589</u>	<u>1,595,218</u>
Assigned:							
Public works	55,723	-	-	-	-	-	55,723
Human services	21,825	-	-	-	-	-	21,825
General government operations	240,772	-	-	-	-	-	240,772
Public safety programs	43,141	-	-	-	-	-	43,141
Other purposes	906	-	-	-	-	-	906
Subsequent year appropriations	<u>1,758,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,758,757</u>
Total assigned	<u>2,121,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,121,124</u>
Unassigned (deficit)	<u>1,623,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,192)</u>	<u>1,586,821</u>
Total fund balances	<u>\$ 3,910,030</u>	<u>\$ 101,958</u>	<u>\$ 1,741,610</u>	<u>\$ 5,118,378</u>	<u>\$ 1,149,867</u>	<u>\$ 3,291,908</u>	<u>\$ 15,313,751</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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	\$ 362,367
Human services	58,473
Motor vehicle and gas tax	282,832
County board of DD	423,858
Emergency ambulance levy	70,736
Other governmental	<u>413,109</u>
Total	<u>\$ 1,611,375</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, 2013

**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 position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in net total position. 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*

Cash received by the Airport is maintained in three separate checking accounts and a savings account. Separate checking accounts are used to track cash activity related to the Airport's general fund, FAA federal activity, and special events, respectively. The savings accounts also holds general fund cash. 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 \$91,541 and the bank balance was \$90,722. The entire balance was covered by Federal Deposit Insurance Corporation. The Airport has no investments. The Airport also had \$300 in cash on hand.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

D. Capital Assets

	Balance 12/31/12	Additions	Deductions	Balance 12/31/13
<i>Capital assets, not being depreciated:</i>				
Land	\$ 189,296	\$ -	\$ -	\$ 189,296
Total capital assets, not being depreciated	<u>189,296</u>	<u>-</u>	<u>-</u>	<u>189,296</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	675,000	-	-	675,000
Infrastructure	4,930,844	-	-	4,930,844
Vehicles	14,394	-	-	14,394
Furniture and equipment	<u>428,628</u>	<u>-</u>	<u>-</u>	<u>428,628</u>
Total cost	<u>6,048,866</u>	<u>-</u>	<u>-</u>	<u>6,048,866</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(227,500)	(11,250)	-	(238,750)
Infrastructure	(1,275,118)	(197,234)	-	(1,472,352)
Vehicles	(14,394)	-	-	(14,394)
Furniture and equipment	<u>(236,559)</u>	<u>(18,284)</u>	<u>-</u>	<u>(254,843)</u>
Total accumulated depreciation	<u>(1,753,571)</u>	<u>(226,768)</u>	<u>-</u>	<u>(1,980,339)</u>
Total capital assets, being depreciated net	<u>4,295,295</u>	<u>(226,768)</u>	<u>-</u>	<u>4,068,527</u>
Total capital assets, net	<u>\$ 4,484,591</u>	<u>\$ (226,768)</u>	<u>\$ -</u>	<u>\$ 4,257,823</u>

NOTE 24 – HOPEWELL INDUSTRIES, INC.

Hopewell Industries, Inc., (the “Workshop”) was reported as a discretely presented component unit of the County in prior years. 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), previously provided sheltered employment for developmentally disabled adults in Coshocton County. The relationship between the Workshop and the County Board of DD changed during 2013 as the Workshop became a privatized entity. The County Board of DD no longer provides direct support (such as with salaries, transportation, equipment and staff to administer and supervise training) and other funds, as necessary, for the operation of the Workshop. The Workshop now bills Medicaid directly and has become fiscally independent of the County Board of DD. As a result, the Workshop no longer meets the criteria of GASB 61 to be included as a component unit of the County and their financial statements are no longer presented within the County’s basic financial statements.

COSHOCTON COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through the Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1213-11-0024 / G-1415-11-5344	10.561	\$ 294,477
Total U.S. Department of Agriculture			294,477
<u>U.S. DEPARTMENT OF DEFENSE</u>			
<i>Passed through the Ohio Department of Natural Resources</i>			
Payments to States in Lieu of Real Estate Taxes	N/A	12.112	81
Total U.S. Department of Defense			81
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants - State's Program	B-F-12-1AP-1 B-C-11-1AP-1	14.228	94,076 56,437
Total Community Development Block Grants - State's Program			150,513
HOME Investment Partnerships Program	B-C-11-1AP-2	14.239	155,745
Total U.S. Department of Housing and Urban Development			306,258
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed through the Ohio Department of Youth Services</i>			
Juvenile Accountability Block Grants	2009-JB-015-B057 2011-JB-015-B057	16.523	479 9,246
Total Juvenile Accountability Block Grants			9,725
<i>Passed through the Ohio Office of Criminal Justice Services</i>			
Crime Victims Assistance Program	2011VAGENE899 2013VAGENE001 2014VAGENE001	16.575	775 14,453 2,453
Total Crime Victims Assistance Program			17,681
<i>Direct:</i>			
Bulletproof Vest Partnership Program	2012BUBX12062334	16.607	5,852
Total U.S. Department of Justice			33,258
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed through Area 7 Workforce Investment Board</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program (SFY 12)	2012-7216-1	17.258	2,173
WIA Adult Program (SFY 12) - Admin			356
WIA Adult Program (SFY 13)	2013-7216-1		62,203
WIA Adult Program (SFY 13) - Admin			2,031
Total WIA - Adult			66,763
WIA Youth Activities (SFY 11)	2011-7216-1	17.259	5,136
WIA Youth Activities (SFY 11) - Admin			1,433
WIA Youth Activities (SFY 12)	2012-7216-1		35,088
WIA Youth Activities (SFY 12) - Admin			1,100
Total WIA - Youth			42,757
WIA Dislocated Workers (SFY 11)	2011-7216-1	17.278	902
WIA Dislocated Workers (SFY 11) - Admin			1,346
WIA Dislocated Workers (SFY 12)	2012-7216-1		21,757
WIA Dislocated Workers (SFY 12) - Admin			135
WIA Dislocated Workers (SFY 13)	2013-7216-1		33,024
WIA Dislocated Workers (SFY 13) - Admin			861
Total WIA - Dislocated Workers			58,025
Total Workforce Investment Act Cluster			167,545
Total U.S. Department of Labor			167,545
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Direct:</i>			
Airport Improvement Program	3-39-0028-1812	20.106	133,829
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction	89853 92742 93895	20.205	192,964 11,484 8,100
Total Highway Planning and Construction			212,548

COSHOCTON COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</u>			
<i>Passed through the Ohio Department of Transportation</i>			
Enhanced Mobility of Seniors and Individuals with Disabilities	CRD-0016-008-131	20.513	\$57,582
<i>Passed through the Ohio Office of Criminal Justice Services</i>			
State and Community Highway Safety Program	HVEO-2013-16-00-00-00355-00 HVEO-2014-16-00-00-00342-00	20.600	15,954 3,051
Total State and Community Highway Safety Program			<u>19,005</u>
Total U.S. Department of Transportation			422,964
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed through the Ohio Department of Education</i>			
Adult Education - Basic Grants to States Program	ABS1-2013 ABS1-2014	84.002	53,917 41,518
Total Adult Education - Basic Grants to States Program			<u>95,435</u>
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States (IDEA, Part B)	6BSF-2013 6BSF-2014	84.027	19,140 5,353
Total Special Education - Grants to States (IDEA, Part B)			<u>24,493</u>
Special Education - Preschool Grants (IDEA Preschool)	6BSF-2013 6BSF-2014	84.173	6,873 1,893
Total Special Education - Preschool Grants (IDEA Preschool)			<u>8,766</u>
Total Special Education Cluster (IDEA)			<u>33,259</u>
Total U.S. Department of Education			128,694
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through National Association of County and City Health Officials</i>			
Medical Reserves Corp Small Grant Program	5MRCSG101005-03	93.008	1,839
<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	26,549
<i>Passed through the Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities - Grants to States	N/A	93.617	255
<i>Passed through the Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	35,231
Medical Assistance Program:	N/A	93.778	123,230
<i>Passed through the Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	G-1213-11-0024 / G-1415-11-5344	93.556	24,281
Temporary Assistance for Needy Families	G-1213-11-0024 / G-1415-11-5344	93.558	919,509
Child Support Enforcement	G-1213-11-0024 / G-1415-11-5344	93.563	656,895
Child Care and Development of Block Grant	G-1213-11-0024 / G-1415-11-5344	93.575	51,490
Community-Based Child Abuse Prevention Grants	G-1213-11-0024	93.590	1,949
Grants to States for Access and Visitation Programs	G-1213-09-0156 / G-1415-09-0156	93.597	37,480
Stephanie Tubbs Jones Child Welfare Services Program	G-1213-11-0024 / G-1415-11-5344	93.645	38,984
Foster Care Title IV-E	G-1213-11-0024 / G-1415-11-5344	93.658	221,367
Adoption Assistance	G-1213-11-0024 / G-1415-11-5344	93.659	199,249
Social Services Block Grant	G-1213-11-0024 / G-1415-11-5344	93.667	474,610
Chafee Foster Care Independence Program	G-1213-11-0024 / G-1415-11-5344	93.674	8,713
Children's Health Insurance Program	G-1213-11-0024	93.767	1,101
Medical Assistance Program	G-1213-11-0024 / G-1415-11-5344	93.778	<u>384,583</u>
Total U.S. Department of Health and Human Services			3,207,315
<u>U.S. DEPARTMENT OF HOMELAND SAFETY</u>			
<i>Passed through the Ohio Department of Public Safety</i>			
Homeland Security Grant Program	EMW-2011-SS-00070	97.067	<u>24,479</u>
Total U.S. Department of Homeland Safety			<u>24,479</u>
Total Federal Awards Expenditures			<u>\$4,585,071</u>

The accompanying notes are an integral part of this Schedule.

COSHOCTON COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - 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 C - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2013, the County made allowable transfers of \$280,754 from the Temporary Assistance for Needy Families (TANF – CFDA #93.558) program to the Social Services Block Grant (SSBG – CFDA #93.667) program. The Schedule shows the County spent approximately \$919,509 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 2013 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,200,263
Transfer to Social Services Block Grant	<u>(280,754)</u>
Total Temporary Assistance for Needy Families	<u>\$ 919,509</u>

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Dave Yost • Auditor of State

INDEPENDENT AUDITORS' 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 Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Coshocton County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 15, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying Schedule of Findings to be a material weakness.

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, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

September 15, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Coshocton County, Ohio's (the County), compliance with the applicable 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 Coshocton County's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

Management's Responsibility

The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families Program and Airport Improvement Program

As described in Findings 2013-004 and 2013-006 in the accompanying Schedule of Findings the County did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-004	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Cash Management
2013-004	93.558	Temporary Assistance for Needy Families Program	Cash Management
2013-006	20.106	Airport Improvement Program	Special Tests and Provisions – Revenue Diversion

Compliance with these requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

Qualified Opinion on State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families Program and Airport Improvement Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families Program and Airport Improvement Program* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families Program and Airport Improvement Program for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings as item 2013-005. This finding did not require us to modify our compliance opinion on the major federal program.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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's applicable 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's compliance requirement will not be prevented, or timely detected and corrected. 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's applicable 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 consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2013-002 through 2013-004 and 2013-006 to be material weaknesses.

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

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 15, 2014

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COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion Unmodified for all major programs, except; <ul style="list-style-type: none"> • Airport Improvement Program, CFDA #20.106 – Section N, Special Tests and Provisions – qualified • Supplemental Nutrition Assistance Program, CFDA #10.561 – Section C, Cash Management – qualified • Temporary Assistance for Needy Families, CFDA #93.558 – Section C, Cash Management – qualified 	
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Supplemental Nutrition Assistance Program – CFDA #10.561 • Airport Improvement Program – CFDA #20.106 • Temporary Assistance for Needy Families – CFDA #93.558 • Child Support Enforcement Program – CFDA #93.563 • Foster Care Title IV-E – CFDA #93.658 • Adoption Assistance – CFDA #93.659 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

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

Finding Number 2013-001

Material Weakness – Financial Reporting - Airport

The Coshocton County Regional Airport Authority (Airport) prepared a cash basis financial report that was provided to the County to be converted to Generally Accepted Accounting Principles (GAAP) and reported as a component unit within Coshocton County's basic financial statements. However, the Airport did not include the activity relating to their special events within this report. Furthermore, the Airport did not maintain a financial ledger or journal documenting the detailed revenue and expenses made throughout the year that would report the accumulation of activity included in the financial report. While the bank reconciliation was prepared monthly, it could not be agreed to a financial report. Therefore, we reviewed bank statements and the Daily Sales Log, as maintained by the Airport Administrator, in order to determine the completeness of the activity reported. As a result of these audit procedures performed, errors were noted in the Airport's financial statements that required audit adjustments and reclassifications as follows:

- Cash was overstated by \$29,399;
- Charges for Services (which included charges for services for fuel sales plus rent/lease revenue from hangar leases and royalties for reporting in the Statement of Activities as defined by GASB 34 Paragraph 49) was overstated by \$58,425;
- Expenses were understated by \$72,293;
- Grants and Contributions were understated by \$100,963;
- Interest was overstated by \$1,321; and
- Other Revenue was understated by \$1,677.

Additionally, the Airport did not report fuel inventory of \$42,181 as part of the GAAP financial statements.

Sound financial reporting is the responsibility of the Airport Secretary-Treasurer and its Board and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the financial statements and notes to the financial statements are complete and accurate, the Airport should adopt policies and procedures, including the use of ledgers and journals to track the financial activity, in aggregate and by revenue / expense classification, for each of their funds, a more detailed reconciliation agreeing the reconciled balances in their checking, savings account and cash on hand to the ending cash balance in financial journals and a final review of the statements by the Airport to identify and correct errors and omissions.

The financial statements have been adjusted accordingly.

Official's Response: The Airport passed a resolution at the August 14, 2014, board meeting to hire a CPA to help set up a correct set of accounting books so that financial statements are done in a correct manner. They have hired a CPA to help with this on August 21, 2014.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2013-002
CFDA Title and Number	Airport Improvement Program, CFDA #20.106
Federal Award Number / Year	3-39-0028-1812
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Direct

Material Weakness – Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Period of Availability

The Coshocton County Regional Airport Authority (Airport) received an Airport Improvement Program (AIP) Grant from the Federal Aviation Administration (FAA). The AIP grant was a reimbursement grant; however, the Airport requested grant funds from the FAA on the accrual basis of accounting. Expenditures were required to be incurred and billed before the Airport completed and submitted the Standard Form 271, Outlay Report and Request for Reimbursement for Construction Program (SF 271) report to request the grant funds. While all SF 271 reimbursements were properly supported by invoices, 69% of payments were either for services not reflected on the SF 271 or in different amounts than requested. As a result, the Airport could have approved improper payments from the grant funds.

The Airport should implement procedures to help ensure reimbursement receipts are for amounts requested and that reported payments and/or billed amounts agree to the request. This includes, but is not limited to, the Airport reviewing all monies received when requested and matching amounts received to payments to be made. This will help ensure the Airport is properly expending all grant monies received and mitigate the risk of making unallowable payments and improperly reporting grant activities.

Official's Response: See Corrective Action Plan.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2013-003
CFDA Title and Number	Child Support Enforcement Program, CFDA #93.563
Federal Award Number / Year	G-1213-11-0024/G-1415-11-5344
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Material Weakness – Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Period of Availability

The Coshocton County Job and Family Services (CCJFS) contracted with the Coshocton County Probate and Juvenile Courts (Court) to perform Title IV-D services in relation to child support enforcement. The CCJFS reimbursed the Court at 66% of invoiced services billed to CCJFS. This reimbursement rate was the Federal Financial Participation (FFP) rate in 2013. For 16% of transactions, the reimbursement amount calculated did not agree to the agreed upon percentage of the total billed invoice. CCJFS incorrectly calculated the amount to be reimbursed to the Court. CCJFS's control procedures failed to correct the miscalculation prior to payment. As a result, the CCJFS underpaid the Court on one invoice. Calculation errors could result in questioned costs on federally funded programs.

CCJFS should implement procedures, such as supervisor reviews and matching invoiced amounts to amounts entered into CCJFS's financial system, to help ensure the FFP is calculated correctly. This will help ensure the County is compliant with Federal and State regulations and that Federal funding is expended on allowable activities.

Official's Response: See Corrective Action Plan.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2013-004
CFDA Title and Number	Temporary Assistance for Needy Families, CFDA #93.558 Supplemental Nutrition Assistance Programs, CFDA #10.561
Federal Award Number / Year	G-1213-11-0024/G-1415-11-5344
Federal Agency	U.S. Department of Health and Human Services U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Job and Family Services

Material Weakness and Noncompliance – Cash Management

45 CFR § 74.22(a) and 7 CFR § 3019.22(a) requires that payment methods shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Ohio Admin. Code § 5101:9-7-03(B)(1) requires County Department of Job and Family Services to have cash management procedures in place to ensure the time elapsing between the receipt of funds and the disbursement of funds does not exceed a ten day average for all federal and state operating allocations.

The Coshocton County Job and Family Services' (CCJFS) cash on hand for their Public Assistance federal grants, including Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program, exceeded the ten day average for three out of four quarters by 10.6, 3.5 and .17 days, respectively. The CCJFS exceeded the ten day average by 1.83 days for the entire year.

The CCJFS should implement procedures that would limit cash draws for immediate needs. Procedures should include, but are not limited to, a review of expected payroll and nonpayroll expenditures and review of the CR501 report. Cash drawdowns should then be based upon expenditures expected to be paid within ten days. This will help ensure the CCJFS is compliant with cash management requirements.

Official's Response: See Corrective Action Plan.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2013-005
CFDA Title and Number	Airport Improvement Program, CFDA #20.106
Federal Award Number / Year	3-39-0028-1812
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Direct

Noncompliance – Cash Management

49 CFR §18.20(b)(7) requires procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on sub-grantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

The Coshocton County Regional Airport Authority (Airport) received a payment of \$18,098 on June 25, 2013 by electronic funds transfer. However, the Airport did not completely expend this amount until 67 days later. While the Airport had not established procedures to minimize the time between drawdown and disbursement, an expenditure of funds 67 days after receipt was not reasonably close to the date of the draw. As a result, money held for excessive periods could allow the Airport to earn interest in excess of the allowable amount.

The Airport should establish procedures to minimize the time between drawdown and the subsequent disbursement of amounts received. This will help ensure the Airport complies with Federal cash management requirements.

Official's Response: See Corrective Action Plan.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2013-006
CFDA Title and Number	Airport Improvement Program, CFDA #20.106
Federal Award Number / Year	3-39-0028-1812
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Direct

Noncompliance and Material Weakness – Special Tests and Provisions

64 FR 7696, § VI, Paragraph B(1) documents that prohibited uses of airport revenue include, but are not limited to, direct or indirect payments that exceed the fair and reasonable value of those services and facilities provided to the airport. The Federal Aviation Administration (FAA) generally considers the cost of providing the services or facilities to the airport as a reliable indicator of value.

During 2013, the Coshocton County Regional Airport Authority (Airport) paid late penalties of \$819 to various vendors, had an unsupported credit card payment of \$12 and paid \$97 for flowers unrelated to Airport activity. These penalties do not result in questioned costs related to the Airport Improvement Program grant as the expenditures are from non-Federal sources. However, they were determined to be prohibited uses of airport revenue as expenditures exceeded fair and reasonable value (late fees), unsupported or were not related to the cost of providing services (flower payments).

Also, during 2013, the Airport paid the Secretary-Treasurer \$11,969 as the gross payroll with a net payout of \$9,743. However, the Airport's Board approved a salary of "\$9,400 per year plus PERS along with all required taxes" on February 9, 2012. This salary was approved for the new Secretary-Treasurer and was also documented as being the same salary for the previous Secretary-Treasurer. Additionally, during audit procedures performed for the 2011 audit the Airport Board President indicated that the approved salary was \$997 per month in net pay or \$11,969 in annual net salary. All payroll checks are only signed by the Secretary-Treasurer and the Board provided little or inconsistent oversight regarding pay made in 2013. As a result, there was an increased risk that the Secretary-Treasurer was paid an incorrect salary and that funds may have been misappropriated.

The Airport should review Federal regulations regarding the proper use of revenue in relation to the operation of an airport. Additionally, the Airport should timely pay vendors in order to avoid late fees and other penalties. Procedures and policies should be adopted and followed that would help to ensure expenditures are properly reviewed, approved and disbursed only on allowable uses. Also, the Board should review the authorized and actual pay made to the Secretary-Treasurer in 2013 and determined the amount that should have been paid. If the Secretary-Treasurer was overpaid, the Board should seek reimbursement for overages. Also, the Board should clearly document and approve the salary and fringe benefits to be paid to the Secretary-Treasurer. Approval should be made during open session in Board meetings or through an approved contract with the Secretary-Treasurer. Additionally, the Board should consider requiring dual signatories for all checks made. These procedures will help reduce the risk of the Secretary-Treasurer being paid incorrectly and reduce the risk of undetected, unallowable or unauthorized payments.

Official's Response: See Corrective Action Plan.

COSHOCTON COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Financial Reporting – numerous errors were identified on the County’s financial statements; Airport and Hopewell	Partial	Repeat. See Schedule of Findings 2013-001.
2012-002	49 CFR § 18.20(b)(7) – the Airport did not have procedures in place to minimize time between the drawdown and expenditure of grant funds.	No	Repeat. See Schedule of Findings 2013-005.
2012-003	64 CFR 7696, Section VI, Paragraph B(1) – a system was not in place to help ensure invoices received, payments to be made from federal funds and the local match paid by the County.	No	Repeat. See Schedule of Findings 2013-006.
2012-004	49 CFR 18.36(c)(1) – procurement was not performed providing full and open competition.	Yes	Corrected. Not a valid issue for the 2013 audit.

COSHOCTON COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-002	The Airport adopted on January 14, 2014, board meeting policies to ensure reimbursement receipts for amounts requested and that reported payments and/or billed amounts agree to the request.	January 14, 2014	Scott Limburg
2013-003	This underpayment resulted in oversight by the agency to review and pay the correct amount as invoiced. As the underpayment occurred in the same federal fiscal year, the correction was made by entering an invoice for the \$800 in question and forwarding payment to the Court in June 2014 when the error was discovered (see attached documentation). In addition, the agency has since modified internal control process by eliminating unnecessary cover page to the invoice as well as the handwritten "amount to pay" memos. This allows all those in the approval process to review the actual invoice/documentation from the vendor without unnecessary papers/steps, thus reducing areas for errors in calculations or payments. This revised process has been implemented for all IV-D Court contracts.	Completed as of June, 2014 with invoice correction and procedural changes implemented	Danny Brenneman
2013-004	As described in the finding, the agency exceeded the 10 days allowed in various quarters of 2013 and by 1.83 days for the year. The corrective action plan is to more closely monitor current cash-on-hand when calculating draws against federal funds. Along with this, is our need to consider timing issues (in the CFIS system) for when draws are made vs. when the cash is actually available to the county; this in conjunction with the timing and availability of county bill/invoice cycles. See attached cash-on-hand reports (CR502) for the January/March and April/June quarters of 2014. Both are in compliance and under the 10 day threshold.	Initial attention to/modification of draw process is complete and ongoing as of January, 2014. This will be an ongoing effort to monitor and manage federal cash-on-hand by the week, month, and quarter to the best of our ability in order to be in compliance.	Danny Brenneman
2012-005	The Airport adopted on January 14, 2014, board meeting policies to ensure procedures to minimize the time between the drawdown and disbursement of amounts received.	January 14, 2014	Scott Limburg
2012-006	The late penalty payment has been addressed to the Secretary/Treasurer and prompt submission of incoming statements has been addressed. At the September 2014 board meeting, the Secretary/Treasurers salary will be detailed for the state audit group responsible for the Airport audit. Policy and procedure will be put in place at the September 2014 board meeting for acceptable expenses (flower payments).	September 2014.	Scott Limburg

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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
SEPTEMBER 25, 2014