

COSHOCTON COUNTY FINANCIAL CONDITION

Single Audit

January 1, 2007 through December 31, 2007

Fiscal Year Audited Under GAGAS: 2007

BALESTRA, HARR & SCHERER, CPAS, INC.

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Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Coshocton County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 18, 2008

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COSHOCTON COUNTY

DECEMBER 31, 2007

Table of Contents

Page

Independent Auditor’s Report 1

Management’s Discussion and Analysis 3

Government-Wide Financial Statements:

 Statement of Net Assets 16

 Statement of Activities 17

Fund Financial Statements:

 Balance Sheet-Governmental Funds 19

 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities 21

 Statement of Revenues, Expenditures and Changes in
 Fund Balances – Governmental Funds 22

 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities 24

 Statement of Revenues, Expenditures, and Changes in Fund
 Balance – Budget (Non-GAAP Basis) and Actual – General Fund 25

 Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual – Human Services Fund 26

 Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual – Motor Vehicle License and Gasoline Tax Fund 27

 Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual – Hopewell MR/DD Fund 28

 Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual – Emergency Ambulance Fund 29

 Statement of Net Assets-Proprietary Funds 30

 Statement of Revenues, Expenditures, and Changes in Fund
 Net Assets – Proprietary Funds 31

 Statement of Cash Flows – Proprietary Funds 32

 Statement of Fiduciary Net Assets – Fiduciary Fund 33

Notes to the Basic Financial Statements 34

Schedule of Federal Awards Expenditures 68

Notes to the Schedule of Federal Awards Expenditures 70

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* 71

Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal
Control Compliance in Accordance With OMB Circular A-133 73

Schedule of Findings-OMB Circular A-133 § .505 75

Schedule of Prior Year Findings-OMB Circular A-133 § .315(b) 77

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Coshocton County, Ohio, (the "County"), as of and for the year ended December 31, 2007, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

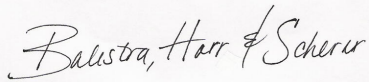
In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2008, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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 3 through 15 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

As described in Note 3 to the basic financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement Number 48, *Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues*.



Balestra, Harr & Scherer CPAs, Inc.

June 20, 2008

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

The management's discussion and analysis of Coshocton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The total net assets of the County increased \$5,546,932 which represents a 16.20% increase from fiscal year 2006.
- General revenues accounted for \$13,525,972 or 37.07% of total governmental activities revenue. Program specific revenues accounted for \$22,962,289 or 62.93% of total governmental activities revenue.
- The County had \$30,941,329 in expenses related to governmental activities; \$22,962,289 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,525,972 were adequate to provide for these programs.
- The County has five major governmental funds. The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$9,586,078 in 2007. The general fund, had expenditures and other financing uses of \$9,252,541 in 2007. The increase in revenues over expenditures contributed to the general fund's fund balance increasing \$333,537 from 2006 to 2007.
- The Human Services fund, a County major fund, had revenues and other financing sources of \$7,195,252 in 2007. The Human Services fund had expenditures of \$6,583,657 in 2007. The Human Services fund balance increased \$611,595 from 2006 to 2007.
- The Motor Vehicle License and Gasoline Tax fund, a County major fund, had revenues of \$4,772,202 in 2007. The Motor Vehicle License and Gasoline Tax fund had expenditures of \$3,648,671 in 2007. The Motor Vehicle License and Gasoline Tax fund balance increased \$1,123,531 from 2006 to 2007.
- The Hopewell MRDD fund, a County major fund, had revenues of \$5,705,032 in 2007. The Hopewell MRDD fund had expenditures of \$4,868,652 in 2007. The Hopewell MRDD fund balance increased \$836,380 from 2006 to 2007.
- The Emergency Ambulance Levy fund, a County major fund, had revenues of \$967,896 and expenditures of \$1,103,656 in 2007. The Emergency Ambulance Levy fund balance decreased \$135,760 from 2006 to 2007.
- In the general fund, the actual revenues and other financing sources came in \$1,111,689 higher than they were originally budgeted and actual expenditures and other financing uses were \$168,014 more than the amount in the original budget. The County uses a conservative budgeting process.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

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

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities answer the question, "How did we do financially during 2007?" These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the County's Governmental Activities include most of the County's programs and services including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 34-67 of this report.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)

Government-Wide Financial Analysis

The Statement of Net Assets provides the perspective of the County as a whole.

The table below provides a summary of the County's net assets at December 31, 2007 and 2006.

	Governmental Activities	
	2007	2006
<u>Assets</u>		
Current and other assets	\$ 24,112,469	\$ 22,618,020
Capital assets, net	29,049,678	26,943,661
Total assets	53,162,147	49,561,681
<u>Liabilities</u>		
Long-term liabilities	5,771,854	5,921,069
Other liabilities	7,594,867	9,392,118
Total liabilities	13,366,721	15,313,187
<u>Net Assets</u>		
Invested in capital assets, net of related debt	24,386,282	21,197,999
Restricted	12,369,900	10,949,368
Unrestricted	3,039,244	2,101,127
Total net assets	\$ 39,795,426	\$ 34,248,494

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2007, the County's assets exceeded liabilities by \$39,795,426. The County's finances remained stable during 2007.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At year-end, capital assets represented 54.64% of total assets. Capital assets include land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2007, were \$24,386,282. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the County's net assets, \$12,369,900 or 31.08% of total net assets, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets is \$3,039,244.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)

The table below shows the changes in net assets for fiscal years 2007 and 2006.

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,562,878	\$ 2,566,716
Operating grants and contributions	19,190,809	17,362,975
Capital grants and contributions	1,208,602	1,132,010
General revenues:		
Property taxes	6,078,767	5,686,206
Sales tax	4,387,300	4,171,550
Unrestricted grants	1,439,210	837,540
Investment earnings	770,253	781,660
Miscellaneous	850,442	841,502
Total revenues	<u>36,488,261</u>	<u>33,380,159</u>
<u>Expenses</u>		
General government	5,378,454	4,694,327
Public safety	5,559,010	4,702,796
Public works	1,578,806	4,802,986
Health	6,392,440	6,337,451
Human services	11,006,377	10,393,596
Conservation and recreation	414,459	380,697
Other	366,525	274,880
Interest and fiscal charges	245,258	262,634
Total expenses	<u>30,941,329</u>	<u>31,849,367</u>
Change in net assets	5,546,932	1,530,792
Net assets at beginning of year	<u>34,248,494</u>	<u>32,717,702</u>
Net assets at end of year	<u>\$ 39,795,426</u>	<u>\$ 34,248,494</u>

Governmental Activities

Governmental activities increased \$5,546,932 or 16.20% during 2007.

Governmental activities capital grants and contributions revenue increased 6.77% from \$1,132,010 in 2006 to \$1,208,602 in 2007.

The state and federal government contributed to the County revenues of \$19,190,809 in the form of operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$10,244,288, or 53.38% subsidized human services programs. Operating grants and contributions increased 10.53% in 2007 due to an increase in funding for the human services programs.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

The County received capital grants and contributions of \$1,208,602 during 2007 from the Ohio Department of Transportation and the Ohio Public Works Commission for road, bridge, and culvert improvements. These revenues subsidized public works programs.

General revenues totaled \$13,525,972, and amounted to 37.07% of total revenues. These revenues primarily consist of property and sales tax revenue of \$10,466,067, or 77.38% of total general revenues in 2007. Property tax revenue increased \$392,561 from 2006 to 2007. The County sales tax revenue increased \$215,750 from 2006 to 2007. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with local government and local government revenue assistance making up \$1,439,210, or 10.64% of general revenues. Other revenues increased \$8,940 from miscellaneous refunds and reimbursements.

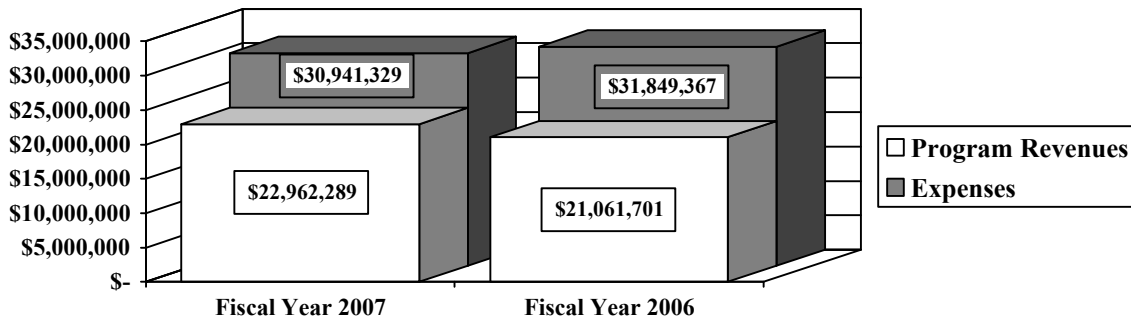
General government expenses include legislative and executive and judicial programs, totaled \$5,378,454 or 17.38% of total governmental expenses. General government expenses were covered by \$1,822,269 of direct charges to users in 2007.

Public works expenses primarily relate to road and bridge construction and repair projects undertaken by the County. The decrease in this expense versus the prior year relates primarily to the decrease in the expenditures of the Motor Vehicle and Gas Tax fund which had public works expenditures of \$3,517,614 and \$7,029,032 in 2007 and 2006, respectively. The County performed less road and bridge projects in 2007 versus the prior year.

Human services expenses support the operations of Public Assistance and the Children Services Board, and accounts for \$11,006,377 of expenses, or 35.57% of total governmental expenses of the County. These expenses were funded by \$383,515 in charges to users of services and \$10,244,288 in operating grants and contributions in 2007.

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

Governmental Activities – Program Revenues vs. Total Expenses



COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)**

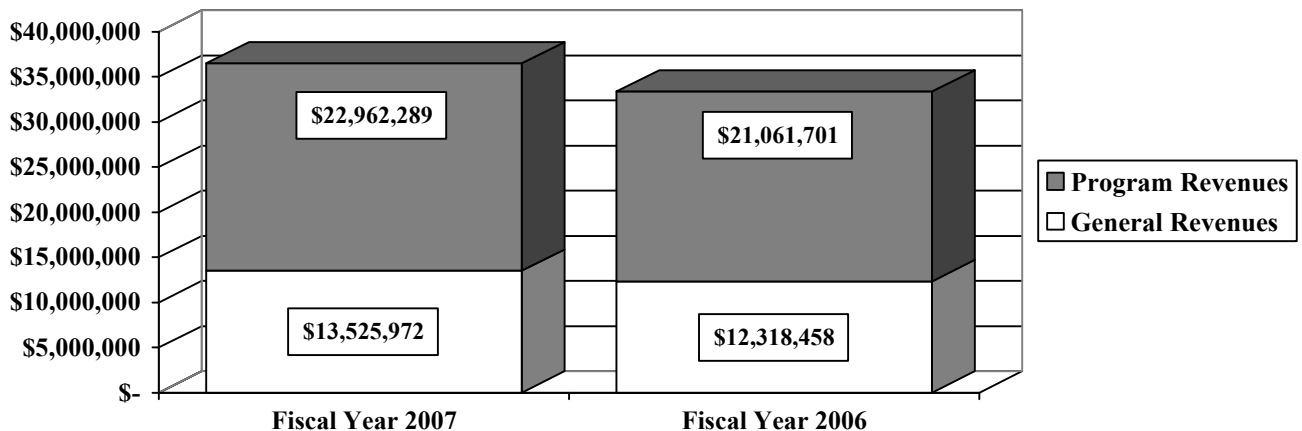
The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 and 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

	Governmental Activities			
	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Expenses:				
General government	\$ 5,378,454	\$ 3,547,091	\$ 4,694,327	\$ 2,921,809
Public safety	5,559,010	3,324,610	4,702,796	2,793,613
Public works	1,578,806	(3,391,155)	4,802,986	(2,365,312)
Health	6,392,440	3,158,822	6,337,451	3,464,197
Human services	11,006,377	378,574	10,393,596	3,168,068
Conservation and recreation	414,459	414,459	380,697	380,697
Other	366,525	366,525	274,880	274,880
Interest and fiscal charges	<u>245,258</u>	<u>180,114</u>	<u>262,634</u>	<u>149,714</u>
Total expenses	<u>\$ 30,941,329</u>	<u>\$ 7,979,040</u>	<u>\$ 31,849,367</u>	<u>\$ 10,787,666</u>

The net cost of services for Human Services decreased from the prior year due to an increase of approximately \$2.7 million in operating grants and contributions received by the human services fund in 2007 versus 2006.

The dependence upon general revenues for governmental activities is apparent, with 25.79% and 33.87% of expenses supported through taxes and other general revenues during 2007 and 2006, respectively. The graph below shows the total general revenues and program revenues of the County for 2007 and 2006.

Governmental Activities - General and Program Revenues



COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)

Financial Analysis of the County's Funds

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

Governmental Funds

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

The County's governmental funds are presented on the balance sheet on pages 19-20. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2007 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2007</u>	<u>Fund Balance</u> <u>December 31, 2006</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,118,323	\$ 1,784,786	\$ 333,537
Human Services	624,920	13,325	611,595
Motor Vehicle License and Gasoline Tax	1,333,705	210,174	1,123,531
Hopewell MRDD	4,254,658	3,418,278	836,380
Emergency Ambulance Levy	849,407	985,167	(135,760)
Other Nonmajor Governmental Funds	<u>3,405,067</u>	<u>2,889,318</u>	<u>515,749</u>
Total	<u>\$ 12,586,080</u>	<u>\$ 9,301,048</u>	<u>\$ 3,285,032</u>

General Fund

The general fund is the operating fund of the County. At the end of the fiscal year, the fund balance of the general fund was \$2,118,323, an 18.69% increase from 2006. The increase of the general fund balance in 2007 was primarily due to an increase in tax revenue in 2007. The table that follows assists in illustrating the revenues of the general fund.

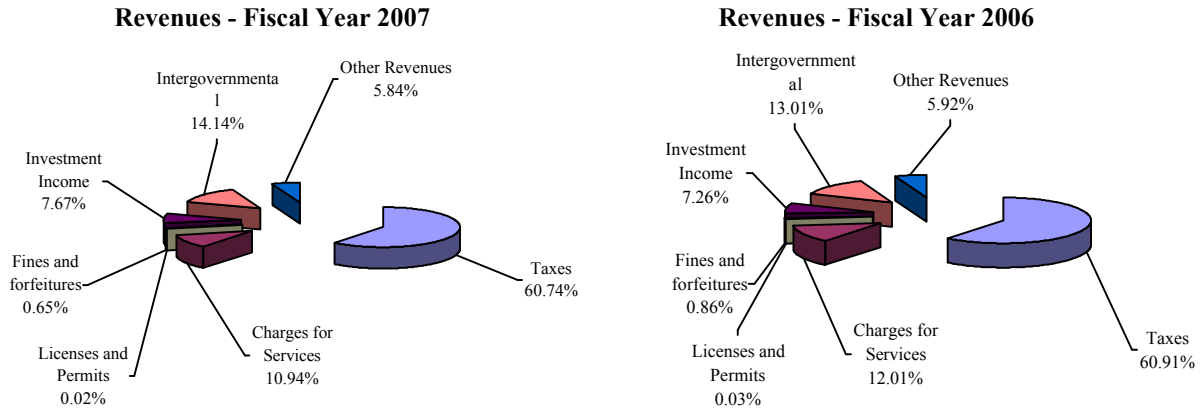
	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase/</u> <u>Decrease</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 5,816,261	\$ 5,366,905	\$ 449,356	8.37 %
Charges for services	1,047,751	1,057,651	(9,900)	(0.94) %
Licenses and permits	2,245	2,396	(151)	(6.30) %
Fines and forfeitures	61,997	75,560	(13,563)	(17.95) %
Intergovernmental	1,353,928	1,145,812	208,116	18.16 %
Investment income	734,665	639,634	95,031	14.86 %
Other	<u>558,954</u>	<u>521,638</u>	<u>37,316</u>	7.15 %
Total	<u>\$ 9,575,801</u>	<u>\$ 8,809,596</u>	<u>\$ 766,205</u>	8.70 %

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)**

Tax revenue represents 60.74% of all general fund revenue. Tax revenue increased by 8.37% over prior year. The increase in investment income is due to higher interest rates throughout the year. The increase in intergovernmental revenues is due to greater funding from state and federal sources. All other revenue remained comparable to 2006.

The graphs below show the breakdown of revenues, by source, for 2007 and 2006.



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

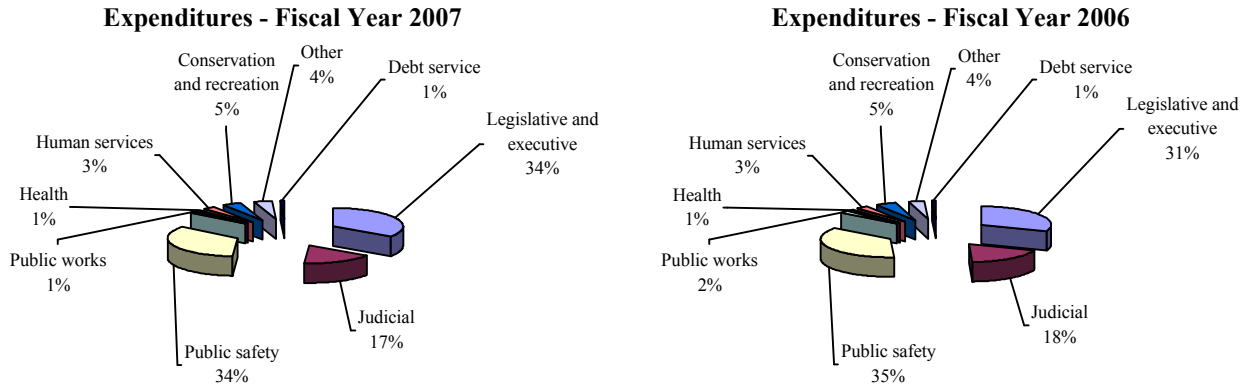
	<u>2007 Amount</u>	<u>2006 Amount</u>	<u>Increase/ Decrease</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
General government				
Legislative and executive	\$ 3,109,533	\$ 2,483,465	\$ 626,068	25.21 %
Judicial	1,489,403	1,460,582	28,821	1.97 %
Public safety	3,079,105	2,914,002	165,103	5.67 %
Public works	109,107	156,951	(47,844)	(30.48) %
Health	87,444	69,615	17,829	25.61 %
Human services	258,539	225,050	33,489	14.88 %
Conservation and recreation	413,331	375,013	38,318	10.22 %
Other	372,193	290,972	81,221	27.91 %
Debt service	64,811	64,811	-	-
Total	<u>\$8,983,466</u>	<u>\$ 8,040,461</u>	<u>\$ 943,005</u>	11.73 %

The most significant increase was in the area of legislative and executive, the general fund's largest expenditures. This increase can be attributed to wage and benefit increases as well as an overall increase in operating expenses of departments that benefit the general operations of the County such as Commissioners, Auditor, Treasurer, Prosecuting Attorney and Recorder. The other significant increase was in the area of public safety, one of the general fund's largest expenditures. This increase can be attributed to wage and benefit increases as well as overall operating costs of departments like the Sheriff, juvenile probation, detention home and jail operations. All other expenditures remained comparable to 2006.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

The graphs below show the breakdown of expenditures, by function, for 2007 and 2006.



Human Services Fund

The Human Services fund a County major fund, had revenues and other financing sources of \$7,195,252 in 2007. The Human Services fund had expenditures of \$6,583,657 in 2007. The Human Services fund balance increased \$611,595 from 2006 to 2007.

Motor Vehicle License and Gasoline Tax Fund

The Motor Vehicle License and Gasoline Tax fund, a County major fund, had revenues of \$4,772,202 in 2007. The Motor Vehicle License and Gasoline Tax fund had expenditures of \$3,648,671 in 2007. The Motor Vehicle License and Gasoline Tax fund balance increased \$1,123,531 from 2006 to 2007.

Hopewell MRDD Fund

The Hopewell MRDD fund, a County major fund, had revenues of \$5,705,032 in 2007. The Hopewell MRDD fund had expenditures of \$4,868,652 in 2007. The Hopewell MRDD fund balance increased \$836,380 from 2006 to 2007.

Emergency Ambulance Levy Fund

The Emergency Ambulance Levy fund, a County major fund, had revenues of \$967,896 and expenditures of \$1,103,656 in 2007. The Emergency Ambulance Levy fund balance decreased \$135,760 from 2006 to 2007.

Budgeting Highlights - General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly. In the general fund, there were significant changes between the original and final budget. Final budgeted revenues increased \$1,106,841 over original budgeted revenues. Actual revenues and other financing sources of \$9,661,212 were \$4,848 more than final budgeted revenues. Actual expenditures and other financing uses were \$309,714 less than the final budgeted expenditures.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of 2007, the County had \$29,049,678 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure.

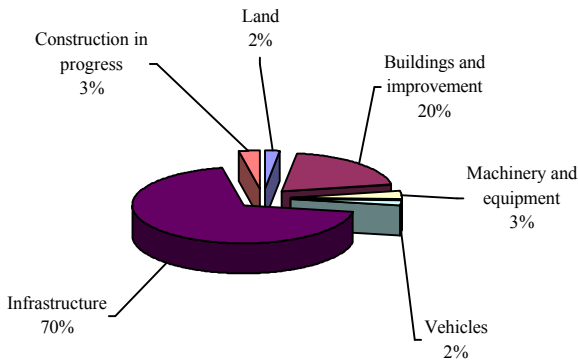
The following table shows fiscal year 2007 balances compared to 2006:

	Capital Assets at December 31 (Net of Depreciation)	
	<u>Governmental Activities</u> <u>2007</u>	<u>Governmental Activities</u> <u>2006</u>
Land	\$ 608,087	\$ 598,087
Building and improvements	5,820,823	6,094,549
Machinery and equipment	969,255	1,094,588
Vehicles	683,920	725,264
Infrastructure	20,051,711	18,431,173
Construction in progress	<u>915,882</u>	<u>-</u>
Total	<u>\$ 29,049,678</u>	<u>\$ 26,943,661</u>

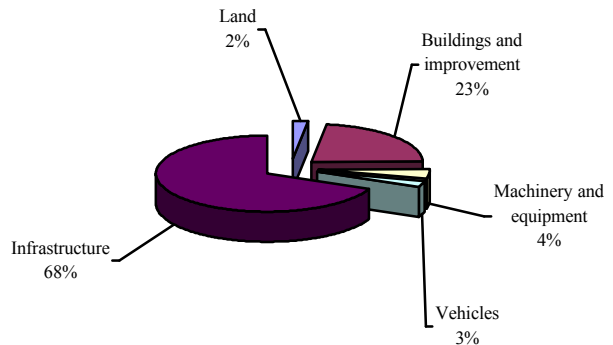
See Note 13 to the basic financial statements for detail on governmental activities capital assets.

The following graphs show the breakdown of governmental capital assets by category for 2007 and 2006.

Capital Assets - Governmental Activities 2007



Capital Assets - Governmental Activities 2006



The County's largest governmental capital asset category is infrastructure which includes roads, bridges and culverts. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately, 70% of the County's total governmental capital assets.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)

Debt Administration

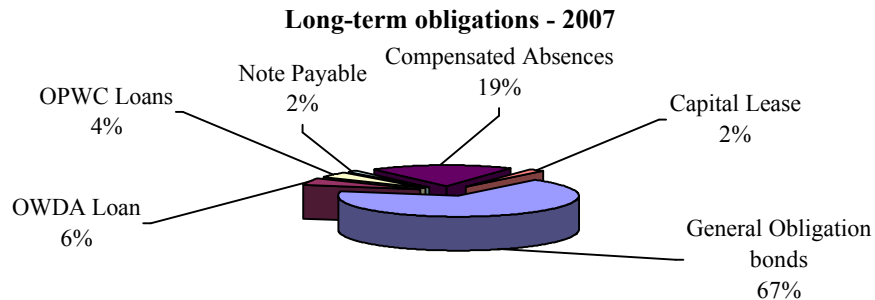
At December 31, 2007, governmental activities had \$3,876,832 in general obligation bonds, an OWDA loan of \$319,560, OPWC loans of \$253,154, a note payable of \$90,000, compensated absences of \$1,108,458, and a capital lease of \$123,850 outstanding. Of this total, \$967,849 is due within one year and \$4,804,005 is due within greater than one year. The following table summarizes the debt obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
Long-Term Obligations		
General obligation bonds	\$ 3,876,832	\$ 4,206,360
OWDA Loan	319,560	290,062
OPWC Loans	253,154	211,782
Note Payable	90,000	105,000
Compensated Absences	1,108,458	925,407
Capital Leases	<u>123,850</u>	<u>182,458</u>
Total	<u>\$ 5,771,854</u>	<u>\$ 5,921,069</u>

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

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



Economic Factors and Next Year's Budgets and Rates

The County's current population is 40,543.

The County's unemployment rate is currently 6.8%, compared to the 5.6% state average and the 4.9% national average.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006

These economic factors were considered in preparing the County's budget for fiscal year 2007. Budgeted revenues and other financing sources in the general fund for fiscal year 2008 budget are \$8,983,117. With the continuation of conservative budgeting practices, the County's financial position should remain strong in future years.

The Coshocton Port Authority reports the following major economic development projects that commenced or were completed in the calendar year 2007:

- Kraft Foods, Inc. completed a \$35 million expansion which added 84,000 square feet at its Coshocton Oscar Meyer bacon manufacturing plant. The investment allowed for more warehouse and manufacturing floor space. Company officials celebrated completion of the project with a dedication ceremony and tour on September 20, 2007.
- Altra Biofuels completed its \$105 million Coshocton Ethanol, LLC manufacturing plant in Franklin Township and began production during the fourth quarter of 2007. All 42 full-time positions that were created were filled before year's end.
- Organic Technologies in Coshocton signed a purchase agreement late in 2007 to acquire the former JII Publications building in downtown Coshocton. Vacant for several years, the 210,000 square foot multi-level building will be used to support research and development and other operations as plans were unfolding at year's end. The investment builds upon a \$3 million expansion at Organic Technologies in 2004 reinforcing its strong presence in the community (Note – Organic Technologies closed on the building acquisition early in 2008).
- ITM Marketing invested more than \$100,000 in 2007 and added 50 new positions to its payroll. The company, headquartered in Coshocton, presently employs 112 individuals and continues to explore expansion options.
- A unique small business success story developed with the November, 2007 grand opening of Ravens Glenn Winery's banquet facility. Only four years old, the West Lafayette area business invested \$500,000 in 2007 and has seen its annual wine production increase from 1,500 gallons in 2004 to 65,000 gallons in 2007. Raven's Glenn is recognized as the fastest growing winery in Ohio with more than 30 permanent jobs having been created and a \$2 million annual payroll since its inception.

Contacting the County's Financial Management

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

BASIC FINANCIAL STATEMENTS

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COSHOCTON COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary	Component Units	
	Government	Regional	
	Governmental	Airport	Hopewell
	Activities	Authority	Industries, Inc.
Assets:			
Equity in pooled cash and cash equivalents	\$ 10,971,597	\$ 41,964	\$ 139,057
Cash with fiscal agent	1,619,201	-	-
Cash in segregated accounts	226	-	-
Investments	-	-	139,853
Receivables (net of allowances for uncollectibles):			
Sales taxes	686,121	-	-
Real and other taxes	6,614,005	-	-
Accounts	68,885	-	21,697
Accrued interest	104,057	-	-
Due from other governments	3,754,512	21,625	-
Prepayments	86,060	-	433
Materials and supplies inventory	207,805	-	5,003
Capital assets:			
Land and construction in progress	1,523,969	535,989	-
Depreciable capital assets, net	27,525,709	3,814,232	39,404
Total capital assets	29,049,678	4,350,221	39,404
Total assets	53,162,147	4,413,810	345,447
Liabilities:			
Accounts payable	414,152	-	874
Contracts payable	-	21,625	-
Accrued wages and benefits	279,482	-	688
Due to other governments	408,081	-	-
Unearned revenue	6,247,056	-	-
Accrued interest payable	17,172	-	-
Loan payable	-	15,979	-
Claims payable	228,924	-	9,255
Long-term liabilities:			
Due within one year	967,849	-	-
Due in more than one year	4,804,005	-	-
Total liabilities	13,366,721	37,604	10,817
Net assets:			
Invested in capital assets, net of related debt	24,386,282	4,334,242	39,404
Restricted for:			
Capital projects	301,516	-	-
Debt service	191,686	-	-
Public works projects	3,778,495	-	-
Human services programs	2,135,711	-	-
Health programs	4,334,953	-	-
General government operations	889,012	-	-
Public safety programs	724,942	-	-
Other purposes	13,585	-	-
Unrestricted	3,039,244	41,964	295,226
Total net assets	\$ 39,795,426	\$ 4,376,206	\$ 334,630

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government:				
Legislative and executive	\$ 3,839,913	\$ 1,538,979	\$ 9,094	\$ -
Judicial	1,538,541	283,290	-	-
Public safety	5,559,010	103,717	2,130,683	-
Public works	1,578,806	97,645	3,663,714	1,208,602
Health	6,392,440	90,588	3,143,030	-
Human services	11,006,377	383,515	10,244,288	-
Conservation and recreation	414,459	-	-	-
Other	366,525	-	-	-
Interest and fiscal charges	245,258	65,144	-	-
Total primary government	\$ 30,941,329	\$ 2,562,878	\$ 19,190,809	\$ 1,208,602
Component Units:				
Regional Airport Authority	\$ 745,048	\$ 412,565	\$ 204,318	\$ 152,725
Hopewell Industries, Inc	308,706	218,362	89,931	-
Total component units	\$ 1,053,754	\$ 630,927	\$ 294,249	\$ 152,725

General Revenues:

Property taxes levied for:

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

Sales taxes levied for:

- General purposes

Grants and entitlements not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets			
Primary Government		Component Units	
Governmental Activities	Regional Airport Authority	Hopewell Industries, Inc.	
\$ (2,291,840)	\$ -	\$ -	
(1,255,251)	-	-	
(3,324,610)	-	-	
3,391,155	-	-	
(3,158,822)	-	-	
(378,574)	-	-	
(414,459)	-	-	
(366,525)	-	-	
(180,114)	-	-	
<u>(7,979,040)</u>	<u>-</u>	<u>-</u>	
-	24,560	-	
<u>-</u>	<u>-</u>	<u>(413)</u>	
-	24,560	(413)	
1,439,560	-	-	
3,580,312	-	-	
879,520	-	-	
179,375	-	-	
4,387,300	-	-	
1,439,210	-	-	
770,253	5,899	2,905	
<u>850,442</u>	<u>2,937</u>	<u>1,130</u>	
<u>13,525,972</u>	<u>8,836</u>	<u>4,035</u>	
5,546,932	33,396	3,622	
<u>34,248,494</u>	<u>4,342,810</u>	<u>331,008</u>	
<u>\$ 39,795,426</u>	<u>\$ 4,376,206</u>	<u>\$ 334,630</u>	

COSHOCTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Human Services	Motor Vehicle License and Gasoline Tax	Hopewell MRDD
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,822,278	\$ 761,369	\$ 848,397	\$ 2,839,578
Cash with fiscal agent	-	-	-	1,619,201
Cash in segregated accounts	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Sales taxes	686,121	-	-	-
Real and other taxes	1,514,609	-	-	3,266,260
Accounts	45,389	45	31	-
Due from other governments	486,556	87,050	2,374,361	179,366
Accrued interest	104,057	-	-	-
Interfund receivable	11,200	-	-	-
Due from other funds	10,638	-	-	-
Prepayments	86,060	-	-	-
Materials and supplies inventory	10,926	-	196,879	-
Total assets	\$ 4,777,834	\$ 848,464	\$ 3,419,668	\$ 7,904,405
Liabilities:				
Accounts payable	\$ 106,232	\$ 42,310	\$ 61,054	\$ 25,776
Accrued wages and benefits	100,391	41,674	25,476	53,046
Compensated absences payable	-	11,295	-	-
Due to other governments	101,415	40,981	81,423	124,085
Due to other funds	-	316	-	1,214
Interfund payable	-	-	-	-
Deferred revenue	918,098	86,968	1,918,010	354,625
Unearned revenue	1,433,375	-	-	3,091,001
Total liabilities	2,659,511	223,544	2,085,963	3,649,747
Fund Balances:				
Reserved for encumbrances	444,873	270,964	172,315	154,581
Reserved for prepayments	86,060	-	-	-
Reserved for materials and supplies inventory	10,926	-	196,879	-
Unreserved, undesignated, reported in:				
General fund	1,576,464	-	-	-
Special revenue funds	-	353,956	964,511	4,100,077
Debt service fund	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	2,118,323	624,920	1,333,705	4,254,658
Total liabilities and fund balances	\$ 4,777,834	\$ 848,464	\$ 3,419,668	\$ 7,904,405

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 958,270	\$ 3,553,638	\$ 10,783,530
-	-	1,619,201
-	226	226
-	-	686,121
573,747	1,259,389	6,614,005
-	23,420	68,885
28,812	598,367	3,754,512
-	-	104,057
-	-	11,200
-	-	10,638
-	-	86,060
-	-	207,805
\$ 1,560,829	\$ 5,435,040	\$ 23,946,240
\$ 108,863	\$ 69,917	\$ 414,152
-	58,492	279,079
-	-	11,295
-	59,751	407,655
-	9,108	10,638
-	11,200	11,200
63,253	638,131	3,979,085
539,306	1,183,374	6,247,056
711,422	2,029,973	11,360,160
130,009	381,058	1,553,800
-	-	86,060
-	-	207,805
-	-	1,576,464
719,398	2,618,438	8,756,380
-	177,712	177,712
-	227,859	227,859
849,407	3,405,067	12,586,080
\$ 1,560,829	\$ 5,435,040	\$ 23,946,240

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COSHOCTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007

Total governmental fund balances		\$	12,586,080
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			29,049,678
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Property taxes	\$	366,212	
Sales taxes		320,768	
Intergovernmental revenues		3,199,826	
Interest		<u>92,279</u>	
Total			3,979,085
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. The net assets of the internal service fund are:			(41,686)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(17,172)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(3,876,832)	
OPWC loans		(253,154)	
OWDA loan		(319,560)	
Compensated absences		(1,097,163)	
Capital lease payable		(123,850)	
Notes payable		<u>(90,000)</u>	
Total			<u>(5,760,559)</u>
Net assets of governmental activities		\$	<u><u>39,795,426</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Human Services	Motor Vehicle License and Gasoline Tax	Hopewell MRDD
Revenues:				
Property taxes	\$ 1,433,529	\$ -	\$ -	\$ 2,723,445
Sales taxes	4,382,732	-	-	-
Charges for services	1,047,751	-	-	-
Licenses and permits	2,245	-	-	-
Fines and forfeitures	61,997	-	47,040	-
Intergovernmental	1,353,928	6,934,577	4,570,477	2,890,552
Investment income	734,665	-	49,767	34,151
Rental income	119,731	-	-	-
Other	439,223	81,203	104,918	56,884
Total revenues	<u>9,575,801</u>	<u>7,015,780</u>	<u>4,772,202</u>	<u>5,705,032</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	3,109,533	-	-	-
Judicial	1,489,403	-	-	-
Public safety	3,079,105	-	-	-
Public works	109,107	-	3,517,614	-
Health	87,444	-	-	4,868,652
Human services	258,539	6,583,657	-	-
Conservation and recreation	413,331	-	-	-
Other	372,193	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	58,608	-	58,595	-
Interest and fiscal charges	6,203	-	72,462	-
Total expenditures	<u>8,983,466</u>	<u>6,583,657</u>	<u>3,648,671</u>	<u>4,868,652</u>
Excess (deficiency) of revenues over (under) expenditures	<u>592,335</u>	<u>432,123</u>	<u>1,123,531</u>	<u>836,380</u>
Other financing sources (uses):				
Issuance of loans	-	-	-	-
Sale of capital assets	10,277	-	-	-
Transfers in	-	179,472	-	-
Transfers out	(269,075)	-	-	-
Total other financing sources (uses)	<u>(258,798)</u>	<u>179,472</u>	<u>-</u>	<u>-</u>
Net change in fund balances	333,537	611,595	1,123,531	836,380
Fund balances at beginning of year	<u>1,784,786</u>	<u>13,325</u>	<u>210,174</u>	<u>3,418,278</u>
Fund balances at end of year	<u>\$ 2,118,323</u>	<u>\$ 624,920</u>	<u>\$ 1,333,705</u>	<u>\$ 4,254,658</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 792,974	\$ 1,117,226	\$ 6,067,174
-	-	4,382,732
-	1,262,710	2,310,461
-	1,795	4,040
-	19,609	128,646
174,922	5,954,612	21,879,068
-	9,094	827,677
-	-	119,731
-	168,213	850,441
<u>967,896</u>	<u>8,533,259</u>	<u>36,569,970</u>
-	634,246	3,743,779
-	48,099	1,537,502
-	2,211,411	5,290,516
-	574,765	4,201,486
1,103,656	92,695	6,152,447
-	4,097,415	10,939,611
-	-	413,331
-	-	372,193
-	66,087	66,087
-	309,121	426,324
-	167,332	245,997
<u>1,103,656</u>	<u>8,201,171</u>	<u>33,389,273</u>
<u>(135,760)</u>	<u>332,088</u>	<u>3,180,697</u>
-	94,058	94,058
-	-	10,277
-	107,690	287,162
-	(18,087)	(287,162)
-	183,661	104,335
<u>(135,760)</u>	<u>515,749</u>	<u>3,285,032</u>
985,167	2,889,318	9,301,048
<u>\$ 849,407</u>	<u>\$ 3,405,067</u>	<u>\$ 12,586,080</u>

COSHOCTON COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - total governmental funds \$ 3,285,032

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

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

Capital asset additions	\$ 4,379,652	
Current year depreciation	<u>(2,233,571)</u>	2,146,081

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. (40,064)

The issuance of loans is recorded as other financing sources in the funds, however, in the statement of activities, its not reported as revenue as they increase the liabilities on the statement of net assets. (94,058)

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

Property and other taxes	11,593	
Sales taxes	4,568	
Intergovernmental	(133,458)	
Accrued interest	<u>35,588</u>	(81,709)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 426,324

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 739

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (171,756)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 76,343

Change in net assets of governmental activities. \$ 5,546,932

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,284,889	\$ 1,451,234	\$ 1,431,675	\$ (19,559)
Sales taxes	3,860,244	4,360,000	4,360,489	489
Charges for services	923,714	1,043,300	1,030,027	(13,273)
Licenses and permits	2,780	3,140	2,245	(895)
Fines and forfeitures	63,924	72,200	69,683	(2,517)
Intergovernmental	1,207,846	1,364,217	1,368,534	4,317
Investment income	628,485	709,850	718,261	8,411
Rental income	112,089	126,600	119,731	(6,869)
Other	456,450	515,543	550,290	34,747
Total revenues	<u>8,540,421</u>	<u>9,646,084</u>	<u>9,650,935</u>	<u>4,851</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	2,917,496	3,252,970	3,221,864	31,106
Judicial	1,651,041	1,714,985	1,608,523	106,462
Public safety	3,443,206	3,357,108	3,239,942	117,166
Public works	134,373	206,279	202,087	4,192
Health	89,881	90,607	90,561	46
Human services	364,622	364,722	305,719	59,003
Conservation and recreation	409,600	413,350	413,350	-
Other	417,907	430,230	427,291	2,939
Debt service:				
Principal retirement	58,608	58,608	58,608	-
Interest and fiscal charges	6,203	6,203	6,203	-
Total expenditures	<u>9,492,937</u>	<u>9,895,062</u>	<u>9,574,148</u>	<u>320,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(952,516)</u>	<u>(248,978)</u>	<u>76,787</u>	<u>325,765</u>
Other financing sources (uses):				
Sale of capital assets	9,102	10,280	10,277	(3)
Transfers out	(193,472)	(269,075)	(269,075)	-
Advances out	-	-	(11,200)	(11,200)
Total other financing sources (uses)	<u>(184,370)</u>	<u>(258,795)</u>	<u>(269,998)</u>	<u>(11,203)</u>
Net change in fund balance	(1,136,886)	(507,773)	(193,211)	314,562
Fund balance at beginning of year	1,033,021	1,033,021	1,033,021	-
Prior year encumbrances appropriated	<u>400,988</u>	<u>400,988</u>	<u>400,988</u>	<u>-</u>
Fund balance at end of year	<u>\$ 297,123</u>	<u>\$ 926,236</u>	<u>\$ 1,240,798</u>	<u>\$ 314,562</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HUMAN SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,974,991	\$ 6,766,800	\$ 6,934,495	\$ 167,695
Other	82,309	117,000	83,758	(33,242)
Total revenues.	<u>6,057,300</u>	<u>6,883,800</u>	<u>7,018,253</u>	<u>134,453</u>
Expenditures:				
Current:				
Human services	6,793,220	7,259,072	6,952,513	306,559
Total expenditures	<u>6,793,220</u>	<u>7,259,072</u>	<u>6,952,513</u>	<u>306,559</u>
Excess (deficiency) of revenues over (under) expenditures	(735,920)	(375,272)	65,740	441,012
Other financing sources:				
Transfers in	179,472	179,472	179,472	-
Total other financing sources.	<u>179,472</u>	<u>179,472</u>	<u>179,472</u>	<u>-</u>
Net change in fund balance	(556,448)	(195,800)	245,212	441,012
Fund balance (deficit) at beginning of year.	(447,570)	(447,570)	(447,570)	-
Prior year encumbrances appropriated	<u>643,612</u>	<u>643,612</u>	<u>643,612</u>	<u>-</u>
Fund balance at end of year	<u>\$ (360,406)</u>	<u>\$ 242</u>	<u>\$ 441,254</u>	<u>\$ 441,012</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 43,024	\$ 50,000	\$ 50,305	\$ 305
Intergovernmental	4,654,014	5,408,602	5,404,410	(4,192)
Investment income	34,419	40,000	57,572	17,572
Other	81,918	95,200	104,922	9,722
Total revenues	<u>4,813,375</u>	<u>5,593,802</u>	<u>5,617,209</u>	<u>23,407</u>
Expenditures:				
Current:				
Public works	5,250,738	5,977,808	5,446,036	531,772
Debt service:				
Principal retirement	808,595	808,595	808,595	-
Interest and fiscal charges	80,525	80,525	80,525	-
Total expenditures	<u>6,139,858</u>	<u>6,866,928</u>	<u>6,335,156</u>	<u>531,772</u>
Net change in fund balance	(1,326,483)	(1,273,126)	(717,947)	555,179
Fund balance at beginning of year	496,899	496,899	496,899	-
Prior year encumbrances appropriated	<u>783,723</u>	<u>783,723</u>	<u>783,723</u>	<u>-</u>
Fund balance at end of year	<u>\$ (45,861)</u>	<u>\$ 7,496</u>	<u>\$ 562,675</u>	<u>\$ 555,179</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HOPEWELL MRDD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 2,760,738	\$ 2,745,546	\$ 2,721,051	\$ (24,495)
Charges for services	-	-	3,143	3,143
Intergovernmental	2,173,370	2,161,410	2,328,555	167,145
Other	26,379	63,400	56,884	(6,516)
Total revenues.	<u>4,960,487</u>	<u>4,970,356</u>	<u>5,109,633</u>	<u>139,277</u>
Expenditures:				
Current:				
Health	4,722,068	5,078,068	4,949,155	128,913
Total expenditures	<u>4,722,068</u>	<u>5,078,068</u>	<u>4,949,155</u>	<u>128,913</u>
Net change in fund balance	238,419	(107,712)	160,478	268,190
Fund balance at beginning of year (restated) . . .	2,156,432	2,156,432	2,156,432	-
Prior year encumbrances appropriated	<u>291,810</u>	<u>291,810</u>	<u>291,810</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,686,661</u>	<u>\$ 2,340,530</u>	<u>\$ 2,608,720</u>	<u>\$ 268,190</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMERGENCY AMBULANCE LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 751,464	\$ 791,844	\$ 797,056	\$ 5,212
Intergovernmental	165,759	174,666	174,922	256
Total revenues	<u>917,223</u>	<u>966,510</u>	<u>971,978</u>	<u>5,468</u>
Expenditures:				
Current:				
Human services	895,676	1,495,676	1,495,394	282
Total expenditures	<u>895,676</u>	<u>1,495,676</u>	<u>1,495,394</u>	<u>282</u>
Net change in fund balance	21,547	(529,166)	(523,416)	5,750
Fund balance at beginning of year	937,548	937,548	937,548	-
Prior year encumbrances appropriated	<u>295,676</u>	<u>295,676</u>	<u>295,676</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,254,771</u>	<u>\$ 704,058</u>	<u>\$ 709,808</u>	<u>\$ 5,750</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 DECEMBER 31, 2007

	Governmental Activity - Internal Service Fund
	<hr/>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents.	\$ 188,067
	<hr/>
Total assets	188,067
	<hr/>
Liabilities:	
Current liabilities:	
Accrued wages and benefits	403
Due to other governments	426
Claims payable	228,924
	<hr/>
Total liabilities	229,753
	<hr/>
Net assets:	
Unrestricted (deficit)	(41,686)
	<hr/>
Total net assets (deficit)	\$ (41,686)
	<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Activity - Internal Service Fund
Operating revenues:	
Charges for services	\$ 2,397,590
Other	11,281
	<u>2,408,871</u>
Operating expenses:	
Personal services	16,385
Contract services	312,939
Claims	1,999,379
Other	3,825
	<u>2,332,528</u>
Total operating revenues	<u>2,408,871</u>
Total operating expenses	<u>2,332,528</u>
Operating income/changes in net assets	<u>76,343</u>
Net assets (deficit) at beginning of year	<u>(118,029)</u>
Net assets (deficit) at end of year	<u>\$ (41,686)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Activity - Internal Service Fund
Cash flows from operating activities:	
Cash received from interfund services	\$ 2,397,590
Cash received from other receipts	11,281
Cash payments for personal services	(16,061)
Cash payments for contractual services	(312,939)
Cash payments for claims	(1,973,110)
Cash payments for other expenses	<u>(3,825)</u>
Net cash provided by operating activities	<u>102,936</u>
 Net increase in cash and cash equivalents	 102,936
 Cash and cash equivalents at beginning of year	 <u>85,131</u>
Cash and cash equivalents at end of year	\$ <u>188,067</u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 76,343
Changes in assets and liabilities:	
Increase in accrued wages and benefits	136
Increase in due to other governments	188
Increase in claims payable	<u>26,269</u>
Net cash provided by operating activities	<u>\$ 102,936</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2007

	<u>Agency</u>	
Assets:		
Equity in pooled cash and cash equivalents	\$	2,292,891
Cash in segregated accounts		379,875
Receivables:		
Real and other taxes.		23,695,007
Due from other governments		2,343,233
		<hr/>
Total assets	\$	28,711,006
		<hr/> <hr/>
Liabilities:		
Due to other governments	\$	26,038,240
Deposits held and due to others		2,672,766
		<hr/>
Total liabilities	\$	28,711,006
		<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1 - DESCRIPTION OF THE COUNTY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

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

EXCLUDED POTENTIAL COMPONENT UNITS

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

The District is governed and operated through three groups. A twelve-member Board of Directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. No contributions were made by the County in 2007 and no future contributions by the County are anticipated.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2007 was \$280,340.

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

During 2007, Coshocton County contributed \$434,085 from levy proceeds. Additional revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the ADAMH is not dependent on the County's participation and no equity interest exists. The ADAMH has no outstanding debt.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2007, Coshocton County did not make any voluntary contributions to MEORC.

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

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

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

RELATED ORGANIZATIONS

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

B. Basis of Presentation

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

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

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

C. Fund Accounting

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

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

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

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

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

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

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

D. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

E. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the 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 year-end.

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2007, are recorded as deferred revenue.

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

Expense/Expenditures - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

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

F. Budgetary Data

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

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

The appropriation resolution is subject to amendment by the Commissioners throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire 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.

G. Cash and Investments

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

During 2007, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, federal agency securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and repurchase agreements, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

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 fiscal year 2007 amounted to \$734,665 which includes \$636,018 assigned from other County funds.

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

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

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

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

H. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

J. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the governmental activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a threshold of \$5,000 for general capital assets and a threshold of \$100,000 for infrastructure capital assets.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10 - 40 years
Machinery and Equipment	5 - 10 years
Vehicles	3 - 5 years
Infrastructure	15 - 50 years

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from the internal service fund are reported in the proprietary fund financial statements.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

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

M. Interfund Transactions

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

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

N. Fund Balance Reserves

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

O. Operating Revenues and Expenses

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

P. Net Assets

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

Q. Estimates

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

R. Interfund Activity

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

S. Extraordinary and Special Items

Extraordinary items and transactions are events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2007.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2007, the County has implemented GASB Statement No. 48 "*Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues*". GASB Statement No. 48 established criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the County.

B. Budgetary Restatement

The December 31, 2006 fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Hopewell MRDD Fund has been restated to remove cash held by a fiscal agent from unencumbered cash balance at December 31, 2006. The County only budgets for cash activity of the internal investment pool; therefore, cash activity related to amounts held outside the pool by a fiscal agent have been excluded from the statement.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS

State Statutes classify monies held by the County into three categories: active deposits, inactive deposits and interim deposits.

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 five 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 deposits are deposits of interim monies. Interim moneys 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.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of, or guaranteed by, the United States and mature, or be redeemable, within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During 2007, the County and public depositories complied with the provisions of these statutes.

A. Cash with Fiscal Agent

At December 31, 2007, the County had \$1,619,201 in monies held by MEORC as fiscal agent. These funds are held outside of the County Treasury and are not included in "Deposits with Financial Institutions" below.

B. Cash in Segregated Accounts

At December 31, 2007, the County had \$380,101 in cash held in separate depository accounts from the County Treasury. These amounts are included in the "Deposits with Financial Institutions" below.

C. Cash on Hand

At December 31, 2007, the County had \$3,335 in cash on hand which is reported on the financial statements as part of "Equity in Pooled Cash and Cash Equivalents".

D. Deposits with Financial Institutions

At December 31, 2007, the carrying amount of all County deposits was \$7,891,253 including cash in segregated accounts and exclusive of the \$199,668 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$634,869 of the County's bank balance of \$8,583,055 was covered by the Federal Deposit Insurance Corporation.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

E. Investments

As of December 31, 2007, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
STAR Ohio	\$ 2,558,315	\$ 2,558,315	\$ -	\$ -
Repurchase Agreements	199,668	199,668	-	-
FHLMC	1,000,816	500,236	-	500,580
FHLMC Discount Note	492,831	492,831	-	-
FNMA	1,002,569	-	1,002,569	-
FHLB	<u>495,802</u>	<u>-</u>	<u>495,802</u>	<u>-</u>
Total Investments	<u>\$ 5,750,001</u>	<u>\$ 3,751,050</u>	<u>\$ 1,498,371</u>	<u>\$ 500,580</u>

The weighted average length to maturity is .43 years.

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

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

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County investments in repurchase agreements and federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the County's name. Ohio law requires the market value of the securities subject to a repurchase agreement must exceed the principal value of securities subject to a repurchase agreement by 2%. The County has no investment policy dealing with investment custodial risk beyond the requirement in State Statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk - The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2007:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAR Ohio	\$ 2,558,315	44.49%
Repurchase Agreements	199,668	3.47%
FHLMC	1,000,816	17.41%
FHLMC Discount Note	492,831	8.57%
FNMA	1,002,569	17.44%
FHLB	<u>495,802</u>	<u>8.62%</u>
 Total Investments	 <u>\$ 5,750,001</u>	 <u>100.00%</u>

F. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 7,891,253
Investments	5,750,001
Cash on hand	3,335
Cash with fiscal agent	<u>1,619,201</u>
Total	<u>\$ 15,263,790</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 12,591,024
Agency funds	<u>2,672,766</u>
Total	<u>\$ 15,263,790</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:		
Human services fund	\$	179,472
Nonmajor governmental funds		89,603
Transfers from nonmajor governmental funds to:		
Nonmajor governmental funds		<u>18,087</u>
Total transfers	\$	<u>287,162</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in 2007 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

B. Due To/From Other Funds

The County had the following amounts due to/from other funds at December 31, 2007:

Fund	Due from other funds	Due to other funds
General	\$ 10,638	\$ -
Human services	-	316
Hopewell MRDD	-	1,214
Nonmajor governmental	<u>-</u>	<u>9,108</u>
Total	<u>\$ 10,638</u>	<u>\$ 10,638</u>

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

C. Interfund Balances

Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2007, consist of the following individual fund loan receivable and payable as reported on the fund statements:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General	\$ 11,200	\$ -
Nonmajor governmental	<u>-</u>	<u>11,200</u>
Total	<u>\$ 11,200</u>	<u>\$ 11,200</u>

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2007-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. 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 first \$10,000 of taxable value is exempt from taxation for each business by state law.

The assessed value upon which the 2007 taxes were collected was \$659,968,409. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2007, was \$12.45 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$ 542,940,910
Public Utility Personal Property	91,674,900
Tangible Personal Property	<u>25,352,599</u>
Total	<u>\$ 659,968,409</u>

"Real estate and other taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of December 31 (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year end.

Since the current levy is not intended to finance 2007 operations, the receivable is offset by a credit to "unearned revenue". The delinquent real, public utility and tangible personal property taxes are recorded as "deferred revenue". The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1971, the County Commissioners, by resolution, imposed a one-half percent tax on all retail sales made in the County. In 1984, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales made in the County. At the end of 2005, the County Commissioners by resolution imposed a one-half percent tax on all retail sales made in the County for specific use in the Justice System to begin January 1, 2006. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the general fund. Sales tax revenue in 2007 amounted to \$4,382,732 with the entire amount credited to the general fund.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE

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 FASB 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. Principal and interest payments for the capital lease obligation are made from the general fund.

<u>Year</u>	<u>Amount</u>
2008	\$ 64,810
2009	<u>64,810</u>
Total minimum lease payments	129,620
Less: amount representing interest	<u>(5,770)</u>
Present value of minimum lease payments	<u>\$ 123,850</u>

NOTE 9 - COMPENSATED ABSENCES

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

NOTE 10 - NOTE PAYABLE

The County issued a \$750,000 promissory note payable on October 2, 2006. The note bears an interest rate of 4.30% and matured on October 2, 2007. The note was retired in 2007 from the Motor Vehicle License and Gas Tax fund, the fund which received the initial proceeds. The following is a summary of the note payable activity for 2007:

	<u>Balance</u> <u>12/31/06</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/07</u>
Engineer Promissory Note	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ (750,000)</u>	<u>\$ -</u>

NOTE 11 - CONTINGENT LIABILITIES

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 12 - RECEIVABLES

Receivables at December 31, 2007, consisted of taxes, accounts, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenue. Receivables have been recorded to the extent that they are measurable at December 31, 2007, as well as intended to finance fiscal 2007 operations.

A summary of the principal items due from other governments:

Fund / Type	Amount
Major funds:	
General fund:	
Local government and local government revenue assistance	\$ 403,531
Homestead and rollback	<u>83,025</u>
	<u>486,556</u>
Human services fund:	
Grants and entitlements	<u>87,050</u>
Motor vehicle license and gasoline tax fund:	
License, gasoline and permissive taxes	2,018,820
Ohio Department of Transportation grants	<u>355,541</u>
	<u>2,374,361</u>
Hopewell MRDD fund:	
Grants and entitlements	30,026
Homestead and rollback	<u>149,340</u>
	<u>179,366</u>
Emergency ambulance levy fund.	
Homestead and rollback	<u>28,812</u>
Other governmental funds:	
U.S. Department of Justice (VOCA) grant	14,734
Ohio Department of Development grants	472,900
Citizen Corporation grant	1,616
Childrens services grants and entitlements	32,656
Juvenile justice intensive probation grant	8,611
Corporation for community and national service grant	7,818
Homestead and rollback	<u>60,032</u>
	<u>598,367</u>
Total due from other governments	<u>\$ 3,754,512</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 13 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2007, was as follows:

	Balance <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/07</u>
<u>Governmental Activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 598,087	\$ 10,000	\$ -	\$ 608,087
Construction in progress	-	915,882	-	915,882
Total capital assets, not being depreciated	<u>598,087</u>	<u>925,882</u>	<u>-</u>	<u>1,523,969</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	13,530,274	79,847	-	13,610,121
Machinery and equipment	4,264,354	258,109	(289,847)	4,232,616
Vehicles	3,180,127	226,740	(242,825)	3,164,042
Infrastructure	<u>26,590,581</u>	<u>2,889,074</u>	<u>-</u>	<u>29,479,655</u>
Total capital assets, being depreciated	<u>47,565,336</u>	<u>3,453,770</u>	<u>(532,672)</u>	<u>50,486,434</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(7,435,725)	(353,573)	-	(7,789,298)
Machinery and equipment	(3,169,766)	(371,267)	277,672	(3,263,361)
Vehicles	(2,454,863)	(240,195)	214,936	(2,480,122)
Infrastructure	<u>(8,159,408)</u>	<u>(1,268,536)</u>	<u>-</u>	<u>(9,427,944)</u>
Total accumulated depreciation	<u>(21,219,762)</u>	<u>(2,233,571)</u>	<u>492,608</u>	<u>(22,960,725)</u>
Total capital assets, being depreciated net	<u>26,345,574</u>	<u>1,220,199</u>	<u>(40,064)</u>	<u>27,525,709</u>
Governmental activities capital assets, net	<u>\$ 26,943,661</u>	<u>\$ 2,146,081</u>	<u>\$ (40,064)</u>	<u>\$ 29,049,678</u>

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

Governmental activities:

General government:

Legislative and executive	\$ 165,988
Judicial	44,837
Public safety	256,720
Public works	1,558,043
Health	127,753
Human services	79,102
Conservation and recreation	<u>1,128</u>

Total depreciation expense - governmental activities \$2,233,571

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the County's governmental long-term obligations during 2007 consisted of the following:

Governmental Activities:	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/07</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds</u>								
Human Services Building	1990	12/1/2016	5.9-7.3%	\$ 375,000	\$ -	\$ (40,000)	\$ 335,000	\$ 40,000
Water Lines	1996	12/1/2013	6.40%	120,000	-	(15,000)	105,000	15,000
County Garage Building	1999	12/1/2019	5.875-6.5%	765,000	-	(40,000)	725,000	40,000
Juvenile/Probate Court Phones	2002	12/1/2022	1.6-4.5%	815,000	-	(150,000)	665,000	35,000
N. Corridor/Various Purpose	2004	12/1/2029	4.5-4.99%	2,040,000	-	(55,000)	1,985,000	55,000
Bridge	2005	2/11/2009	3.10%	91,360	-	(29,528)	61,832	30,444
Total general obligation bonds				<u>4,206,360</u>	<u>-</u>	<u>(329,528)</u>	<u>3,876,832</u>	<u>215,444</u>
<u>Notes</u>								
Hopewell Roof Note	2003	3/20/2013	5.50%	105,000	-	(15,000)	90,000	15,000
Total notes				<u>105,000</u>	<u>-</u>	<u>(15,000)</u>	<u>90,000</u>	<u>15,000</u>
<u>Loans:</u>								
OPWC - Bridge Program	2005	12/1/2015	0.00%	96,852	-	(8,400)	88,452	8,400
OPWC - N. Corridor Sewer	2001	7/1/2021	0.00%	54,153	-	(3,735)	50,418	3,735
OPWC - Bridge Program	2002	7/1/2021	0.00%	46,200	-	(10,195)	36,005	10,195
OPWC - Sewer Replacement	2004	1/1/2024	0.00%	14,577	-	(858)	13,719	858
OPWC - SR 83 Extension	2007	1/1/2028	0.00%	-	64,560	-	64,560	1,614
OWDA - Fresno Water & Sewer	2004	N/A	N/A	290,062	29,498	-	319,560	-
Total loans				<u>501,844</u>	<u>94,058</u>	<u>(23,188)</u>	<u>572,714</u>	<u>24,802</u>
<u>Other Long-Term Obligations</u>								
Capital leases				182,458	-	(58,608)	123,850	60,792
Compensated absences				925,407	590,609	(407,558)	1,108,458	651,811
Total other long-term obligations				<u>1,107,865</u>	<u>590,609</u>	<u>(466,166)</u>	<u>1,232,308</u>	<u>712,603</u>
Total general long-term obligations				<u>\$ 5,921,069</u>	<u>\$ 684,667</u>	<u>\$ (833,882)</u>	<u>\$ 5,771,854</u>	<u>\$ 967,849</u>

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

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 14 - LONG TERM OBLIGATIONS - (Continued)

The County has entered into a contractual agreement for construction loans from the OWDA. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved projects. OWDA will capitalize administration costs and construction interest and then add them to the total amounts of the final loan. This loan will not have an accurate repayment schedule until the loan is finalized and, therefore, is not included in the schedule of future annual debt service requirements below. The balance of the County's OWDA loan is \$319,560 at December 31, 2007.

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
2008	\$ 215,444	\$ 199,196	\$ 24,802	\$ 15,000	\$ 3,546	\$ 255,246	\$ 202,742
2009	226,388	189,442	26,416	15,000	2,955	267,804	192,397
2010	195,000	178,891	26,416	15,000	2,364	236,416	181,255
2011	205,000	168,879	26,416	15,000	1,773	246,416	170,652
2012	215,000	158,079	22,216	15,000	1,182	252,216	159,261
2013 - 2017	1,060,000	618,882	74,787	15,000	591	1,149,787	619,473
2018 - 2022	895,000	335,550	33,498	-	-	928,498	335,550
2023 - 2027	590,000	151,213	16,989	-	-	606,989	151,213
2028 - 2029	275,000	19,297	1,614	-	-	276,614	19,297
Total	<u>\$ 3,876,832</u>	<u>\$ 2,019,429</u>	<u>\$ 253,154</u>	<u>\$ 90,000</u>	<u>\$ 12,411</u>	<u>\$ 4,219,986</u>	<u>\$ 2,031,840</u>

Legal Debt Margin

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

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$10,661,103 at December 31, 2007 and the unvoted legal debt margin was \$6,344,089 at December 31, 2007.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 15 - RISK MANAGEMENT

A. General Insurance

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

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

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

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

General liability	\$ 1,000,000
Law enforcement liability	1,000,000
Errors and omissions liability:	
Per occurrence	1,000,000
Annual aggregate	1,000,000
Automobile liability	1,000,000
Uninsured/underinsured motorists liability	250,000
Excess liability	5,000,000
Stop gap liability	1,000,000
Medical professional liability	6,000,000
Foster parents	6,000,000
Accounts receivable	5,000,000
Property - total covered value	148,247,765
Other property insurance:	
Extra expense/business interruption	21,000,000
Data processing equipment	1,371,755
Bridges	710,321
Sewer line coverage	3,500,000
Water line coverage	4,500,000
Equipment breakdown	100,000,000
Crime insurance	1,000,000

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 15 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

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

C. Health Care Self-Insurance

The County has elected to provide employees' major medical and hospitalization through a self-insured program. The County maintains a Self-Insurance Internal Service Fund to account for, and finance, its uninsured risks of loss in this program. This plan provides a major medical plan with a \$1,000 individual and \$2,000 family deductible and a Preferred Provider Network (PPO) with a \$200 individual and a \$400 family deductible. A third party administrator, Aulta Administrative Services, located in Canton, Ohio, reviews all claims which are then paid by the County. The County purchases stop-loss coverage of \$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 \$228,924 reported in the fund at December 31, 2007, was estimated by a third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported, claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include allocated or unallocated claims adjustment expenses.

Changes in the fund's claims liability amount for 2007 and 2006 were:

		<u>Balance at</u>	<u>Current</u>	<u>Claim</u>	<u>Balance at</u>
	\$	<u>Beginning of Year</u>	<u>Year Claims</u>	<u>Payments</u>	<u>End of Year</u>
2007	\$	202,655	\$ 1,999,379	\$ (1,973,110)	\$ 228,924
2006		379,849	1,972,131	(2,149,325)	202,655

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 16 - PENSION PLANS

A. Ohio Public Employees Retirement System

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement under the Traditional Pension Plan, were required to contribute 9.5% of their annual covered salaries. Members participating in the Traditional Pension Plan that were in law enforcement contributed 10.1% of their annual covered salary. The City's contribution rate for pension benefits for 2007 was 8.85% for the period January 1, 2007 through June 30, 2007 and 7.85% for the period July 1, 2007 through December 31, 2007, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 12.17% of covered payroll for the period January 1, 2007 through June 30, 2007 and 11.17% of covered payroll for the period July 1, 2007 through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2007, 2006, and 2005 were \$1,233,868, \$1,167,500, and \$1,086,502, respectively; 92.90% has been contributed for 2007 and 100% has been contributed for 2006 and 2005. The unpaid contribution to fund pension obligations for 2007, in the amount of \$86,414, is recorded as a liability. .

B. State Teachers Retirement System of Ohio

Certified teachers, employed by County Board of Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries.

Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 16 - PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS Ohio funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of 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 fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, 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 DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. 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 balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

A DBP or CP member with five or more years of 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 DCP 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, 2007, plan members were required to contribute 10% of their annual covered salary and the County was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's required contribution for pension obligations for the DBP for the years ended December 31, 2007, 2006, and 2005 was \$92,735, \$68,919, and \$66,599, respectively; 100% has been contributed for fiscal years 2007, 2006 and 2005. There were no contributions for the DCP and CP for the fiscal year ended December 31, 2007.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Pension or Combined Plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. The health care coverage provided by OPERS is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the Traditional Pension or Combined Plans is set aside for the funding of post-employment health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care for the period January 1, 2007 through June 30, 2007 and 6.00% of covered payroll was the portion that was used to fund health care for the period July 1, 2007 through December 31, 2007.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 17 - POSTEMPLOYMENT BENEFITS - (Continued)

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus and an additional factor ranging from .50% to 5.00% for the next eight years. In subsequent years, (nine and beyond) health care costs were assumed to increase at 4.00%.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the Traditional Pension and Combined Plans was 374,979 as of December 31, 2007. The City's actual employer contributions for 2007 which were used to fund post-employment benefits were \$763,947. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. At December 31, 2006 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

B. State Teachers Retirement System of Ohio

Comprehensive health care benefits are provided to retired teachers 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 obligation to contribute are established by the STRS Ohio based on authority granted by State statute. STRS Ohio is funded on a pay-as-you-go basis.

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 shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended December 31, 2006, the Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the County, this amount was \$7,133.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.5 billion at June 30, 2006. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282.743 million, and STRS had 119,184 eligible benefit recipients.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 18 - RELATED PARTY TRANSACTIONS

Hopewell Industries, Inc., a component unit of Coshocton County, received contributions in the amount of \$31,161 during 2007 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 \$94,319 in the operation of Hopewell Industries, Inc. during 2007.

Coshocton County Airport authority is a component unit of Coshocton County. During 2007, the County Airport Authority received an operating transfer from the County in the amount of \$55,000.

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as payables (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

	Net Change in Fund Balances				
	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>Hopewell MRDD</u>	<u>Emergency Ambulance Levy</u>
Budget Basis	\$ (193,211)	\$ 245,212	\$ (717,947)	\$ 160,478	\$ (523,416)
Net adjustments for revenues	(75,134)	(2,473)	(845,007)	595,399	(4,082)
Net adjustments for expenditures	76,250	48,741	2,453,116	(101,553)	152,866
Net adjustments for other financing financing sources/uses	11,200	-	-	-	-
Encumbrances	<u>514,432</u>	<u>320,115</u>	<u>233,369</u>	<u>182,056</u>	<u>238,872</u>
GAAP Basis	<u>\$ 333,537</u>	<u>\$ 611,595</u>	<u>\$ 1,123,531</u>	<u>\$ 836,380</u>	<u>\$ (135,760)</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 20 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT

A. Reporting Entity

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

B. Summary of Significant Accounting Policies

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

1. *Measurement Focus and Basis of Accounting*

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

2. *Cash*

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

3. *Capital Assets*

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

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

4. *Estimates*

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

C. Deposits and Investments

At year end, the carrying amount of the Airport's deposits was \$41,964 and the bank balance was \$42,571. The entire balance was covered by Federal Deposit Insurance Corporation. The Airport has no investments.

D. 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. During 2007, the Airport retired this note in full.

E. Loan Payable

The Airport has a loan payable at December 31, 2007 as follows:

	Outstanding			Outstanding
	<u>12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/07</u>
Chase Bank loan	<u>\$ 20,588</u>	<u>\$ -</u>	<u>\$ (4,609)</u>	<u>\$ 15,979</u>

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

F. Capital Assets

	Balance			Balance
	12/31/06	Additions	Deductions	12/31/07
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,339	\$ -	\$ -	\$ 11,339
Construction in progress	<u>371,925</u>	<u>152,725</u>	<u>-</u>	<u>524,650</u>
Total capital assets, not being depreciated	<u>383,264</u>	<u>152,725</u>	<u>-</u>	<u>535,989</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	675,000	-	-	675,000
Infrastructure	3,606,535	-	-	3,606,535
Vehicles	14,394	-	-	14,394
Furniture and equipment	<u>313,827</u>	<u>-</u>	<u>-</u>	<u>313,827</u>
Total cost	<u>4,609,756</u>	<u>-</u>	<u>-</u>	<u>4,609,756</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(160,000)	(11,250)	-	(171,250)
Infrastructure	(282,661)	(144,261)	-	(426,922)
Vehicles	(14,394)	-	-	(14,394)
Furniture and equipment	<u>(162,036)</u>	<u>(20,922)</u>	<u>-</u>	<u>(182,958)</u>
Total accumulated depreciation	<u>(619,091)</u>	<u>(176,433)</u>	<u>-</u>	<u>(795,524)</u>
Total capital assets, being depreciated net	<u>3,990,665</u>	<u>(176,433)</u>	<u>-</u>	<u>3,814,232</u>
Total capital assets, net	<u>\$ 4,373,929</u>	<u>\$ (23,708)</u>	<u>\$ -</u>	<u>\$ 4,350,221</u>

NOTE 21 - HOPEWELL INDUSTRIES, INC - COMPONENT UNIT

A. Reporting Entity

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

B. Basis of Accounting

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

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

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

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

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

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

C. Deposits and Investments

At year end, the carrying amount of the Workshop's deposits was \$139,057 and the bank balance was \$130,888. Of this bank balance, \$108,711 was covered by Federal Deposit Insurance Corporation and \$22,177 was uncollateralized. In addition, the Workshop had other investments with a carrying value of \$139,853 and market value of \$157,263.

D. Equipment and Buildings

The following is a summary of equipment and capital improvements at December 31, 2007.

Furniture, Fixtures & Vehicles	\$ 138,760
Building improvements	27,549
Equipment	<u>120,555</u>
	286,864
Less: Accumulated depreciation	<u>(247,460)</u>
Net equipment and capital improvements	<u>\$ 39,404</u>

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

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Pass Through Entity Number	Disbursements
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants / State's Program	14.228	BF-05-016-1	\$ 5,700
Community Development Block Grants / State's Program	14.228	BF-06-016-1	108,000
Community Development Block Grants / State's Program	14.228	BF-07-016-1	<u>10,000</u>
Total Community Development Block Grant / State's Program			123,700
CHIP	14.219	BC-07-016-2	8,000
Total U.S. Department of Housing and Urban Development			<u>131,700</u>
<u>U.S. Department of Justice</u>			
<i>Passed Through Ohio Department of Youth Services:</i>			
Juvenile Justice - Intensive Probation	16.540	N/A	41,581
Juvenile Accountability - Incentive Block Grant Program	16.523	2004-JB-006-B057	9,900
<i>Passed Through the Ohio Department of Justice:</i>			
VOCA	16.575	VAGENE001	22,772
Total U.S. Department of Justice			<u>74,253</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed Through Ohio Department of Public Safety:</i>			
Emergency Management Performance Program	97.042	S07-HEM7-16-0127	31,904
Emergency Management Performance Program	97.042	S06-HEM6-16-0144	7,568
Citizen Corp Program Grant	97.053	S07-HCC06-16-0039	4,384
State Homeland Security Plan	97.073	S06-SHSP6-16-0262	31,576
State Homeland Security Plan	97.073	S07-SHSP7-16-0012	9,157
Total U.S. Department of Homeland Security			<u>84,589</u>
<u>U.S. Department of Education</u>			
<i>Passed Through Ohio Department of Education:</i>			
Adult Education State Grant Program	84.002	VETP	93,667
State and Local Education - Systematic Improvement Grant	84.298	C2S1	121
Special Education Cluster:			
Special Education - Grants to States	84.027	6BSF	41,053
Special Education - Preschool Grants	84.173	PGS1	<u>13,431</u>
Total Special Education Cluster			54,484
Total U.S. Department of Education			<u>148,272</u>
<u>U.S. Department of Labor</u>			
<i>Passed Through Workforce Investment Act, Area 7:</i>			
Workforce Investment Act Cluster:			
Workforce Investment Act-Adult Program	17.258	N/A	239,304
Workforce Investment Act-Youth Activities	17.259	N/A	202,885
Workforce Investment Act-Dislocated Workers	17.260	N/A	<u>283,753</u>
Total WIA Cluster			725,942
Total Passed Through Workforce Investment Act, Area 7:			<u>725,942</u>
Total U.S. Department of Labor			<u>725,942</u>

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

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Pass Through Entity Number	Disbursements
<u>U.S. Department of Transportation</u>			
<i>Direct from the Federal Government</i>			
Airport Improvement Program	20.106	N/A	180,476
<i>Passed through Ohio Department of Education</i>			
Highway Planning and Construction	20.205	N/A	<u>1,951,165</u>
Total U.S. Department of Transportation			<u>2,131,641</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed Through the Ohio Department of Mental Retardation and Development Disabilities:</i>			
Medicaid Cluster (Title XIX)	93.778	N/A	391,288
SCHIPS	93.767	N/A	1,140
Social Services Block Grant (Title XX)	93.667	N/A	<u>41,487</u>
Total U.S. Department of Health and Human Services			<u>433,915</u>
<u>Corporation for Community and National Service</u>			
<i>Passed through Ohio Department of Youth Services</i>			
Americorps	94.006	JJWC-021-06	5,428
Americorps	94.006	JJWC-021-07	<u>2,606</u>
Total Corporation for Community and National Service			8,034
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$ 3,738,346</u></u>

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

COSHOCTON COUNTY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2007**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MEDICAL ASSISTANCE PROGRAM

The amount received from Medicaid in 2007 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.

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

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

We have audited the financial statements of the governmental activities, the 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, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 20, 2007, in which we indicated the County implemented Governmental Accounting Standards Board Statements No. 48. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the County's internal control.

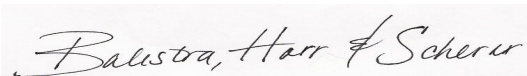
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic 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*.

We noted certain noncompliance and other matters that we reported to the County's management in a separate letter dated June 20, 2008.

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



Balestra, Harr & Scherer, CPAs, Inc.

June 20, 2008

BALESTRA, HARR & SCHERER CPAs, INC.

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Ohio Society of Certified Public Accountants

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

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

Compliance

We have audited the compliance of Coshocton County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2007. 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 is 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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, 2007.

Internal Control Over Compliance

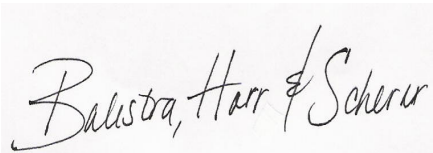
The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over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

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

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

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

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

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

Balestra, Harr & Scherer, CPAs, Inc.

June 20, 2008

COSHOCTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
DECEMBER 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS

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

COSHOCTON COUNTY

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

DECEMBER 31, 2007

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

COSHOCTON COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	A material weakness was issued because the County did not have a process in place to ensure the recording of all grant revenues and expenses when the granting agency paid the contractor directly.	Yes	
2006-002	A material weakness was issued because the County did not have a process in place to inform the County Auditor's Office of the actual costs for infrastructure additions.	Yes	
2006-003	A non-compliance citation was issued because the county did not obtain and/or maintain the required weekly payroll certifications from the contractor in the project files in accordance with the Davis-Bacon Act and DOL regulations.	Yes	
2006-004	A material weakness was issued because the County did not have a process in place to reconcile federal revenues and expenses recorded on the County financial records to the information maintained in the Engineering Department.	Yes	
2005-001	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.	Yes	



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2008**