

# **Coshocton County**

*Audited Financial Statements*

*December 31, 2005*





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Coshocton County  
349 Main Street  
Room 101  
Coshocton, Ohio 43812

We have reviewed the *Report of Independent Auditor's* of Coshocton County prepared by Rea & Associates, Inc. for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 5, 2006

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**COSHOCTON COUNTY**

**DECEMBER 31, 2005**

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**COSHOCTON COUNTY**

**DECEMBER 31, 2005**

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Rea & Associates, Inc.  
ACCOUNTANTS AND BUSINESS CONSULTANTS

September 6, 2006

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

**Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Coshocton County (the "County"), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Coshocton County, as of December 31, 2005, and the respective changes in financial position and the cash flows where applicable and the respective budgetary comparison for the General Fund, Human Services Fund, Motor Vehicle & Gasoline Tax Fund, Hopewell MR/DD Fund, Children Services Levy Fund and Emergency Ambulance Levy Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, Coshocton County implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 6, 2006 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 grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 2 through 11 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

*Rea & Associates, Inc.*

## COSHOCTON COUNTY, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2005 (Unaudited)*

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The discussion and analysis of Coshocton County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2005. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

#### **FINANCIAL HIGHLIGHTS**

Key Financial highlights for 2005 are as follows:

- General revenues accounted for \$13.4 million in revenue or 42 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$18.3 million or 58 percent of total revenues of \$32.0 million.
- Total program expenses were \$27.9 million.
- In total, net assets increased \$3.8 million

#### **USING THIS ANNUAL REPORT**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. Included is a series of financial statements and notes to those statements. The statements are organized so the reader can understand Coshocton County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. 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.

The General Fund is always considered a major fund. All other funds are classified as major funds if any of their year-end assets, liabilities, revenues or expenditures are at least 10% of the total Government Funds and 5% of the total Government and Enterprise Funds. For fiscal year 2005, the General Fund is by far the most significant fund, followed by the Human Services Fund.

#### **BASIS OF ACCOUNTING**

In 2004, the County elected to present its financial statements on a *cash basis of accounting*. The cash basis of accounting involves the measurement of changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.



## COSHOCTON COUNTY, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2005 (Unaudited)*

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For 2005, the County is presenting its financial statements using the *accrual basis of accounting* with generally accepted accounting procedures (GAAP). Financial statements for 2005 include *all assets* and *liabilities* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

This change in the basis of accounting will make some comparisons impossible. Only comparable figures will be included in this analysis.

#### **REPORTING THE COUNTY AS A WHOLE**

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

While this document contains the large number of funds used by the County to provide services and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2005?" The Statement of Net Assets and the Statement of Activities answer this question.

These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the financial position of the County has improved. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors may include, but not limited to changes in the County's tax base, levies approved by the County Budget Commission, current property tax laws, condition of the County's capital assets, and required or mandated programs.

In the Statement of Net Assets and the Statement of Activities, all of the County's programs and services are reported in the governmental activities, including general government (legislative & executive and judicial), public safety, health, human services, and public works.

#### **REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS**

##### *Fund Financial Statements*

The analysis of the County's major funds begins on page 12. 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 include the General Fund, Human Services Fund, Motor Vehicle License and Gasoline Tax Fund, Hopewell MRDD Fund, Children's Services Fund, and the Emergency Ambulance Levy Fund.

**Governmental Funds** – Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance County programs.

## COSHOCTON COUNTY, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2005 (Unaudited)*

**Proprietary Funds** – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Activities and Net Assets. The internal service fund accounts for the self-insurance fund for health coverage and is reported as the County's only proprietary fund.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 of the proprietary funds.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table 1 provides a summary of the County's net assets for 2005 compared to 2004 on a cash basis.

(Table 1)  
SUMMARY OF NET ASSETS

	Governmental Activities	
	2005	Restated 2004
<b>Assets</b>		
Current and Other Assets	\$ 21,393,137	\$ 19,298,697
Capital Assets	9,122,119	9,021,297
Total Assets	30,515,256	28,319,994
<b>Liabilities</b>		
Long-Term Liabilities	6,309,456	6,275,556
Other Liabilities	7,705,215	9,341,951
Total Liabilities	14,014,671	15,617,507
<b>Net Assets</b>		
Invested in Capital Assets, net of Related Debt	3,832,712	3,686,869
Unrestricted	12,664,873	9,015,618
Total Net Assets	\$ 16,497,585	\$ 12,702,487

**COSHOCTON COUNTY, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
(Unaudited)***

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Total net assets increased \$3,795,098 during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- *Hopewell MRDD Fund* had an increase of \$1,198,703 (214%), mainly because of a reduction in wages and benefits due to changes in staff. Two high-end case managers (SSA's) left and were not replaced, one teacher retired and was replaced by a teacher with a lower salary, and a classroom was closed due to a lower number of students, eliminating a teacher's and two aide positions.
- *Human Services Fund* had a \$ 977,393 increase (299%) in its balance due to a 25% increase in cash receipts, with the largest increases in Grant monies, CSB reimbursements, and, because of more Medicaid clients, Medicaid payments. There was an overpayment in Grant monies, which will be adjusted in 2006. The CSB reimbursements were altered due to a coding of the IV-E Administration RMS. The 7% decrease in cash disbursements, was mainly due to an amendment from \$1500 to \$1000 lifetime PRC. This change in parameters decreased the Other Expense-PRC disbursements and also affected daycare payments.

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**COSHOCTON COUNTY, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
(Unaudited)***

Table 2 shows the changes in net assets for the fiscal year 2005. Since this is the first year the County has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2004 are not available for governmental activities. This table will present two fiscal years in side-by-side comparison in successive reporting years. This will enable the reader to draw further conclusions about the County's financial status and possibly project future problems.

(Table 2)  
CHANGES IN NET ASSETS

	<u>2005</u>
<b><i>Revenues</i></b>	
<i>Program Revenues:</i>	
Charges for Services	\$ 3,417,071
Operating Grants	14,078,447
Capital Grants	803,546
<i>General Revenue:</i>	
Property Taxes	7,191,227
Sales Taxes	3,197,532
Grants and Entitlements	1,515,851
Other	<u>1,477,959</u>
<i>Total Revenues</i>	31,681,633
<b><i>Program Expenses</i></b>	
General Government	8,545,747
Public Works	4,904,244
Health	4,741,858
Human Services	8,807,166
Conservation and Recreation	389,613
Miscellaneous	251,687
Interest and Fiscal Charges	<u>246,220</u>
<i>Total Program Expenses</i>	<u>27,886,535</u>
Increase in Net Assets	<u><u>\$ 3,795,098</u></u>

***Governmental Activities***

Operating grants representing the largest program revenue totaled \$14,078,447. The major recipients of these program specific grants were Job and Family Services, Children's Services and the Mental Health Services Board.

Tax revenue accounts for \$10,388,759, approximately 33 percent of the \$31,962,077 in total revenues for governmental activities. Of this, sales tax accounted for \$3,197,532, or approximately 24 percent of total tax revenue.

The County's direct charges to users of governmental services totaled \$3,417,071. This amount represents 11 percent of total revenues for governmental activities. Table 3 below shows what percentage of the total revenue each source constitutes for 2005.

**COSHOCTON COUNTY, OHIO**

*Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
(Unaudited)*

(Table 3)  
COMPARISON OF REVENUE SOURCES TO TOTAL REVENUE

<u>Revenue Source:</u>	<u>2005</u>	<u>Percent</u>
Intergovernmental	\$ 16,397,844	51.8%
Charge for Services	3,417,071	10.8%
Tax Revenues	10,388,759	32.8%
All Other	1,477,959	4.7%
Total Revenue	<u>\$ 31,681,633</u>	<u>100.0%</u>

***Business-Type Activities***

Business-Type Activities include the Self-Insurance Fund. Net assets of the business-type activities decreased by \$3,126. This is attributable to increases in insurance costs. This program had revenues of \$2,194,354 and expenses of \$2,197,480 for fiscal year 2005. Business type activities receive no support from tax revenues and remain self-supporting.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

The County's governmental funds reported a combined fund balance of \$10,538,926 which is more than last year's total of \$6,599,718. In order for 2005 to be reported using accrual accounting, 12/31/2004 GAAP balances were calculated. Table 4 indicates the fund balance and the total change in GAAP basis fund balances as of December 31, 2004 and 2005.

(Table 4)  
CHANGES IN FUND BALANCES

	Restated Fund Balance <u>December 31, 2004</u>	Fund Balance <u>December 31, 2005</u>	Increase (Decrease)
General	\$ 1,084,794	\$ 1,220,984	\$ 136,190
Human Services	498,576	1,422,745	924,169
Motor Vehicle and Gasoline Tax	874,889	1,724,269	849,380
Hopewell MR/DD	674,180	1,655,434	981,254
Children Services Board	696,888	273,574	(423,314)
Emergency Ambulance	1,011,020	1,577,556	566,536
Other Governmental	1,759,371	2,664,364	904,993
Totals	<u>\$ 6,599,718</u>	<u>\$ 10,538,926</u>	<u>\$ 3,939,208</u>

## COSHOCTON COUNTY, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2005 (Unaudited)*

#### COUNTY BUDGETS

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

*Significant Variations between Original, Final and Actual Budget Amounts:* Comparisons of the original, final, and actual budget amounts of the significant funds and other governmental funds begin on page 20. Table 7 shows 2005 totals for each of the significant:

(Table 7)  
2005 ORIGINAL, FINAL AND ACTUAL BUDGET AMOUNTS

	Revenue			Disbursements		
	Original	Final	Actual	Original	Final	Actual
General	\$ 6,317,264	\$ 7,205,407	\$ 7,621,104	\$ 7,235,903	\$ 8,077,518	\$ 7,798,733
Human Services	5,810,000	5,862,628	5,484,313	5,249,080	5,364,664	5,079,252
Motor Vehicle & Gasoline	4,353,800	4,353,800	4,420,254	4,604,000	4,818,311	3,847,527
Hopewell	5,762,413	5,240,839	5,585,174	5,216,205	5,305,106	4,797,244
Children Services	1,195,281	1,366,650	1,409,988	1,296,080	2,013,730	1,983,660
Emergency Ambulance	1,748,400	1,748,400	1,776,097	2,759,420	2,759,420	1,515,218

During the course of fiscal year 2005 the County amended its General Fund budget several times, the most significant being a \$400,000 increase in estimated miscellaneous revenue in March. This was in anticipation of the sale of the County Home property.

For the General Fund, budget basis revenue of \$7.2 million increased over the original budget estimates of \$6.3 million. The General Fund had an adequate fund balance to cover expenditures.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### *Capital Assets and Infrastructure Assets*

Beginning in 2005, Coshocton County began tracking of its capital assets and infrastructure. Infrastructure included in this report reflects only 2005 additions, with a \$100,000 threshold set. Infrastructure was not reported at all for 2004. It is anticipated that full infrastructure totals will be included in 2006 reports.

At the end of fiscal 2005, the County had \$9,122,119 (net governmental activities capital assets) invested in land, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure. Additional information regarding capital assets is shown in Note 12 to the Basic Financial Statements. Table 8 shows fiscal 2004 and 2005 balances by type.

**COSHOCTON COUNTY, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
(Unaudited)***

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(Table 8)  
CAPITAL ASSETS AT DECEMBER 31  
(Net of Depreciation)

	<u>2005</u>	<u>2004</u>
Land	\$ 621,513	\$ 624,513
Buildings and Improvements	6,231,408	6,543,886
Machinery and Equipment	1,436,953	1,238,135
Vehicles	565,062	614,763
Infrastructure	264,183	0
	<u>          </u>	<u>          </u>
Totals	<u>\$ 9,119,119</u>	<u>\$ 9,021,297</u>

***Debt***

At December 31, 2005, the County had \$4,536,100 million in general obligation bonds outstanding. The following Table 9 summarizes the County's debt outstanding as of December 31, 2005:

(Table 9)  
COUNTY DEBT OUTSTANDING

	<u>2005</u>	<u>2004</u>
Governmental Activities:		
General Obligation Bonds	\$ 4,536,100	\$ 4,707,200
Note Payable	120,000	135,000
OWDA Loans	171,476	57,882
OPWL Loans	219,873	140,916
	<u>          </u>	<u>          </u>
Totals	<u>\$ 5,047,449</u>	<u>\$ 5,040,998</u>

Additional information on the County's long-term debt can be found in Note 16.

## COSHOCTON COUNTY, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2005 (Unaudited)*

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The 2005 General Fund cash balance ended on a more positive note with a \$1,083,420 carry over. Coshocton County's economic forecast appears to be improving and the next two years promise strong growth. To date \$150,000 million has been committed toward capital improvements, according to the Coshocton City/County Port Authority.

- Coshocton Ethanol LLC recently purchased a building site from the Coshocton City/County Port Authority. Development on this site is scheduled to begin on June 15, 2006. This will be a \$90 million construction project inside the JEDD (Joint Economic Development District.) One and a half (1.5%) income tax will be collected from the on site employees. The Coshocton Department of Jobs and Family Services are facilitating the hiring of 150 construction employees. The completion of this facility will create a domino effect. A Feed Lot, Feed Mill and a CO2 plant are all interested parties in utilizing the by-products from the ethanol plant and plan to build in the near future.
- Clow and Intr-Energy have partnered to construct a synthetic gas manufacturing facility. This facility will be constructed to solely serve Clow Corporation. Fifteen million has been earmarked for this Capitol Improvement Project. Twenty five-new jobs will be created. A ground breaking date will be set in July 2006.
- The North Corridor continues to be developed. We saw the completion of the Super Walmart in May of 2005 and later in the year a Murphy Oil gas station and Burger King restaurant were completed. Early in 2006 a Cato woman's dress shop and a Dollar Tree store opened.
- In 2005 we saw the completion of the Armory training facility; cost \$6 million. This was built on land near the Richard Downing Airport. Approximately 200 people are trained in this facility each weekend. On September 16, 2006, the Richard Downing Airport will host a fund-raising event to raise visibility regarding the planned 5,000 foot runway expansion. A \$50,000 USDA grant was received to initiate the feasibility and engineering plans for the runway expansion and construction of a new restaurant. The ODNR provided the county with a \$250,000 grant to reclaim a mined high wall adjacent to the airport property. This reclamation has begun and when completed will provide a sixteen-acre parcel for future development.
- In 2005 Annin Flag Company built a 50,000 square foot addition and added 35 new jobs, 30 full time jobs and five new seasonal jobs.
- The State of Ohio has offered Kraft Foods a multimillion dollar incentive package for expansion. This \$35 million project will double the facility and create approximately 125 new jobs.
- Meek Construction is currently in the planning stages of designing and building a Manufactured Home manufacturing facility. This will generate twenty-four new jobs.



## COSHOCTON COUNTY, OHIO

### *Management's Discussion and Analysis For the Year Ended December 31, 2005 (Unaudited)*

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- The Central Ohio Technical College purchased the Roscoe Village Inn and funds (\$3.2 million of a \$4 million project) were raised in the first quarter of this year to begin the renovation of the new Coshocton Campus, completion date, August 2007. In the past year students were enrolled from 15 different counties. In the past quarter ten counties were represented. Six hundred and twenty-four students registered spring quarter. Seventy-six courses are currently being offered. The Coshocton College board is currently discussing a partnership with the Kent State University. In June, the Coshocton ABLE program, through the Coshocton Campus, will graduate the largest GED class in Coshocton's history.

#### **REQUESTS FOR INFORMATION**

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 Sandra Corder, Coshocton County Auditor, 349 Main Street – Room 101, Coshocton, Ohio 43812, phone (740) 622-1243, or email at [auditor@coshoctoncounty.net](mailto:auditor@coshoctoncounty.net).

COSHOCTON COUNTY

*Statement of Net Assets*

*December 31, 2005*

	Component Units		
	Governmental Activities	Regional Airport Authority	Hopewell Industries, Inc
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 10,171,153	\$ 51,800	\$ 126,965
Investments	0	0	133,586
Receivables:			
Taxes	7,304,116	0	0
Accounts	253,073	0	36,935
Accrued Interest	41,327	0	0
Due From Other Governments	3,333,161	145,120	0
Materials and Supplies Inventory	217,319	0	4,482
Prepaid Insurance	72,988	0	1,292
Nondepreciable Capital Assets	621,513	303,879	0
Depreciable Capital Assets (Net)	8,497,606	4,005,563	53,041
<i>Total Assets</i>	<u>30,512,256</u>	<u>4,506,362</u>	<u>356,301</u>
<b>Liabilities</b>			
Accounts Payable	493,772	9,174	240
Contract Payable	0	154,350	0
Accrued Wages and Benefits	221,874	0	1,215
Due to Other Governments	249,046	0	2,008
Claims Payable	379,849	0	9,255
Notes Payable	0	60,000	0
Deferred Revenue	6,360,674	0	0
Long-Term Liabilities:			
Due Within One Year	544,090	5,460	0
Due In More Than One Year	5,765,366	20,564	0
<i>Total Liabilities</i>	<u>14,014,671</u>	<u>249,548</u>	<u>12,718</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	3,832,712	4,223,418	53,041
Restricted for:			
Capital Projects	151,475	34,894	0
Debt Service	409,259	0	0
Other Purposes	10,688,170	0	0
Unrestricted	1,415,969	(1,498)	290,542
<i>Total Net Assets</i>	<u>\$ 16,497,585</u>	<u>\$ 4,256,814</u>	<u>\$ 343,583</u>

The accompanying notes are an integral part of these financial statements.

COSHOCTON COUNTY  
*Statement of Activities*  
For the Year Ended December 31, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Regional Airport Authority	Hopewell Industries, Inc.
<b>Governmental Activities</b>							
General Government:							
Legislative and Executive	\$ 2,602,285	\$ 462,342	\$ 1,761,820	\$ 0	\$ (378,123)	\$ 0	\$ 0
Judicial	1,408,714	186,632	711,186	0	(510,896)	0	0
Public Safety	4,534,748	323,337	2,289,356	0	(1,922,055)	0	0
Public Works	4,904,244	649,733	2,475,895	803,546	(975,070)	0	0
Health	4,741,858	628,220	2,393,915	0	(1,719,723)	0	0
Human Services	8,807,166	1,166,807	4,446,275	0	(3,194,084)	0	0
Conservation and Recreation	389,613	0	0	0	(389,613)	0	0
Miscellaneous	251,687	0	0	0	(251,687)	0	0
Interest and Fiscal Charges	246,220	0	0	0	(246,220)		
<b>Total Primary Government</b>	<b>27,886,535</b>	<b>3,417,071</b>	<b>14,078,447</b>	<b>803,546</b>	<b>(9,587,471)</b>	<b>0</b>	<b>0</b>
<b>Component Units</b>							
Regional Airport Authority	(575,124)	\$ 285,840	\$ 61,022	\$ 514,744	0	286,482	0
Hopewell Industries, Inc.	(341,015)	255,167	54,059	0	0	0	(31,789)
<b>Total Component Units</b>	<b>\$ (916,139)</b>	<b>\$ 541,007</b>	<b>\$ 115,081</b>	<b>\$ 514,744</b>	<b>0</b>	<b>286,482</b>	<b>(31,789)</b>
<b>General Revenues</b>							
Property Taxes Levied for:							
General Purposes					1,627,552	0	0
Human Services					3,214,586	0	0
Public Safety					1,648,340	0	0
Debt Service					700,749	0	0
Sales Taxes Levied for:							
General Purposes					3,197,532	0	0
Grants and Entitlements not Restricted to Specific Programs					1,515,851	3,184	12,006
Unrestricted Investment Earnings					380,140	0	0
Miscellaneous					664,737	13,027	0
Gain on Sale of Capital Assets					433,082	0	0
<b>Total General Revenues</b>					<b>13,382,569</b>	<b>16,211</b>	<b>12,006</b>
Changes in Net Assets					3,795,098	302,693	(19,783)
Net Assets Beginning of Year							
Restated (See Note 3, 24C and 25C)					12,702,487	3,954,121	363,366
Net Assets End of Year					<b>\$ 16,497,585</b>	<b>\$ 4,256,814</b>	<b>\$ 343,583</b>

The accompanying notes are an integral part of these financial statements.

COSHOCTON COUNTY

Balance Sheet

Governmental Funds

December 31, 2005

	General	Human Services	Motor Vehicle License and Gasoline Tax	Hopewell MRDD
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,103,715	\$ 1,304,263	\$ 1,367,537	\$ 1,760,750
Receivables:				
Taxes	1,937,166	0	0	3,346,489
Accounts	22,552	0	2,637	0
Accrued Interest	41,327	0	0	0
Due From Other Funds	0	256,955	0	0
Due From Other Governments	509,284	78,707	1,660,006	277,097
Interfund Receivable	2,200	0	0	0
Materials and Supplies Inventory	12,777	0	204,542	0
Prepaid Insurance	72,988	0	0	0
<i>Total Assets</i>	<u>\$ 3,702,009</u>	<u>\$ 1,639,925</u>	<u>\$ 3,234,722</u>	<u>\$ 5,384,336</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 98,549	\$ 58,441	\$ 87,297	\$ 13,317
Accrued Wages and Benefits	89,323	35,226	18,979	37,546
Due to Other Funds	726	13,390	0	0
Due to Other Governments	74,811	31,416	39,548	67,361
Interfund Payable	0	0	0	0
Deferred Revenue	2,217,616	78,707	1,364,629	3,610,678
<i>Total Liabilities</i>	<u>2,481,025</u>	<u>217,180</u>	<u>1,510,453</u>	<u>3,728,902</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	290,797	346,874	214,743	379,185
Reserved for Prepays	72,988	0	0	0
Unreserved, Undesignated, Reported in:				
General Fund	857,199	0	0	0
Special Revenue Funds	0	1,075,871	1,509,526	1,276,249
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>1,220,984</u>	<u>1,422,745</u>	<u>1,724,269</u>	<u>1,655,434</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 3,702,009</u>	<u>\$ 1,639,925</u>	<u>\$ 3,234,722</u>	<u>\$ 5,384,336</u>

The accompanying notes are an integral part of the basic financial statements.

Childrens Services Levy	Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 513,253	\$ 1,577,556	\$ 2,525,873	\$ 10,152,947
540,685	644,146	835,630	7,304,116
0	0	227,884	253,073
0	0	0	41,327
0	0	14,116	271,071
365,627	21,993	420,447	3,333,161
0	0	0	2,200
0	0	0	217,319
0	0	0	72,988
<u>\$ 1,419,565</u>	<u>\$ 2,243,695</u>	<u>\$ 4,023,950</u>	<u>\$ 21,648,202</u>
\$ 8,429	\$ 0	\$ 227,739	493,772
1,284	0	39,092	221,450
233,016	0	23,939	271,071
2,761	0	33,149	249,046
0	0	2,200	2,200
900,501	666,139	1,033,467	9,871,737
<u>1,145,991</u>	<u>666,139</u>	<u>1,359,586</u>	<u>11,109,276</u>
183,371	305,657	410,760	2,131,387
0	0	0	72,988
0	0	0	857,199
90,203	1,271,899	1,830,710	7,054,458
0	0	340,927	340,927
0	0	81,967	81,967
<u>273,574</u>	<u>1,577,556</u>	<u>2,664,364</u>	<u>10,538,926</u>
<u>\$ 1,419,565</u>	<u>\$ 2,243,695</u>	<u>\$ 4,023,950</u>	<u>\$ 21,648,202</u>

**COSHOCTON COUNTY**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2005*

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**Total Governmental Fund Balances** \$ 10,538,926

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

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. 9,119,119

Other long-term assets are not available to pay for current-  
 period expenditures and therefore are deferred in the funds.

Property Taxes	\$ 563,793
Sales Taxes	206,573
Intergovernmental	<u>2,740,697</u>

Total 3,511,063

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 in the statement of net assets. (362,067)

Long-term liabilities are not due and payable in the current  
 period and therefore are not reported in the funds:

General Obligation Bonds	(4,775,060)
OWDA Loan	(171,476)
OPWC Loan	(339,873)
Compensated Absences	<u>(1,023,047)</u>

Total (6,309,456)

*Net Assets of Governmental Activities* \$ 16,497,585

The accompanying notes are an integral part of these financial statements.

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**COSHOCTON COUNTY**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Human Services	Motor Vehicle License and Gasoline Tax	Hopewell MRDD
<b>Revenues</b>				
Taxes	\$ 4,264,318	\$ 0	\$ 0	\$ 2,766,656
Licenses and Permits	2,757	0	2,744	0
Charges for Services	1,036,639	0	39,690	0
Fines and Forfeitures	59,962	0	43,651	0
Intergovernmental	1,070,155	3,828,421	4,320,345	2,609,859
Investment Income	347,667	0	26,432	0
Lease and Rental Income	114,510	0	0	0
Contributions and Donations	0	0	0	11,309
Other	259,108	202,266	5,860	8,657
<i>Total Revenues</i>	<u>7,155,116</u>	<u>4,030,687</u>	<u>4,438,722</u>	<u>5,396,481</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	2,238,940	0	0	0
Judicial	1,370,960	0	0	0
Public Safety	2,598,866	0	0	0
Public Works	109,140	0	3,493,542	0
Health	59,723	0	0	4,415,227
Human Services	222,408	3,254,842	0	0
Conservation and Recreation	389,613	0	0	0
Other	251,196	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	54,471	0	43,400	0
Interest and Fiscal Charges	10,340	0	52,400	0
<i>Total Expenditures</i>	<u>7,305,657</u>	<u>3,254,842</u>	<u>3,589,342</u>	<u>4,415,227</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(150,541)	775,845	849,380	981,254
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	436,082	0	0	0
Proceeds of Note	0	0	0	0
Proceeds of Bonds	0	0	0	0
Transfers In	4,271	148,324	0	0
Transfers Out	(153,622)	0	0	0
<i>Total Financing Sources (Uses)</i>	<u>286,731</u>	<u>148,324</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>136,190</u>	<u>924,169</u>	<u>849,380</u>	<u>981,254</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,084,794</u>	<u>498,576</u>	<u>874,889</u>	<u>674,180</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,220,984</u>	<u>\$ 1,422,745</u>	<u>\$ 1,724,269</u>	<u>\$ 1,655,434</u>

The accompanying notes are an integral part of these financial statements.



Childrens Services Levy	Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 459,234	\$ 1,619,760	\$ 1,149,569	\$ 10,259,537
0	0	2,362	7,863
37,903	0	1,051,364	2,165,596
0	0	14,308	117,921
853,954	156,337	4,994,607	17,833,678
0	0	6,041	380,140
0	0	0	114,510
5,343	0	7,332	23,984
0	0	55,376	531,267
<u>1,356,434</u>	<u>1,776,097</u>	<u>7,280,959</u>	<u>31,434,496</u>
0	0	545,802	2,784,742
0	0	17,724	1,388,684
0	0	1,744,796	4,343,662
0	0	1,321,629	4,924,311
0	0	124,741	4,599,691
1,779,748	1,209,561	2,361,403	8,827,962
0	0	0	389,613
0	0	270	251,466
0	0	127,000	127,000
0	0	275,692	373,563
0	0	183,480	246,220
<u>1,779,748</u>	<u>1,209,561</u>	<u>6,702,537</u>	<u>28,256,914</u>
(423,314)	566,536	578,422	3,177,582
0	0	0	436,082
0	0	205,544	205,544
0	0	120,000	120,000
0	0	18,065	170,660
0	0	(17,038)	(170,660)
<u>0</u>	<u>0</u>	<u>326,571</u>	<u>761,626</u>
<u>(423,314)</u>	<u>566,536</u>	<u>904,993</u>	<u>3,939,208</u>
<u>696,888</u>	<u>1,011,020</u>	<u>1,759,371</u>	<u>6,599,718</u>
<u>\$ 273,574</u>	<u>\$ 1,577,556</u>	<u>\$ 2,664,364</u>	<u>\$ 10,538,926</u>

**COSHOCTON COUNTY**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
December 31, 2005*

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**Net Change in Fund Balances - Total Governmental Funds** \$ 3,939,208

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

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

Capital Asset Additions	\$ 1,101,435	
Current Year Depreciation	<u>(1,000,613)</u>	
Total		100,822

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (3,000)

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

Intergovernmental	(1,435,834)	
Charges for Services	1,101,706	
Sales Tax	214,403	
Delinquent Property Taxes	<u>(85,181)</u>	
Total		(204,906)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds	345,570	
OPWC Loans	<u>27,993</u>	
Total		373,563

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.

Proceeds of Bonds	(120,000)	
OPWC Loan Proceeds	(91,950)	
OWDA Loan Proceeds	<u>(113,594)</u>	
Total		(325,544)

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

Compensated Absences		(81,919)
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The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (3,126)

*Change in Net Assets of Governmental Activities* \$ 3,795,098

See accompanying notes to the basic financial statements.

**COSHOCTON COUNTY**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2005*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 3,684,890	\$ 3,793,890	\$ 4,057,745	\$ 263,855
Charges for Services	995,574	996,849	1,032,560	35,711
Licenses and Permits	4,050	4,050	2,757	(1,293)
Fines and Forfeitures	75,000	71,700	59,962	(11,738)
Intergovernmental	888,900	1,269,518	1,298,671	29,153
Investment Income	202,000	152,000	327,372	175,372
Lease and Rental Income	125,000	125,000	114,510	(10,490)
Other	341,850	792,400	727,527	(64,873)
<i>Total Revenues</i>	<u>6,317,264</u>	<u>7,205,407</u>	<u>7,621,104</u>	<u>415,697</u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive	2,140,417	2,435,419	2,360,382	75,037
Judicial	1,403,428	1,527,247	1,422,284	104,963
Public Safety	2,325,632	2,673,249	2,666,847	6,402
Public Works	122,183	193,149	189,974	3,175
Health	58,480	59,737	59,737	0
Human Services	237,000	254,669	249,666	5,003
Conservation & Recreation	346,960	391,013	389,613	1,400
Other	510,086	478,224	395,419	82,805
Debt Service:				
Principal Retirement	54,471	54,471	54,471	0
Interest and Fiscal Charges	10,340	10,340	10,340	0
<i>Total Expenditures</i>	<u>7,208,997</u>	<u>8,077,518</u>	<u>7,798,733</u>	<u>278,785</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(891,733)	(872,111)	(177,629)	694,482
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	163,100	185,653	143,343	(42,310)
Other Financing Uses	(22,033)	(22,257)	(22,020)	237
Advances In	0	0	102,000	102,000
Advances Out	0	0	(100,000)	(100,000)
Transfers In	4,200	4,200	4,271	71
Transfers Out	(158,324)	(153,622)	(153,622)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(13,057)</u>	<u>13,974</u>	<u>(26,028)</u>	<u>(40,002)</u>
<i>Net Change in Fund Balance</i>	(904,790)	(858,137)	(203,657)	654,480
<i>Fund Balance Beginning of Year</i>	557,476	557,476	557,476	0
Prior Year Encumbrances Appropriated	347,314	347,314	347,314	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 46,653</u>	<u>\$ 701,133</u>	<u>\$ 654,480</u>

The accompanying notes are an integral part of these statements.

**COSHOCTON COUNTY**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
Human Services Fund  
For the Year Ended December 31, 2005*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental	\$ 5,710,000	\$ 5,085,500	\$ 4,954,112	\$ (131,388)
Other	<u>100,000</u>	<u>777,128</u>	<u>530,201</u>	<u>(246,927)</u>
<i>Total Revenues</i>	<u>5,810,000</u>	<u>5,862,628</u>	<u>5,484,313</u>	<u>(378,315)</u>
<b>Expenditures</b>				
Current:				
Human Services	<u>5,249,080</u>	<u>5,364,664</u>	<u>5,079,252</u>	<u>285,412</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	560,920	497,964	405,061	(92,903)
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	10,000	5,000	6,306	1,306
Transfers In	<u>125,000</u>	<u>152,000</u>	<u>148,324</u>	<u>(3,676)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>135,000</u>	<u>157,000</u>	<u>154,630</u>	<u>(2,370)</u>
<i>Net Change in Fund Balance</i>	695,920	654,964	559,691	(95,273)
<i>Fund Balance Beginning of Year</i>	(243,714)	(243,714)	(243,714)	0
Prior Year Encumbrances Appropriated	<u>570,584</u>	<u>570,584</u>	<u>570,584</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,022,790</u>	<u>\$ 981,834</u>	<u>\$ 886,561</u>	<u>\$ (95,273)</u>

The accompanying notes are an integral part of these statements.

**COSHOCTON COUNTY**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
Motor Vehicle License and Gasoline Tax Fund  
For the Year Ended December 31, 2005*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Fines and Forfeitures	\$ 70,000	\$ 70,000	\$ 43,651	\$ (26,349)
Intergovernmental	4,247,800	4,247,800	4,306,030	58,230
Investment Income	10,000	10,000	23,795	13,795
Other	26,000	26,000	46,778	20,778
<i>Total Revenues</i>	<u>4,353,800</u>	<u>4,353,800</u>	<u>4,420,254</u>	<u>66,454</u>
<b>Expenditures</b>				
Current:				
Public Works	4,464,000	4,678,311	3,751,727	926,584
Debt Service:				
Principal Retirement	87,600	87,600	43,400	44,200
Interest and Fiscal Charges	52,400	52,400	52,400	0
<i>Total Expenditures</i>	<u>4,604,000</u>	<u>4,818,311</u>	<u>3,847,527</u>	<u>970,784</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(250,200)	(464,511)	572,727	1,037,238
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	20,000	20,000	14,683	(5,317)
Transfers In	5,000	5,000	0	(5,000)
<i>Total Other Financing Sources (Uses)</i>	<u>25,000</u>	<u>25,000</u>	<u>14,683</u>	<u>(10,317)</u>
<i>Net Change in Fund Balance</i>	(225,200)	(439,511)	587,410	1,026,921
<i>Fund Balance Beginning of Year</i>	288,095	288,095	288,095	0
Prior Year Encumbrances Appropriated	208,115	208,115	208,115	0
<i>Fund Balance End of Year</i>	<u>\$ 271,010</u>	<u>\$ 56,699</u>	<u>\$ 1,083,620</u>	<u>\$ 1,026,921</u>

The accompanying notes are an integral part of these statements.

**COSHOCTON COUNTY**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
Hopewell MRDD Fund  
For the Year Ended December 31, 2005*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 2,746,813	\$ 2,746,813	\$ 2,766,656	\$ 19,843
Intergovernmental	3,009,600	2,488,026	2,798,552	310,526
Other	6,000	6,000	19,966	13,966
<i>Total Revenues</i>	<u>5,762,413</u>	<u>5,240,839</u>	<u>5,585,174</u>	<u>344,335</u>
<b>Expenditures</b>				
Current:				
Health	<u>5,216,205</u>	<u>5,305,106</u>	<u>4,797,244</u>	<u>507,862</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	546,208	(64,267)	787,930	852,197
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	<u>17,000</u>	<u>33,440</u>	<u>18,271</u>	<u>(15,169)</u>
<i>Net Change in Fund Balance</i>	563,208	(30,827)	806,201	837,028
<i>Fund Balance Beginning of Year</i>	471,567	471,567	471,567	0
Prior Year Encumbrances Appropriated	<u>88,901</u>	<u>88,901</u>	<u>88,901</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,123,676</u>	<u>\$ 529,641</u>	<u>\$ 1,366,669</u>	<u>\$ 837,028</u>

The accompanying notes are an integral part of these statements.

**COSHOCTON COUNTY**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
Childrens Services Levy Fund  
For the Year Ended December 31, 2005*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 451,760	\$ 451,760	\$ 459,234	\$ 7,474
Charges for Services	5,000	10,000	37,903	27,903
Intergovernmental	737,521	902,390	907,508	5,118
Other	1,000	2,500	5,343	2,843
<i>Total Revenues</i>	<u>1,195,281</u>	<u>1,366,650</u>	<u>1,409,988</u>	<u>43,338</u>
<b>Expenditures</b>				
Current:				
Human Services	<u>1,296,080</u>	<u>2,013,730</u>	<u>1,983,660</u>	<u>30,070</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(100,799)	(647,080)	(573,672)	73,408
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	<u>9,500</u>	<u>4,500</u>	<u>20,521</u>	<u>16,021</u>
<i>Net Change in Fund Balance</i>	(91,299)	(642,580)	(553,151)	89,429
<i>Fund Balance Beginning of Year</i>	(74,269)	(74,269)	(74,269)	0
Prior Year Encumbrances Appropriated	<u>717,650</u>	<u>717,650</u>	<u>717,650</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 552,082</u>	<u>\$ 801</u>	<u>\$ 90,230</u>	<u>\$ 89,429</u>

The accompanying notes are an integral part of these financial statements.

**COSHOCTON COUNTY**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
Emergency Ambulance Levy Fund  
For the Year Ended December 31, 2005*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 1,627,400	\$ 1,627,400	\$ 1,619,760	\$ (7,640)
Intergovernmental	121,000	121,000	156,337	35,337
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Revenues</i>	<u>1,748,400</u>	<u>1,748,400</u>	<u>1,776,097</u>	<u>27,697</u>
<b>Expenditures</b>				
Current:				
Human Services	<u>2,759,420</u>	<u>2,759,420</u>	<u>1,515,218</u>	<u>1,244,202</u>
<i>Net Change in Fund Balance</i>	(1,011,020)	(1,011,020)	260,879	1,271,899
<i>Fund Balance Beginning of Year</i>	<u>1,011,020</u>	<u>1,011,020</u>	<u>1,011,020</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,271,899</u>	<u>\$ 1,271,899</u>

The accompanying notes are an integral part of these statements.



COSHOCOTON COUNTY  
*Statement of Fund Net Assets*  
*Proprietary Fund*  
*December 31, 2005*

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	Governmental Activities - Internal Service Fund
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$18,206</u>
<b>Liabilities</b>	
Accrued Wages and Benefits	424
Claims Payable	<u>379,849</u>
<i>Total Liabilities</i>	<u>380,273</u>
<b>Net Assets</b>	
Unrestricted	<u>\$ (362,067)</u>

The accompanying notes are an integral part of these financial statements.

**COSHOCTON COUNTY**  
*Statement of Revenues, Expenses, and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Year Ended December 31, 2005*

	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$ 2,175,393
Other Operating Revenues	18,961
<i>Total Operating Revenues</i>	2,194,354
<b>Operating Expenses</b>	
Personal Services	15,202
Contractual Services	274,195
Claims	1,907,557
Other	526
<i>Total Operating Expenses</i>	2,197,480
<i>Change in Net Assets</i>	(3,126)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	(358,941)
<i>Net Assets End of Year</i>	\$ (362,067)

The accompanying notes are an integral part of these financial statements.

**COSHOCTON COUNTY**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Year Ended December 31, 2005

	<u>Governmental Activities - Internal Service Fund</u>
<b>Increase in Cash and Cash Equivalents</b>	
<b>Cash Flows From Operating Activities</b>	
Cash Received for Interfund Services	\$ 2,175,394
Other Cash Receipts	18,961
Cash Paid for Goods and Services	(274,195)
Cash Paid to Employees	(15,342)
Cash Paid for Claims	(1,897,981)
Other Cash Payments	(526)
	<u>6,311</u>
<i>Net Cash Provided by Operating Activities</i>	<u>6,311</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Advance In	100,000
Advance Out	(100,000)
	<u>0</u>
<i>Net Cash Provided by Non-Capital Financing Activities</i>	<u>0</u>
<i>Net Increase in Cash and Cash Equivalents</i>	6,311
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>11,895</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 18,206</u></u>
<b>Reconciliation of Operating Loss to Net Cash Provided By Operating Activities</b>	
Operating Loss	\$ (3,126)
Adjustments:	
Increase (Decrease) in Liabilities:	
Accrued Wages and Benefits	(139)
Claims Payable	9,576
	<u>9,437</u>
<i>Total Adjustments</i>	<u>9,437</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 6,311</u></u>

The accompanying notes are an integral part of these financial statements.

**COSHOCTON COUNTY**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*December 31, 2005*

	Agency
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,113,700
Cash and Cash Equivalents in Segregated Accounts	596,452
Receivables:	
Taxes	24,143,730
Due From Other Governments	2,377,836
<i>Total Assets</i>	\$ 29,231,718
<b>Liabilities</b>	
Due to Other Other Governments	\$ 26,521,566
Deposits Held and Due to Others	2,710,152
<i>Total Liabilities</i>	\$ 29,231,718

The accompanying notes are an integral part of these financial statements.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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**NOTE 1: REPORTING ENTITY**

**A. The County**

Coshocton County (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.

**B. Reporting Entity**

The reporting entity consists of the primary government, component units, and other organizations that are included to ensure that the general purpose financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Board of Mental Retardation and Developmental Disabilities, the Job and Family Services Department, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs of services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the levying of taxes or the issuance of debt.

**Discretely Presented Component Units**

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

*Coshocton County Airport Authority* is a legally separate regional airport authority established pursuant to section 308.03 of the 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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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**NOTE 1: REPORTING ENTITY (Continued)**

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

Information related to Coshocton County Airport Authority and Hopewell Industries, Inc. is presented in Notes 24 and 25.

The County is involved with the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 20.

- Area Office on Aging
- County Risk Sharing Authority (CORSA)
- Ohio Mid-Eastern Governments Association (OMEGA)
- Muskingum Area Board of Alcohol, Drug Addiction, Mental Health Services (ADAMH)
- Solid Waste District

The County is associated with the following organizations which are defined as related organizations. Additional information concerning these related organizations is presented in Note 21.

- Coshocton Metropolitan Housing Authority
- Coshocton City and County Park District

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the County's accounting policies.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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

**A. Basis of Presentation**

The County's financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the County as a whole. The statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenue are presented as general revenues of the County, which 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 this more detailed level. The focus of governmental 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.

**B. Fund Accounting**

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

Governmental Funds

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

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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

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

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

***Motor Vehicle License and Gasoline Tax Fund*** - This fund accounts for state gasoline tax and motor vehicle registration fees for maintenance and improvement of County roads.

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

***Children Services Levy Fund*** - This fund accounts for a county-wide property tax levy, state grants and reimbursements used for County child care programs. State law restricts the expenditure of these resources to programs designed to aid children from troubled families. Major expenditures are for foster homes, emergency shelters, medical costs and counseling and parental training.

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

The other governmental funds of the County account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds**

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

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

**Fiduciary Funds**

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



**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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

**C. Measurement Focus**

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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 internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its internal service fund activity.

**D. Basis of Accounting**

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

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

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 8.) Revenue from grants, entitlements, and donations is recognized in the fiscal 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 fiscal 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 the modified accrual basis, revenue from 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 fiscal year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rentals.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Pooled Cash and Cash Equivalents**

To improve cash management, all 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 County records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents."

The County has segregated bank accounts for monies held separate from the County's central bank accounts. These accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the County treasury.

During 2005, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, Federal Home Loan Mortgage Association Notes and STAROhio.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2005.

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 2005 amounted to \$347,667 which includes \$299,241 assigned from other County funds.

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 reported as cash equivalents.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Inventory**

Inventories are presented as cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies.

**H. Capital Assets**

All capital assets of the County are classified as general. These assets generally arise from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

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 capitalization threshold of \$2,000, and \$100,000 for governmental infrastructure. The County has opted to phase in the retroactive reporting of the infrastructure capital assets. Therefore, only the infrastructure for fiscal year 2005 has been reported in the governmental activities capital assets. 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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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

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

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

**I. Interfund Balances**

During the course of operations, transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are reported as "due from other funds" or "due to other funds" on the balance sheet, and are normally expected to be liquidated in a year or less.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables."

These amounts are eliminated in the governmental activities column of the statement of net assets.

**J. 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.

The entire compensated absence liability is reported on the government-wide financial statements.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables and accrued liabilities from the internal service fund are reported on 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 and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the fund financial statements when due.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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

**L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Net assets restricted for other purposes include activities of the Engineer, Developmental Disabilities, Sheriff, Job and Family Services, Children Services, and Courts.

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

**M. Fund Balance Reserves**

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

**N. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. 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 service that is the primary activity of the fund.

**O. Interfund Activity**

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

**P. Extraordinary and Special Items**

Extraordinary items and transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2005.

**Q. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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

**R. Budgetary Data**

All funds, other than agency funds, are legally 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 fiscal 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.

**NOTE 3: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCES/NET ASSETS**

*Changes in Accounting Principles* For 2005, the County implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB Statement No. 34 creates new basic financial statements for reporting on the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2005, caused by the conversion to the accrual basis of accounting and the reclassification of funds based on the guidance provided in Statement No. 34.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 3: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE/NET ASSETS (Continued)**

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. The implementation of this statement did not have a significant effect on the financial statements of the County. Refer to Note 6 for additional documentation concerning GASB No. 40.

GASB Statement No. 42 requires the government to report the effect of capital asset impairment when it occurs, and to account for insurance recoveries in a similar manner. The implementation of this statement has made no impact on the County's financial reporting or results of financial position for 2005.

GASB Interpretation No. 7 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could rise, in interpretation and practice.

***Restatement of Fund Balance*** For fiscal year 2005, the County reclassified the Help Me Grow special revenue fund to an agency fund.

At December 31, 2005, the County changed its basis of accounting from the cash basis to the modified accrual basis of accounting for its governmental, proprietary and fiduciary fund types. This change required that certain adjustments be made to the January 1, 2004 fund balances as previously reported to reflect the prior years' effect of adopting these new accounting principles.

The implementation of these changes had the following effects on fund balance of the major and nonmajor funds of the County as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

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**COSHOCTON COUNTY**  
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**NOTE 3: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND**  
**BALANCE/NET ASSETS (Continued)**

	General	Human Services	MVG	Hopewell MRDD	Children Services	Emergency Ambulance	All Other Governmental	Total
Previously stated fund								
balance at 12/31/04	\$ 904,790	\$ 326,870	\$ 496,210	\$ 560,468	\$ 643,381	\$ 1,011,020	\$ 2,008,442	\$ 5,951,181
Fund structure	0	0	0	0	0	0	(184,693)	(184,693)
GAAP Accruals:								
Accounts receivable	28,790	327,935	1,121	0	0	0	53,273	411,119
Intergovernmental receivable	1,405,698	0	1,705,531	467,309	304,068	78,260	530,316	4,491,182
Property taxes receivable	1,542,011	0	0	3,374,323	547,622	1,947,005	919,117	8,330,078
Accrued interest receivable	32,417	0	0	0	0	0	0	32,417
Materials and supplies inventory	11,945	0	184,500	0	0	0	0	196,445
Prepaid insurance	70,968	0	0	0	0	0	0	70,968
Interfund receivable	4,200	0	0	0	0	0	0	4,200
Accounts payable	(34,003)	(60,467)	(28,907)	(6,244)	(3,312)	0	(156,837)	(289,770)
Accrued wages	(162,560)	(76,817)	(54,097)	(104,966)	(2,546)	0	(87,918)	(488,904)
Intergovernmental payable	(31,440)	(4,495)	(1,429,469)	(3,616,710)	0	0	(1,354)	(5,083,468)
Deferred revenue	(2,688,022)	0	0	0	(792,325)	(2,025,265)	(1,316,775)	(6,822,387)
Interfund payable	0	0	0	0	0	0	(4,200)	(4,200)
Due to other funds	0	(14,450)	0	0	0	0	0	(14,450)
<i>Restated fund balance at</i> <i>01/01/2005</i>	<u>\$ 1,084,794</u>	<u>\$ 498,576</u>	<u>\$ 874,889</u>	<u>\$ 674,180</u>	<u>\$ 696,888</u>	<u>\$ 1,011,020</u>	<u>\$ 1,759,371</u>	6,599,718
GASB 34 Adjustments:								
Capital assets								9,021,297
Internal service fund								(358,941)
Long-term deferred assets								3,715,969
Long-term liabilities:								
General obligation bonds								(5,000,630)
OPWC loans								(275,916)
OWDA loan								(57,882)
Compensated absences								(941,128)
<i>Governmental Activities,</i> <i>Net Assets, 1/1/05</i>								<u>\$ 12,702,487</u>

The restatement of the internal service fund is as follows:

Previously stated fund balance at 12/31/04	\$ 11,895
Accrued wages and benefits payable	(563)
Claims payable	(370,273)
<i>Restated net assets at 1/1/05</i>	<u>\$ (358,941)</u>



**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 4: ACCOUNTABILITY**

Fund balances at December 31, 2005 included the following individual fund deficits:

	Deficit
Nonmajor Governmental Funds:	
Safety Program Fund	\$ (745)
Concealed Handgun License Fund	(1,608)
Fresno Water and Sewer	(14,500)
Internal Service Fund	
Self Insurance Fund	(362,067)

The deficits in those funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

**NOTE 5: BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental funds (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue funds.

	<b>Net Change in Fund Balance</b>					
	General	Human Services	Motor Vehicle License and Gasoline Tax	Hopewell MRDD	Childrens Services Levy	Emergency Ambulance Levy
GAAP Basis	\$ 136,190	\$ 924,169	\$ 849,380	\$ 981,254	\$ (423,314)	\$ 566,536
Revenue Accruals	(275,249)	1,453,626	(18,468)	206,964	53,554	0
Expenditure Accruals	317,689	(1,400,402)	37,778	10,485	239,632	0
Encumbrances	(382,287)	(417,702)	(281,280)	(392,502)	(423,023)	(305,657)
<i>Budget Basis</i>	\$ (203,657)	\$ 559,691	\$ 587,410	\$ 806,201	\$ (553,151)	\$ 260,879

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 6: DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the County into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the County Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the County has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

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.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or 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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County:

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 6: DEPOSITS AND INVESTMENTS (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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 (STAR Ohio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any 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 noted in either of the two highest rating 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.

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 2005, the County and public depositories complied with the provisions of these statutes.

**Deposits with Financial Institutions**

Custodial credit risk is the risk that, in the event of a 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 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.

At fiscal year-end, the carrying amount of the County's deposits was \$8,996,871. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2005, \$9,189,484 of the County's bank balance of \$9,851,397 was exposed to custodial risk as discussed above, while \$661,913 was covered by Federal Deposit Insurance Corporation.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 6: DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

As of December 31, 2005, the County had the following investments and maturities:

Rating by Standard & Poor's	Investment Type	Fair Value	6 Months or Less
Aam	StarOhio	\$ 1,641,897	\$ 1,641,897
N/A	Repurchase Agreements	257,000	257,000
AAA	Federal Home Loan Mtg. Corporation SEC	1,985,537	1,488,972
AAA	Federal National Mortgage Assoc. SEC	0	496,565
	Total Investments	<u>\$ 3,884,434</u>	<u>\$ 3,884,434</u>

**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 unless related to a bond indenture.

**Credit Risk.** The quality rating of investments in fixed-income securities as described by Standard and Poor's or Moody's, which are nationally recognized statistical rating organizations, at December 31, 2005, show County investments credit ratings to be AAA or A1+. U.S. government fixed-income securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

**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 to total of each investment type held by the County at December 31, 2005:

Investment Type	Fair Value	Percent of Total
StarOhio	\$ 1,641,897	42%
Repurchase Agreement	257,000	7%
Federal National Mortgage Assoc. Notes	1,985,537	51%
Total Investments	<u>\$ 3,884,434</u>	<u>100%</u>

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 7: PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by the State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes which became a lien on December 31, 2004, are levied after October 1, 2005, and are collected in 2005 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the values as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all County operations for the year ended December 31, 2005, was \$11.01 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$ 488,293,830
Public Utility Personal Property	98,508,390
Tangible Personal Property	<u>53,767,374</u>
Total	<u><u>\$ 640,569,594</u></u>

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 earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property tax on behalf of all taxing districts in the County. The County Auditor periodically remits to the County its portion of the taxes collected. Property taxes receivable represent real and tangible personal property, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. In the general fund, and the fire levy, police pension, and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8: 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. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the General Fund. Sales tax revenue in 2005 amounted to \$2,983,129 with the entire amount credited to the General Fund. 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.

**NOTE 9: RECEIVABLES**

Receivables at December 31, 2005 consisted of taxes, accounts, accrued interest and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9: RECEIVABLES (Continued)**

A summary of the principal items due from other governments:

<u>Fund/Type</u>	<u>Amount</u>
Major Funds:	
General Fund:	
Local Government and Local Government Revenue Assistance	\$ 430,037
State Public Defender Reimbursement	24,165
Municipal Court Fines	3,024
Homestead Rollback	52,058
	<u>509,284</u>
Human Services Fund:	
Grants and Entitlements	78,707
Motor Vehicle License and Gasoline Tax Fund:	
License, Gasoline and Permissive Taxes	1,657,387
Municipal Court Fines	2,619
	<u>1,660,006</u>
Hopewell MRDD Fund:	
Grants and Entitlements	165,560
Homestead Rollback	111,537
	<u>277,097</u>
Childrens Services Levy Fund:	
Grants and Entitlements	349,578
Homestead Rollback	16,049
	<u>365,627</u>
Emergency Ambulance Levy Fund:	
Homestead Rollback	21,993
	<u>2,912,714</u>
Other Governmental Funds:	
Grants and Entitlements	392,906
Other	83
Homestead Rollback	27,458
	<u>420,447</u>
Total Due from Other Governments	<u><u>\$ 3,333,161</u></u>

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 10: SHARED RISK POOL**

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation 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 2005 was \$402,791.

**NOTE 11: RISK MANAGEMENT**

General Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County contracted with the County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible per claim. Coverage provided by CORSA is as follows:

General Liability	\$ 1,000,000
Employee Benefit Liability	1,000,000
Law Enforcement Professional Liability	1,000,000
Public Official Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents – Replacement Cost	98,825,719
Other Property Insurance:	
Extra Expense	1,000,000
Data Processing Equipment	1,449,475
Contractors Equipment	2,506,133
Valuable Papers and Records	1,000,000
Automobile Physical Damage	1,000,000
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	1,000,000

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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 11: RISK MANAGEMENT (Continued)**

With the exception of workers' compensation, health insurance and all elected officials' bonds, all coverage is held with CORSA. The County maintains crime coverage on its food stamp program, its monies and securities, and potential employee dishonesty. Crime coverage is held in the amount of \$1,000,000 per loss.

The County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate.

Health Care Self-Insurance

The County has elected to provide employees' major medical and hospitalization through a self-insured program. The County maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a major medical plan with a \$750 individual and \$1,000 family deductible and a Preferred Provider Network (PPO) with a \$200 individual and a \$400 family deductible. A third party administrator, Cardinal Administrative Services, located in Canton, Ohio, reviews all claims which are then paid by the County. The County purchases stop-loss coverage of \$80,000 per employee per year and an aggregate annual limit of \$1,000,000. The County provides \$813 family coverage, \$325 single coverage per employee per month, which represents the entire premium required. This premium is paid by the fund that pays the salary for the employee and is based on historic cost information.

The claims liability of \$379,849 reported in the fund at December 31, 2005, 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 in 2005 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
2005	\$ 370,273	\$ 1,907,557	\$ 1,897,981	\$ 379,849

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 12: CAPITAL ASSETS**

A summary of changes in capital assets during 2005 follows:

	Beginning Balance 01/01/2005	Additions	Deletions	Ending Balance 12/31/2005
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 624,513	\$ 0	\$ (3,000)	\$ 621,513
<i>Total Capital Assets Not Being Depreciated</i>	<u>624,513</u>	<u>0</u>	<u>(3,000)</u>	<u>621,513</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and improvements	13,289,808	38,860	0	13,328,668
Machinery and equipment	4,166,644	586,464	(71,356)	4,681,752
Vehicles	2,825,618	209,111	(245,488)	2,789,241
Infrastructure	<u>0</u>	<u>267,000</u>	<u>0</u>	<u>267,000</u>
<i>Total Capital Assets, Being Depreciated</i>	<u>20,282,070</u>	<u>1,101,435</u>	<u>(316,844)</u>	<u>21,066,661</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and improvements	(6,745,922)	(351,338)	0	(7,097,260)
Machinery and equipment	(2,928,509)	(387,646)	71,356	(3,244,799)
Vehicles	(2,210,855)	(258,812)	245,488	(2,224,179)
Infrastructure	<u>0</u>	<u>(2,817)</u>	<u>0</u>	<u>(2,817)</u>
<i>Total Accumulated Depreciation</i>	<u>(11,885,286)</u>	<u>(1,000,613)</u>	<u>316,844</u>	<u>(12,569,055)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>8,396,784</u>	<u>100,822</u>	<u>0</u>	<u>8,497,606</u>
<i>Total Governmental Capital Assets, Net</i>	<u>\$ 9,021,297</u>	<u>\$ 100,822</u>	<u>\$ (3,000)</u>	<u>\$ 9,119,119</u>

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 12: CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government:	
Legislative and Executive	\$ 180,149
Judicial	64,055
Public Safety	273,458
Public Works	265,689
Health	126,158
Human Services	91,104
	<hr/>
	\$ 1,000,613
	<hr/> <hr/>

**NOTE 13: DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System (OPERS)**

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing multiple-employer deferred 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 percent 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 plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and 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 writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions..

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 13: DEFINED BENEFIT PENSION PLANS (Continued)**

The County's required contributions for pension obligations to all three plans for the years ended December 31, 2005, 2004 and 2003 were \$1,086,502, \$1,100,086 and \$996,596, respectively. 92 percent has been contributed for 2005 and 100 percent for 2004 and 2003.

**B. State Teachers Retirement System of Ohio (STRS Ohio)**

Certified teachers, employed by the school for the Mental Retarded/Developmentally Disabled, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3371 or by calling (614) 227-4090.

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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the year ended December 31, 2005, 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. For year 2005, the portion used to fund pension obligations was 13 percent. 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 the DB Plan for the years ended December 31, 2005, 2004 and 2003 were \$66,599, \$71,546 and \$68,829, respectively. 92 percent has been contributed for year 2005, and 100% for the years 2004 and 2003. Neither the County nor any plan members made any contributions to the DC and Combined Plans for the year 2005.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 14: POSTEMPLOYMENT BENEFITS**

*A. Ohio Public Employees Retirement System (OPERS)*

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual County contributions for 2005 which were used to fund postemployment benefits were \$432,467. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

*B. State Teachers Retirement System of Ohio (STRS Ohio)*

The County provides comprehensive health care benefits to certified teachers employed by the school for the Mental Retarded/Developmentally Disabled, and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS Ohio based on authority granted by State statute. Benefits are funded on a pay-as-you-go basis.

**COSHOCTON COUNTY**  
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**NOTE 14: POSTEMPLOYMENT BENEFITS (Continued)**

STRS retirees who participate in the DB or Combined plans and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended June 30, 2005 (latest information available), the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$5,123 for year 2005.

STRS Ohio pays health benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2005 was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000, and there were 115,395 eligible benefit recipients.

**NOTE 15: 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 16: LONG-TERM OBLIGATIONS**

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
<b>Government Activities:</b>			
Human Services Building Bonds - 1990	5.9-7.3%	\$ 975,000	12/1/2016
Water Line Bonds - 1996	6.40%	235,000	12/1/2013
County Garage Bonds - 1999	5.875-6.50%	990,000	12/1/2019
Energy Management System Bonds - 1999	3.44-5.99%	575,851	9/10/2009
Juvenile/Probate Court Phone Bonds - 2002	1.6-4.5%	1,350,000	12/1/2022
North Corridor/Various Purpose Bonds - 2004	4.5-4.99%	2,145,000	12/1/2029
Bridge Bonds - 2005	3.10%	120,000	2/11/2009
Hopewell Heating/Cooling Note - 1996	5.25%	51,420	5/2/2007
OPWC Loan - Bridge Program - 2005	0.00%	91,950	12/1/2015
OPWC Loan - N. Corridor Sewer - 2001	0.00%	74,694	7/1/2021
OPWC Loan - Bridge Program - 2002	0.00%	84,000	7/1/2021
OPWC Loan - Sewer Replacement - 2004	0.00%	17,151	1/1/2024
Hopewell Roof Note - 2003	5.50%	150,000	3/20/2013
OWDA Loan - Fresno Water and Sewer - 2004	N/A	N/A	N/A

**COSHOCTON COUNTY**  
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**NOTE 16: LONG-TERM OBLIGATIONS (Continued)**

Changes in the long-term obligations of the County during 2005 were as follows:

	Restated Outstanding 12/31/04	Additions	Reductions	Outstanding 12/31/05	Amounts Due In One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
Human Services Building	\$ 455,000	\$ 0	\$ (40,000)	\$ 415,000	\$ 40,000
Water Lines	150,000	0	(15,000)	135,000	15,000
County Garage Building	840,000	0	(35,000)	805,000	40,000
Juvenile/Probate Court Phones	1,095,000	0	(140,000)	955,000	140,000
N. Corridor/Various Purpose	2,145,000	0	(50,000)	2,095,000	55,000
Bridge	0	120,000	0	120,000	28,641
Hopewel Heating/Cooling	22,200	0	(11,100)	11,100	11,100
<b>Total General Obligation Bonds</b>	<b>4,707,200</b>	<b>120,000</b>	<b>(291,100)</b>	<b>4,536,100</b>	<b>329,741</b>
<b>Loans:</b>					
OPWC - Bridge Program	0	91,950	0	91,950	4,598
OPWC - N. Corridor Sewer	61,623	0	(3,735)	57,888	3,735
OPWC - Bridge Program	63,000	0	(8,400)	54,600	8,400
OPWC - Sewer Replacement	16,293	0	(858)	15,435	858
Hopewell Roof Note	135,000	0	(15,000)	120,000	15,000
OWDA - Fresno Water & Sewer	57,882	113,594	0	171,476	0
<b>Total Loans</b>	<b>333,798</b>	<b>205,544</b>	<b>(27,993)</b>	<b>511,349</b>	<b>32,591</b>
<b>Other Long-Term Obligations:</b>					
Capital Leases	293,430	0	(54,470)	238,960	56,502
Compensated Absences	941,128	1,023,047	(941,128)	1,023,047	125,256
<b>Total Other Long-Term Obligations</b>	<b>1,234,558</b>	<b>1,023,047</b>	<b>(995,598)</b>	<b>1,262,007</b>	<b>181,758</b>
<b>Total General Long-Term Obligations</b>	<b>\$ 6,275,556</b>	<b>\$ 1,348,591</b>	<b>\$ (1,314,691)</b>	<b>\$ 6,309,456</b>	<b>\$ 544,090</b>

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

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

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

Compensated absences will be paid from the fund from which the employees' salaries are paid.

**COSHOCTON COUNTY**  
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**NOTE 16: LONG-TERM OBLIGATIONS (Continued)**

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

Year	General Obligation Bonds		OPWC Loans	Note Payable		Total	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2006	\$ 329,741	\$ 223,594	\$ 17,591	\$ 15,000	\$ 4,728	\$ 362,332	\$ 228,322
2007	329,530	212,468	22,188	15,000	4,137	366,718	216,605
2008	215,443	199,196	22,189	15,000	3,546	252,632	202,742
2009	226,387	189,442	22,188	15,000	2,955	263,575	192,397
2010	195,000	178,891	22,188	15,000	2,364	232,188	181,255
2011-2015	1,055,000	734,082	81,540	45,000	3,546	1,181,540	737,628
2016-2020	1,010,000	440,918	27,562	0	0	1,037,562	440,918
2021-2025	645,000	214,125	1,863	0	0	646,863	214,125
2026-2029	530,000	62,775	2,564	0	0	532,564	62,775
Total	<u>\$ 4,536,101</u>	<u>\$ 2,455,491</u>	<u>\$ 219,873</u>	<u>\$ 120,000</u>	<u>\$ 21,276</u>	<u>\$ 4,875,974</u>	<u>\$ 2,476,767</u>

The County has entered into a contractual agreement for construction loans from the Ohio Water Development Authority (OWDA). Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved projects. OWDA will capitalize administration costs and construction interest and then add them to the total amounts of the final loan. This loan will not have an accurate repayment schedule until the loan is finalized and, therefore, is not included in the schedule of future annual debt service requirements.

The balance of this loan is as follows:

OWDA Loan – Fresno Wastewater Project \$ 171,476

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 1 percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 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 effects of the debt limitations described above at December 31, 2005, are an overall debt margin of \$9,227,833; and an unvoted debt margin of \$1,119,289.



**COSHOCTON COUNTY**  
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**NOTE 17: CAPITALIZED LEASES**

In prior years the County entered into a lease for the acquisition of an energy management system. This lease obligation met the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, *Accounting for Leases* and has been recorded in the statement of net assets. The asset has been capitalized in governmental capital assets in the amount of \$575,857, the present value of the minimum lease payments at the inception of the lease.

Year	Contractual Commitment
2006	\$ 64,811
2007	64,811
2008	64,810
2009	64,810
Total minimum lease payments	259,242
Less: amount representing interest	20,283
Present value of minimum lease payments	\$ 238,959

**NOTE 18: CONTRACTUAL COMMITMENTS**

At December 31, 2005, the County had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance 12/31/2005
United Precast - 2 precast structures	\$ 117,640	\$ 0	\$ 117,640
Apache Aggregate - County paving program	494,976	475,206	19,770
Ohio Asphalt Paving - Resurfacing program	1,475,000	0	1,475,000
Totals	\$ 2,087,616	\$ 475,206	\$ 1,612,410

**COSHOCTON COUNTY**  
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**NOTE 19: INTERFUND TRANSFERS AND BALANCES**

**A. Interfund Transfers**

Interfund transfers for the year ended December 31, 2005, consisted of the following:

<b><u>Transfer To</u></b>	<b><u>Transfer From</u></b>			<b><u>Total</u></b>
	<b><u>General</u></b>	<b><u>County Recorder Equipment</u></b>	<b><u>North Corridor Water Line</u></b>	
General	\$ 0	\$ 4,271	\$ 0	\$ 4,271
Human Services	148,324	0	0	148,324
Fresno Water & Sewer	657	0	0	657
Victims' Assistance Grant	4,641	0	0	4,641
North Corridor - Debt Service	0	0	12,767	12,767
<b>Total</b>	<b>\$ 153,622</b>	<b>\$ 4,271</b>	<b>\$ 12,767</b>	<b>\$ 170,660</b>

The general fund transfers to the major and nonmajor governmental funds were made to provide additional resources for current operations. The transfer from the north corridor water line fund to the north corridor debt service fund was made for the payment of debt. The county recorder equipment fund transfer to the general fund was for the purchase of capital assets.

**B. Interfund Balances**

As of December 31, 2005, interfund balances were as follows:

	<b><u>Receivable</u></b>	<b><u>Payable</u></b>
General	\$ 2,200	\$ 0
Concealed Handgun License	0	2,200
<b>Total</b>	<b>\$ 2,200</b>	<b>\$ 2,200</b>

The general fund originally advanced \$8,200 to the concealed handgun license fund to cover operating expenses. The remaining balance is expected to be repaid within one year.

**NOTE 20: JOINTLY GOVERNED ORGANIZATIONS**

**A. Solid Waste 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.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The District is governed and operated through three groups. A twelve-member board of directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. No contributions were made by the County in 2005 and no future contributions by the County are anticipated. 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.

**B. Muskingum Area Board of Alcohol, Drug Addiction, and Mental Health Services - ADAMH**

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

During 2005, Coshocton County contributed \$441,742 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 Board is not dependent on the County's participation and no equity interest exists. The Board has no outstanding debt.

**C. County Risk Sharing Authority (CORSA)**

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation 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 any equity interest in CORSA. The County's payment for insurance to CORSA in 2005 was \$218,962.

**COSHOCTON COUNTY**  
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**NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**D. Ohio Mideastern Governments Association (OMEGA)**

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

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

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

**E. Area Office on Aging**

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.

**NOTE 21: RELATED ORGANIZATIONS**

**A. Coshocton Metropolitan Housing Authority**

The Coshocton Metropolitan Housing 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.

**B. Coshocton City and County Park District**

Coshocton City and County Park District is a legally separate organization created pursuant section 1545.01, Revised Code. 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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 22: RELATED PARTY TRANSACTIONS**

Hopewell Industries, Inc., a component unit of Coshocton County, received contributions in the amount of \$29,780 during 2005, from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. The Coshocton County Board of Mental Retardation and Developmental Disabilities expended \$54,059 in the operation of Hopewell Industries Inc. during 2005.

Coshocton County Airport Authority is a component unit of Coshocton County. During 2005, the County Airport Authority received an operating transfer from the County in the amount of \$81,399.

**NOTE 23: CONTINGENT LIABILITIES**

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

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

**NOTE 24: COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY – COMPONENT UNIT**

**A. Reporting Entity**

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

**B. Summary of Significant Accounting Policies**

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

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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**NOTE 24: 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 balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The Airport uses the full accrual basis of accounting in which revenue is recognized when earned and expenses when incurred.

***2. Cash***

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

Investment procedures are restricted by the provisions of the Ohio Revised Code.

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

***4. Estimates***

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

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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**NOTE 24: COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY – COMPONENT UNIT**  
**(Continued)**

**C. Restatement of Net Assets**

Net Assets, December 31, 2004	\$ 123,760
GASB 34 Adjustments:	
Adjusted Capital Assets, December 31, 2004	3,921,548
Long-term liabilities	<u>(91,187)</u>
Net Assets, January 1, 2005	<u>\$ 3,954,121</u>

***Changes in Accounting Principles*** For 2005, the Airport implemented GASB Statement No. 34, “Basic Financial Statements.” At December 31, 2005, the Airport changed its basis of accounting from the cash basis to the modified accrual basis of accounting for its governmental and fiduciary fund types. This change required that certain adjustments be made to the January 1, 2004 fund balances/retained earnings as previously reported to reflect the prior years’ effect of adopting these new accounting principles.

GASB 34 creates new basic financial statements for reporting on the Airport’s financial activities. The financial statements are now prepared on an accrual basis of accounting.

**D. Deposits and Investments**

At year end the carrying amount of the Airport’s deposits was \$102,885 and the bank balance was \$51,800. The entire balance was covered by federal depository insurance. The Airport has no investments.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 24: COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY – COMPONENT UNIT**  
**(Continued)**

**E. Capital Assets**

	Restated Balance 12/31/05	Additions	Deletions	Balance 12/31/05
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 11,339	\$ 0	\$ 0	\$ 11,339
Construction in Progress	3,194,232	558,308	(3,460,000)	292,540
<b>Total Capital Assets, Not Being Depreciated</b>	<b>3,205,571</b>	<b>558,308</b>	<b>(3,460,000)</b>	<b>303,879</b>
<i>Depreciated Capital Assets:</i>				
Building and Improvements	675,000	0	0	675,000
Infrastructure	0	3,460,000	0	3,460,000
Vehicles	14,394	0	0	14,394
Furniture and Equipment	298,827	0	0	298,827
<b>Total cost</b>	<b>988,221</b>	<b>3,460,000</b>	<b>0</b>	<b>4,448,221</b>
<i>Less: Accumulated Depreciation:</i>				
Building and Improvements	(137,500)	(11,250)	0	(148,750)
Infrastructure	0	(138,400)	0	(138,400)
Vehicles	(14,394)	0	0	(14,394)
Furniture and Equipment	(120,350)	(20,764)	0	(141,114)
<b>Total Accumulated Depreciation</b>	<b>(272,244)</b>	<b>(170,414)</b>	<b>0</b>	<b>(442,658)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>715,977</b>	<b>3,289,586</b>	<b>0</b>	<b>4,005,563</b>
<b>Business-type capital assets, net</b>	<b>\$ 3,921,548</b>	<b>\$ 3,847,894</b>	<b>\$ (3,460,000)</b>	<b>\$ 4,309,442</b>

**F. Notes Payable**

The Airport received a loan from the Coshocton County Port Authority in June 2004 for \$60,000 to cover the costs of the initial stages of the reclamation project at the Airport. This loan will be repaid when grant money for the project is received. The original loan was due on June 16, 2005 and was extended until 2006. One interest payment of \$829 has been made on this obligation in 2005. The loan bears a 3.5 percent interest rate.



**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 24: COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY – COMPONENT UNIT**  
**(Continued)**

**G. Long-Term Debt**

The Airport has long-term obligations at December 31, 2005 of the following:

	Restated Outstanding 01/01/05	Additions	Reductions	Outstanding 12/31/05	Amount Due Within One Year
General Long-Term Obligations:					
Bank One - 5/25/90	\$ 31,186	\$ 20	\$ (5,182)	\$ 26,024	\$ 5,460

In 2000, the Airport was issued a loan for upgrading the fuel farm with new above-ground fuel tanks.

**NOTE 25: HOPEWELL INDUSTRIES, INC.**

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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**NOTE 25: HOPEWELL INDUSTRIES, INC. (Continued)**

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

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

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

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

**C. Restatement of Net Assets**

Net Assets, December 31, 2004	\$ 236,499
GASB 34 Adjustments:	
Other current assets	61,066
Adjusted capital assets, 12/31/04	72,510
Current liabilities	<u>(6,706)</u>
Net Assets, January 1, 2005	<u><u>\$ 363,369</u></u>

***Changes in Accounting Principles*** For 2005, Hopewell Industries implemented GASB Statement No. 34, "Basic Financial Statements." GASB 34 creates new basic financial statements for reporting on Hopewell Industries' financial activities. The financial statements now include financial statements prepared on an accrual basis of accounting.

GASB 34 creates new basic financial statements for reporting on the Airport's financial activities. The financial statements are now prepared on an accrual basis of accounting.

**D. Deposits and Investments**

At year end the carrying amount of Hopewell Industries deposits were \$126,965 and the bank balance was \$126,114. Of this bank balance, \$113,820 was covered by Federal depository insurance and \$12,294 was uncollateralized. In addition, Hopewell Industries had other investments with a carrying value of \$126,667 and market value of \$133,586.

**COSHOCTON COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

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**NOTE 25: HOPEWELL INDUSTRIES, INC. (Continued)**

**E. Equipment and Buildings**

The following is a summary of equipment and capital improvements at December 31, 2005:

Equipment	\$ 178,940
Buildings	26,825
Vehicle	<u>187,514</u>
	393,279
Less: Accumulated depreciation	<u>(340,238)</u>
Net equipment and capital improvements	<u>\$ 53,041</u>

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 6, 2006

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

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Coshocton County (the "County") as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 6, 2006, which includes the implementation of a new reporting model described in Note 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as items 2005-001, and 2005-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. We believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of the County in a separate letter dated September 6, 2006.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated September 6, 2006.

This report is intended solely for the information and use of management, federal awarding agencies, pass-through entities, and the Board of County Commissioners and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.  
ACCOUNTANTS AND BUSINESS CONSULTANTS

September 6, 2006

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

Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program and Internal  
Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Coshocton County (the "County") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2005. However, we noted certain immaterial instances of noncompliance that we have reported to management of Coshocton County in a separate letter dated September 6, 2006.

Board of County Commissioners  
Coshocton County  
Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program and Internal  
Control Over Compliance in Accordance with OMB Circular A-133  
September 6, 2006  
Page 2

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over federal program administration that we have reported to management of the County in a separate letter dated September 6, 2006.

Schedule of Expenditures of Federal Awards - Non-GAAP Budgetary Basis

We have audited the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Coshocton County, as of and for the year ended December 31, 2005, and have issued our report thereon dated September 6, 2006, which includes the implementation of a new reporting model described in Note 3. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for 2005 is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

*Rea & Associates, Inc.*

COSHOCTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>(Passed through State Department of Development)</i>			
Community Development Block Grant	14.228	B-F-02-016-1	\$ 19,481
		B-F-03-016-1	17,977
		B-F-04-016-1	58,315
		B-C-02-016-1	0
			<u>95,773</u>
<i>(Passed through State Department of Development)</i>			
HOME Investment Partnerships Program	14.239	B-C-02-016-2	29,305
<b>Total U.S. Department of Housing and Urban Development</b>			<u>125,078</u>
<b>U.S. DEPARTMENT OF LABOR:</b>			
<i>(Passed through Area 7 Montgomery County)</i>			
Workforce Investment Act Cluster: Adult	17.258		86,571
Workforce Investment Act Cluster: Adult Administration			7,472
Total Workforce Investment Act - Adult			<u>94,043</u>
Workforce Improvement Act Cluster: Youth	17.259		108,618
Workforce Investment Act Cluster: Youth Administration			19,103
Total Workforce Investment Act - Youth			<u>127,721</u>
Workforce Improvement Act Cluster: Dislocated Worker	17.260		101,558
Workforce Investment Act Cluster: Dislocated Worker Administration			1,850
Total Workforce Investment Act - Dislocated Worker			<u>103,408</u>
Workforce Improvement Act Cluster: Rapid Response	17.260		109,453
Workforce Improvement Act Cluster: National Emergency Grant (passed through to Hocking, Athens, Perry Community Action Program)	17.260		121,559
Total Workforce Investment Act - CFDA #17.260			<u>334,420</u>
<b>Total U.S. Department of Labor</b>			<u>556,184</u>

COSHOCTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
<i>Direct Award</i>			
Airport Improvement Program	20.106	3-39-0028-0802 3-39-0028-0903 3-39-0028-10004	\$ 148,209 89,536 131,279
Total Airport Improvement Grant			<u>369,024</u>
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	20.205	04N179	304,451
<b>Total U.S. Department of Transportation</b>			<u>673,475</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>(Passed through Ohio Department of Youth Services)</i>			
Juvenile Justice - Drug Court	16.540	2004-JJ-DA1-2005	20,000
<i>(Passed through Ohio Department of Justice)</i>			
VOCA	16.575	2005VAGENE001 2006VAGENE001	13,703 4,307
Total VOCA			<u>18,010</u>
Total U.S. Department of Justice			<u>38,010</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>(Passed through State Department of Mental Retardation and Development Disabilities)</i>			
Title XIX Medical Assistance Program - CAFS Targeted Case Management Waiver Administration	93.778		803,505 132,948 39,366
			<u>975,819</u>
State Children's Insurance Program	93.767		3,048
Title XX - Social Services Block Grant	93.667	FY05 FY06	20,076 10,673
Total Title XX - Social Services Block Grant			<u>30,749</u>
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Temporary Assistance to Needy Families - Intensive Probation	93.558	FY05 FY06	4,316 9,017
			<u>13,333</u>
Total U.S. Department of Health and Human Service			\$ <u>1,022,949</u>



COSHOCTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<i>(Passed through Ohio Department of Education)</i>			
Special Education Cluster			
Title VI-B	84.027	065938-6BSF-2005 065938-6BSF-2006	\$ 25,960 <u>3,792</u> 29,752
Early Childhood Special Education	84.173	065938-PSG1-2005 065938-PSG1-2006	9,626 <u>1,185</u> 10,811
Total Special Education Cluster			<u>40,563</u>
Title V	84.298	065938-C2S1-2005 065938-C2S1-2006	204 <u>28</u> 232
Adult Education State Grant Program	84.002	139744-ABS1-2004C 139744-ABS1-2005 139744-ABS1-2006	2,525 59,810 <u>8,745</u> 71,080
<b>Total U.S. Department of Education</b>			<u>111,875</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
<i>(Passed through Ohio Emergency Management Agency)</i>			
State Domestic Preparedness Equipment Support Program	97.004	2004-HP-P2-0104	252
Public Assistance Grants	97.036	031-OC4A7-00	204,584
Emergency Management Performance Grant	97.042	2005-EM-T5-0001	21,828
Pre-Disaster Mitigation	97.047	FY03	10,390
Citizen Corp Program Grant	97.053	2004-GC-T4-0025	4,184
State Homeland Security Program (SHSP)	97.073	2004-GE-T4-0025 2005-GE-T5-0001	108,337 <u>57,689</u> 166,026
Total Homeland Security			<u>407,264</u>
<b>GENERAL SERVICES ADMINISTRATION:</b>			
<i>Direct on behalf of Election Assistance Commission</i>			
Election Reform Payments - Voter Education and Pollworker Training Grant	39.011	05-SOS-HAVA-16	11,651
Help America Vote Act Requirements Payments	90.401	E05-0122-16	<u>312,777</u>
Total Election Assistance Commission			<u>324,428</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 3,259,263</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**COSHOCTON COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2005**

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**NOTE A: SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B: MEDICAL ASSISTANCE PROGRAM**

The amount received from Medicaid in 2005 represents only a portion of the total amount billed by the County. The federal expenditures amount reported represents the actual receipts at the Federal Financial Participation reimbursement rate.

**COSHOCTON COUNTY**  
**SCHEDULE OF FINDINGS**  
**DECEMBER 31, 2005**

<b>SUMMARY OF AUDITOR'S RESULTS</b>
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A-133 Ref.  
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d) (1) (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any reportable conditions reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list):	Medical Assistance Program (Medicaid; Title Xix) CFDA # 93.778 Help America Vote Act Requirements Payments CFDA #90.401
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

**COSHOCTON COUNTY**  
**SCHEDULE OF FINDINGS**  
**DECEMBER 31, 2005**  
**(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS          REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Material Weakness

FINDING NUMBER	2005-001
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Fixed Assets

1. The County has not formally adopted a fixed asset policy that establishes guidelines for capitalization, depreciation method, asset lives (in accordance with a recognized and accepted guideline) and infrastructure. The County has determined some of these practices however they have not been established in a formal policy. As an example, the Engineer has indicated they are using the Ohio Department of Transportation guidelines for infrastructure (except for the capitalization threshold) but the County has not adopted this as policy. We also noted the lives of certain buildings has been determined to be 20 years but recognized and established guidelines for building life is generally 40 to 50 years.

We recommend the County review the practices currently used and establish a formal policy regarding capitalization, depreciation method, asset lives and infrastructure.

2. Our review of the capital asset system indicated the list includes land values in some of the building costs, infrastructure in not included on the system, land separately listed is being depreciated and the system continues to calculate current depreciation on fully depreciated assets. Although the GAAP conversion separated the land values from the building costs for the financial statements, this will be a continuing, difficult manual adjustment each year. This also requires readjusting accumulated depreciation totals each year. Because of the inaccuracies in the system, audit adjustments totaling \$2,395,906 for prior period and \$1,846,615 for current year were made.

We recommend the system be updated to reflect a separation of the land value from the building value, land be coded as non-depreciable, infrastructure be added as a new asset class and depreciation is no longer calculated in the current depreciation field once the asset is fully depreciated.

**COSHOCTON COUNTY**  
**SCHEDULE OF FINDINGS**  
**DECEMBER 31, 2005**  
**(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Material Weakness

FINDING NUMBER	2005-002
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Financial Statement Preparation

The County's financial statement preparation team has not experienced extensive training in the preparation of GASB 34 statements. As a result, numerous audit adjustments were required to be posted to the financial statements.

We recommend the County invest resources to provide extensive training for the County's GASB 34 financial statement preparation team or consider outsourcing this service to a qualified provider.

<b>FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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**NONE.**

**COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2004-001	Ohio Administrative Code Section 117-2-03B and ORC 117.38 – noncompliance finding for not having financial statements on a GAAP basis.	Yes	

**SANDRA CORDER**  
**COSHOCTON COUNTY AUDITOR**

349 Main Street Coshocton, Ohio 43812 740-622-1243

September 26, 2006

Rea & Associates, Inc.  
P.O. Box 1020  
New Philadelphia, OH 44663

Re: Coshocton County  
Schedule of Findings  
December 31, 2005 Audit

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

**FINDING NUMBER 2005-001 -Fixed Assets**

(1.) With the recommendation of Rea & Associates, Coshocton County has reviewed the fixed asset practices currently used and plans to adopt a Fixed Asset Policy that establishes guidelines for capitalization, depreciation method, asset lives and infrastructure. We also plan to incorporate in this County policy, guidelines currently being used by other county entities, for example, the Coshocton County Engineer.

(2.) Coshocton County is currently using a 1991 Fixed Assets system, provided by the State of Ohio at no cost to our county. We acknowledge this system does need to be updated and have been told by the State of Ohio they are currently upgrading this system. We are hopeful this will be available for our 2006 audit.

**FINDING NUMBER 2005-002-Financial Statement Preparation**

Coshocton County's financial statement preparation team for the 2005 audit was comprised:

Cheryl Willis-C.P.A.-22 years' government accounting experience

Christine Sycks-Chief Deputy-20 years' government accounting experience

Sandra Corder-Auditor-Accrual Accounting training- 20 years' government/10 years public accounting experience

Richard J. Tompkins-C.P.A. retired auditor 43 years' local government/military accounting experience

We followed the GAAP Conversion Guide issued by the State Auditor's Office. We downloaded this guide from the State Auditor's web site and followed it to the letter. I personally discussed the Cash to GAAP conversion with several Ohio County Auditors; this is a major challenge not only to the Auditors' offices but also to the auditing firms performing these audits. I believe it was truly a learning experience for Rea & Associates as well as Coshocton County. My financial preparation team and I have discussed this extensively and acknowledge the daily responsibilities in our office are monumental and are therefore considering a contract outside the county for the 2006 audit.

Sincerely,



Sandra Corder  
Coshocton County Auditor







**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**FINANCIAL CONDITION**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 19, 2006**