



Dave Yost • Auditor of State

COSHOCTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund	28
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Human Services Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Motor Vehicle License and Gas Tax Fund	30
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) County Board of DD Fund	31
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Emergency Ambulance Levy Fund	32
Statement of Net Position – Proprietary Fund	33
Statement of Revenues, Expenses and Changes in Net Position Proprietary Fund	34
Statement of Cash Flows – Proprietary Fund	35
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	36
Notes to the Basic Financial Statements.....	37
Schedule of Federal Awards Expenditures.....	79
Notes to the Schedule of Federal Awards Expenditures	82

COSHOCTON COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	83
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance Required by OMB Circular A-133	85
Schedule of Findings – OMB Circular A-133 § .505	89
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b).....	94
Corrective Action Plan – OMB Circular A-133 § .315(c).....	95



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Coshocton County
349 Main Street
Coshocton, Ohio 43812

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Coshocton County, Ohio (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Coshocton County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Human Services, Motor Vehicle License and Gasoline Tax, County Board of DD and Emergency Ambulance Levy Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Supplementary and Other Information

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

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

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County' internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 14, 2015

This page intentionally left blank.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014. 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 2014 are as follows:

- The total net position of the County increased \$812,296 from the 2013 restated net position.
- General revenues accounted for \$15,953,522 or 42.42% of total governmental activities revenue. Program specific revenues accounted for \$21,655,443 or 57.58% of total governmental activities revenue.
- The County had \$36,796,669 in expenses related to governmental activities; \$21,655,443 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$15,953,522 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 \$11,009,466 in 2014. The general fund, had expenditures and other financing uses of \$10,962,840 in 2014. The general fund balance increased \$46,626 from the 2013 fund balance.
- The human services fund, a County major fund, had revenues and other financing sources of \$3,374,496 and expenditures of \$3,233,100 in 2014. The human services fund balance increased \$141,396 from 2013 to 2014
- The motor vehicle license and gasoline tax fund, a County major fund, had revenues and other financing sources of \$5,816,964 and expenditures of \$5,655,523 in 2014. The motor vehicle license and gasoline tax fund balance increased \$161,441 from 2013 to 2014.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of \$5,822,506 and expenditures of \$5,957,302 in 2014. The county board of DD fund balance decreased \$134,796 from 2013 to 2014.
- The emergency ambulance levy fund, a County major fund, had revenues and other financing sources of \$3,899,088 and expenditures and other financing uses of \$3,800,232 in 2014. The emergency ambulance levy fund balance increased \$98,856 from 2013 to 2014.
- In the general fund, the actual revenues and other financing sources came in \$2,716,296 higher than they were originally budgeted and actual expenditures and other financing uses were \$457,853 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, 2014

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

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2014?" These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the County's governmental activities include most of the County's programs and services including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and State grants and other shared revenues.

Reporting the County's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, human services, motor vehicle license and gasoline tax fund, the County Board of developmental disabilities (DD) fund and emergency ambulance levy fund. The analysis of the County's major governmental funds begins on page 12.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014

Governmental Funds

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

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

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental financial statements can be found on pages 22-32 of this report.

Proprietary Funds

The County maintains proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses a internal service funds to account for a self-funded health insurance programs for employees of the County and several governmental units within the County. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 33-35 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 36 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 37-77 of this report.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. The prior year net position has been restated to correctly record the County Board of DD's self-insurance activity.

The table below provides a summary of the County's net position for 2014 and 2013:

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current and other assets	\$ 29,724,114	\$ 28,613,875
Capital assets, net	24,707,999	24,735,970
Total assets	54,432,113	53,349,845
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	191,025	205,659
Total deferred outflows	191,025	205,659
<u>Liabilities</u>		
Long-term liabilities	5,841,767	5,682,399
Other liabilities	2,183,441	2,127,555
Total liabilities	8,025,208	7,809,954
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	7,297,502	7,257,418
Total deferred inflows	7,297,502	7,257,418
<u>Net Position</u>		
Net investment in capital assets	20,966,768	21,162,018
Restricted	11,691,179	12,044,248
Unrestricted	6,642,481	5,281,866
Total net position	\$ 39,300,428	\$ 38,488,132

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2014, the County's assets and deferred outflows exceeded liabilities and deferred inflows by \$39,300,428. The County's finances remained stable during 2014.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 45.39% of total assets. Capital assets include land, construction in progress, buildings and improvements, machinery and equipment, vehicles, infrastructure and software. Capital assets, net of related debt to acquire the assets at December 31, 2014, were \$20,966,768. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

A portion of the County's net position, \$11,691,179 or 29.75% of total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position is \$6,642,481.

The table below shows the changes in net position for 2013 and 2014.

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>Restated 2013</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 7,314,275	\$ 7,161,408
Operating grants and contributions	13,002,730	12,282,659
Capital grants and contributions	1,338,438	1,066,313
General revenues:		
Property taxes	7,709,823	7,292,515
Sales tax	5,472,499	5,713,705
Payment in lieu of taxes	2,745	3,246
Unrestricted grants	2,275,848	2,171,431
Investment earnings	69,741	44,741
Miscellaneous	<u>422,866</u>	<u>332,665</u>
Total revenues	<u>37,608,965</u>	<u>36,068,683</u>
<u>Expenses</u>		
General government	5,624,053	5,748,315
Public safety	5,394,470	5,304,285
Public works	7,720,972	6,737,643
Health	10,009,540	10,660,934
Human services	7,467,939	7,469,640
Conservation and recreation	150,419	187,622
Other	291,784	409,769
Interest and fiscal charges	<u>137,492</u>	<u>127,427</u>
Total expenses	<u>36,796,669</u>	<u>36,645,635</u>
Change in net position	812,296	(576,952)
Net position at beginning of year (restated)	<u>38,488,132</u>	<u>39,065,084</u>
Net position at end of year	<u>\$ 39,300,428</u>	<u>\$ 38,488,132</u>

Governmental Activities

Governmental activities increased \$812,296 or 2.11% during 2014.

Governmental activities capital grants and contributions revenue increased 25.52% from \$1,066,313 in 2013 to \$1,338,438 in 2014.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014

The State and federal government contributed to the County revenues of \$13,002,730 in the form of operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$5,005,860, or 38.50% subsidized public works. Operating grants and contributions increased 5.86% in 2014 due to an increase in funding for programs related to public works and health.

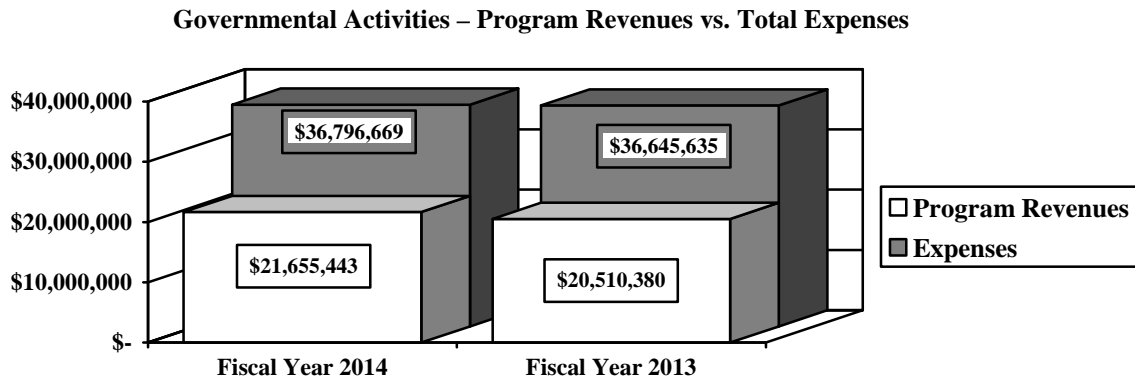
General revenues totaled \$15,953,522, and amounted to 42.42% of total revenues. These revenues primarily consist of property and sales tax revenue of \$13,182,322 or 82.63% of total general revenues in 2014. Property tax revenue increased \$417,308 from 2013 to 2014. The County sales tax revenue decreased \$241,206 from 2013 to 2014. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with local government revenue and property tax reimbursement received from the State making up \$2,275,848, or 14.26% of general revenues.

General government expenses include legislative and executive and judicial programs, totaled \$5,624,053 or 15.28% of total governmental expenses. General government expenses were covered by \$2,028,583 of direct charges to users in 2014.

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

Human services expenses support the operations of public assistance and the children services board, and accounts for \$7,467,939 of expenses, or 20.30% of total governmental expenses of the County. These expenses were funded by \$733,259 in charges to users of services and \$5,241,011 in operating grants and contributions in 2014.

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



COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

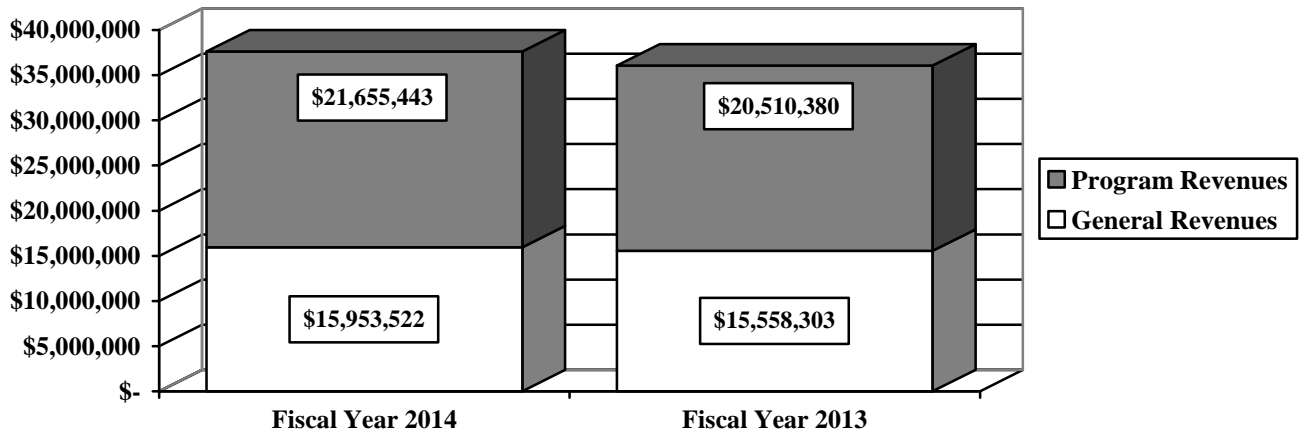
The following table shows, for governmental activities, the total cost of services and the net cost of services for 2013 and 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Expenses:				
General government	\$ 5,624,053	\$ 3,297,129	\$ 5,748,315	\$ 3,426,552
Public safety	5,394,470	3,225,217	5,304,285	3,137,860
Public works	7,720,972	1,188,716	6,737,643	909,626
Health	10,009,540	5,385,582	10,660,934	6,208,342
Human services	7,467,939	1,493,669	7,469,640	1,749,388
Conservation and recreation	150,419	150,419	187,622	187,622
Other	291,784	291,784	409,769	409,769
Interest and fiscal charges	<u>137,492</u>	<u>108,710</u>	<u>127,427</u>	<u>106,096</u>
Total expenses	<u>\$ 36,796,669</u>	<u>\$ 15,141,226</u>	<u>\$ 36,645,635</u>	<u>\$ 16,135,255</u>

The dependence upon general revenues for governmental activities is apparent, with 41.15% and 44.03% of expenses supported through taxes and other general revenues during 2014 and 2013, respectively. The graph below shows the total general revenues and program revenues of the County for 2013 and 2014.

Governmental Activities - General and Program Revenues



COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Financial Analysis of the County's Funds

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

Governmental Funds

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

The County's governmental funds reported a combined fund balance of \$15,342,401, which is more than last year's balance of \$15,313,751. The County's governmental funds are presented on the balance sheet on pages 22-23. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2014</u>	<u>Fund Balance</u> <u>December 31, 2013</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 3,956,656	\$ 3,910,030	\$ 46,626
Human services	243,354	101,958	141,396
Motor vehicle license and gasoline tax	1,903,051	1,741,610	161,441
County board of DD	4,983,582	5,118,378	(134,796)
Emergency ambulance levy	1,248,723	1,149,867	98,856
Other nonmajor governmental funds	<u>3,007,035</u>	<u>3,291,908</u>	<u>(284,873)</u>
Total	<u>\$ 15,342,401</u>	<u>\$ 15,313,751</u>	<u>\$ 28,650</u>

General Fund

The general fund is the operating fund of the County. At the end of the year, the fund balance of the general fund was \$3,956,656, a 1.19% increase from 2013. The increase of the general fund balance in 2014 was primarily due slightly increasing revenues and other financing sources exceeding increasing expenditures.

COSHOCTON COUNTY, OHIO

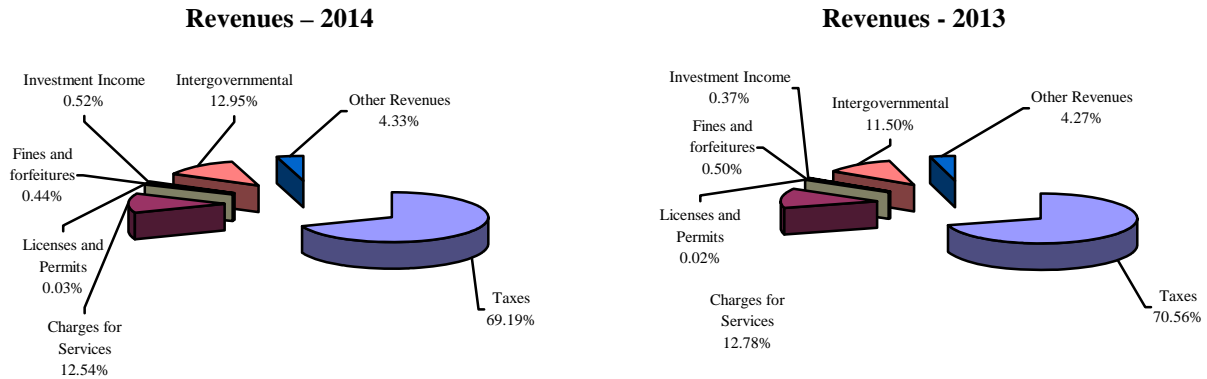
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Increase/ Decrease</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 7,223,007	\$ 7,103,776	\$ 119,231	1.68 %
Charges for services	1,309,381	1,285,651	23,730	1.85 %
Licenses and permits	2,640	2,335	305	13.06 %
Fines and forfeitures	45,836	50,275	(4,439)	(8.83) %
Intergovernmental	1,352,173	1,158,232	193,941	16.74 %
Investment income	54,490	37,713	16,777	44.49 %
Other	<u>452,356</u>	<u>429,692</u>	<u>22,664</u>	5.27 %
Total	<u>\$ 10,439,883</u>	<u>\$ 10,067,674</u>	<u>\$ 372,209</u>	3.70 %

Tax revenue represents 69.19% of all general fund revenue. Tax revenue increased by 1.68% over prior year due to a slight increase in general property tax revenue. The increase in investment income is due to a current year fair market value adjustment that was higher than the adjustment made in the prior year. The increase in intergovernmental revenues is primarily due to an increase in casino tax revenues and public defender reimbursements. The increase in other revenues was due to a \$85,000 donation made during the current year for courthouse renovations. All other revenue remained comparable to 2013.

The graphs below show the breakdown of revenues, by source, for 2014 and 2013.



COSHOCTON COUNTY, OHIO

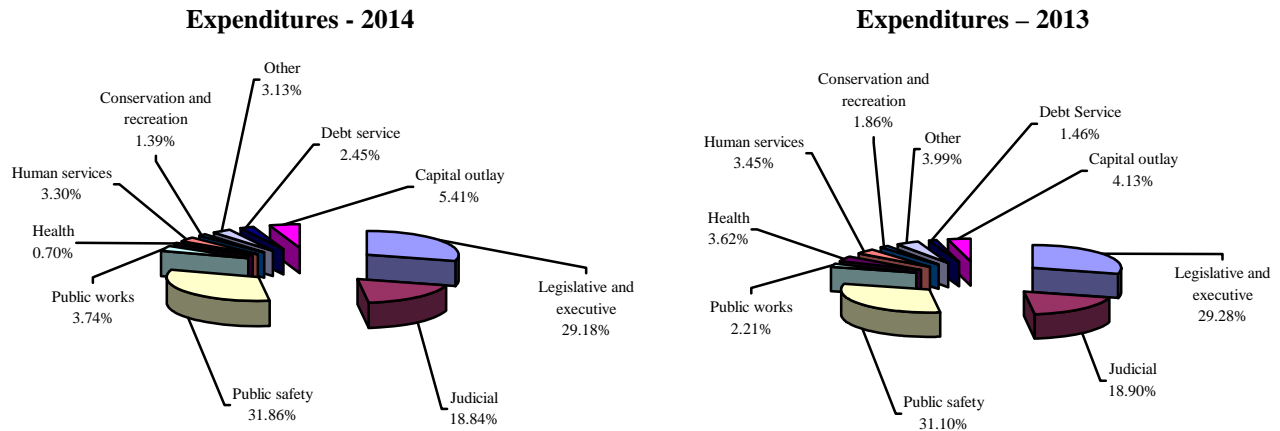
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Increase/ Decrease</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
General government				
Legislative and executive	\$ 3,130,210	\$ 2,938,218	\$ 191,992	6.53 %
Judicial	2,020,950	1,896,076	124,874	6.59 %
Public safety	3,417,540	3,120,729	296,811	9.51 %
Public works	401,601	221,533	180,068	81.28 %
Health	74,978	363,519	(288,541)	(79.37) %
Human services	354,023	346,217	7,806	2.25 %
Conservation and recreation	149,291	186,494	(37,203)	(19.95) %
Other	335,234	400,764	(65,530)	(16.35) %
Capital outlay	580,127	414,405	165,722	39.99 %
Debt service	263,227	146,929	116,298	79.15 %
Total	<u>\$ 10,727,181</u>	<u>\$ 10,034,884</u>	<u>\$ 692,297</u>	6.90 %

Expenditures related to legislative and executive increased due to an increase in commissioner, auditor, treasurer and board of election expenses. Public safety expenditures increased due to an increase in 2014 sheriff costs. Public works expenses increased due to an increase in related capital improvements. Health expenditures decreased due to a decrease in EMS/ambulance costs. Capital outlay increased in 2014, because during 2014 the County entered into a new capital lease for copiers, a new lease purchase agreement for three police cruisers and the County Commissioners entered in a promissory note. Debt service expenses increased due to an increase in payments made towards the County's debt.

The graphs below show the breakdown of expenditures, by function, for 2014 and 2013.



COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014

Human Services Fund

The human services fund, a County major fund, had revenues and other financing sources of \$3,374,496 and expenditures of \$3,233,100 in 2014. The human services fund balance increased \$141,396 from 2013 to 2014.

Motor Vehicle License and Gasoline Tax Fund

The motor vehicle license and gasoline tax fund, a County major fund, had revenues and other financing sources of \$5,816,964 and expenditures of \$5,655,523 in 2014. The motor vehicle license and gasoline tax fund balance increased \$161,441 from 2013 to 2014.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues of \$5,822,506 and expenditures of \$5,957,302 in 2014. The county board of DD fund balance decreased \$134,796 from 2013 to 2014.

Emergency Ambulance Levy Fund

The emergency ambulance levy fund, a County major fund, had revenues and other financing sources of \$3,899,088 and expenditures and other financing uses of \$3,800,232 in 2014. The emergency ambulance levy fund balance increased \$98,856 from 2013 to 2014.

Budgeting Highlights - General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly. In the general fund, there were significant changes between the original and final budget. Final budgeted revenues and other financing sources were increased \$2,714,518 from the original budgeted revenues and other financing sources. Actual revenues and other financing sources of \$11,216,478 were \$1,778 more than final budgeted revenues and other financing sources. Actual expenditures and other financing uses were \$375,795 less than the final budgeted expenditures.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Capital Assets and Debt Administration

Capital Assets

At the end of 2014, the County had \$24,707,999 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, machinery and equipment, vehicles, infrastructure and software.

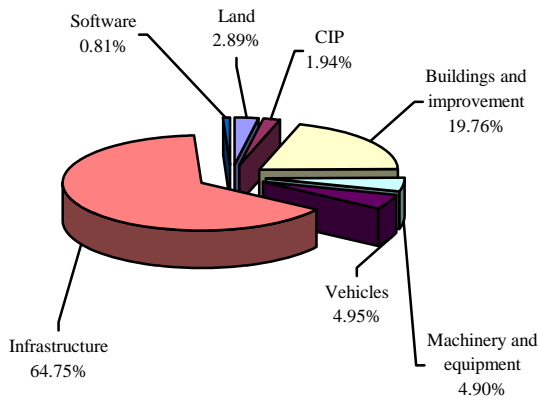
The following table shows 2014 balances compared to the 2013 balances:

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

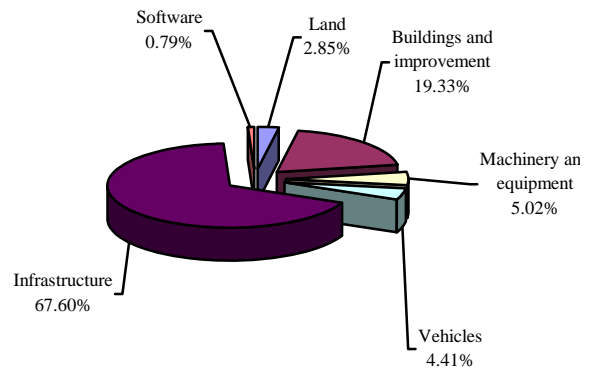
	<u>Governmental Activities 2014</u>	<u>Governmental Activities 2013</u>
Land	\$ 714,451	\$ 703,858
Construction in progress	478,850	-
Building and improvements	4,881,442	4,781,560
Machinery and equipment	1,210,150	1,240,563
Vehicles	1,222,155	1,094,246
Infrastructure	15,999,614	16,720,794
Software	201,337	194,949
Total	\$ 24,707,999	\$ 24,735,970

See Note 14 to the basic financial statements for detail on governmental activities capital assets. The following graphs show the breakdown of governmental capital assets by category for 2014 and 2013.

Capital Assets - Governmental Activities 2014



Capital Assets - Governmental Activities 2013



The County's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts and waterworks. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately, 64.75% of the County's total governmental capital assets.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014

Debt Administration

At December 31, 2014, governmental activities had \$2,570,000 in general obligation bonds, OWDA loans of \$205,906, OPWC loans of \$279,110, notes payable of \$507,600, capital leases of \$51,274 and lease purchase agreements of \$979,926 outstanding. Of this total, \$557,887 is due within one year and \$4,035,929 is due in greater than one year. The following table summarizes the debt obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2014	Governmental Activities 2013
Long-Term Obligations		
General obligation bonds	\$ 2,570,000	\$ 2,810,000
OWDA loan	205,906	212,808
OPWC loans	279,110	293,119
Notes payable	507,600	120,000
Capital leases	51,274	53,847
Lease purchase agreements	979,926	1,081,703
Total	<u>\$ 4,593,816</u>	<u>\$ 4,571,477</u>

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

Economic Factors and Next Year's Budgets and Rates

The County's estimated 2014 population is 36,516, down 1.0% from 2010 according to the U.S. Census Bureau. The U.S. Bureau of Labor Statistics reports County's unemployment rate ended 2014 at 7.3%, compared to the state average 5.7% and the national average of 6.2%.

The County again saw state level funding cuts in 2013 of another 2.2% from 2013 levels in the local government funds. While state revenue streams have been significantly decreasing for the past several years, it now seems to have leveled out for the time being. The County has dealt with state funding decreases of more than 64% since 2007, but still has managed to end 2014 with a strong \$2.755 million general fund unencumbered balance. This is about 22% higher than the 2013 ending unencumbered balance. This can be contributed to all of the County's elected and appointed officials sticking to conservative budgets. The cooperation between the Board of Commissioners and the Auditor when it comes to cautious revenue estimates and budgeting practices also helps preserve the health of the general fund balance.

As predicted in last year's report the exodus of oil and gas pipeline workers and their activity leveled out the aggressive upward trend in sales tax revenues that the county saw between 2012 and 2013 collections. However, even though the upward trend in county sales tax revenue was not nearly as strong as in 2013; the county still ended 2014 with a 2.74% increase over 2013 collections. This is a good indicator of our local economy continuing to improve.

In addition to the financial side of the government, the Board of County Commissioners work closely with the Coshocton Port Authority to develop existing and new business and industry. The year 2014 saw two new Enterprise Zones, McWane Poles and Kraft Foods. During the zone time periods, these two companies are agreeing to bring 12 full-time positions and 300 new jobs, respectively, to the county in exchange for certain tax incentives.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014

Besides continuing past projects and programs, the Coshocton Port Authority (CPA) reports the following major economic development projects in calendar year 2014:

- The CPA successfully worked with Kraft Foods, county, city, APEG, and JobsOhio to double the size of their local plant and bring 300 new jobs to Coshocton.
- A CPA Brewer Lane Property was sold to Coshocton Trucking for business expansion.
- Along with Ohio Means Jobs Coshocton County, the Mayor's Office, and United State Senator Sherrod Brown, the CPA successfully co-hosted Coshocton's Manufacturer's Kid Camp pilot project to encourage interest in skilled manufacturing careers.
- The CPA participated in the JobsOhio/APEG/AEP site selection academy and worked with site selectors to evaluate the County for future industrial planning as part of the Major Site Selection project of 2014.
- The Phase II assessment was completed as the CPA continues to work with Brokers with a focus on GE/SABIC property.
- The CPA is currently working with Muskingum County to take a multi-county approach to job recruitment efforts and works closely with SBDC/JobsOhio/MCBI to assist new business development.
- The CPA continued participating in the promotion of the County to the oil and gas industry and the City of Coshocton as "The Made in USA City".

Contacting the County's Financial Management

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

COSHOCTON COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government	Component Unit
	Governmental Activities	Regional Airport Authority
Assets:		
Equity in pooled cash and investments	\$ 14,665,326	\$ 93,024
Cash with fiscal agent	1,355,449	-
Receivables:		
Sales taxes	1,369,741	-
Real and other taxes	7,883,325	-
Accounts	450,761	5,136
Accrued interest	36,910	-
Due from other governments	3,531,561	17,877
Prepayments	72,844	-
Materials and supplies inventory	358,197	-
Inventory held for resale	-	28,378
Capital assets:		
Land	1,193,301	189,296
Depreciable capital assets, net	23,514,698	3,845,959
Total capital assets, net	24,707,999	4,035,255
Total assets	54,432,113	4,179,670
Deferred outflows of resources:		
Unamortized deferred charges on debt refundings	191,025	-
Total deferred outflows of resources	191,025	-
Total assets and deferred outflows of resources	54,623,138	4,179,670
Liabilities:		
Accounts payable	542,124	26,236
Contracts payable	127,473	-
Accrued wages and benefits payable	761,145	-
Due to other governments	477,120	-
Accrued interest payable	12,554	-
Claims payable	336,013	-
Sales tax payable	-	394
Unearned revenue	1,584	-
Long-term liabilities:		
Due within one year	1,363,990	-
Due in more than one year	4,403,205	-
Total liabilities	8,025,208	26,630
Deferred inflows of resources:		
Property taxes levied for the next fiscal year	7,297,502	-
Total deferred inflows of resources	7,297,502	-
Total liabilities and deferred inflows of resources	15,322,710	26,630
Net position:		
Net investment in capital assets	20,966,768	4,035,255
Restricted for:		
Capital projects	159,111	-
Debt service	36,534	-
Public works projects	3,984,294	-
Human services programs	492,555	-
Health programs	5,490,840	-
General government operations	907,228	-
Public safety programs	578,440	-
Other purposes	42,177	-
Unrestricted	6,642,481	117,785
Total net position	\$ 39,300,428	\$ 4,153,040

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government:				
Legislative and executive.	\$ 3,538,129	\$ 2,028,583	\$ -	\$ 22,973
Judicial.	2,085,924	275,025	343	-
Public safety	5,394,470	1,705,231	464,022	-
Public works	7,720,972	210,931	5,005,860	1,315,465
Health.	10,009,540	2,332,464	2,291,494	-
Human services	7,467,939	733,259	5,241,011	-
Conservation and recreation	150,419	-	-	-
Other	291,784	-	-	-
Interest and fiscal charges.	137,492	28,782	-	-
Total primary government	<u>\$ 36,796,669</u>	<u>\$ 7,314,275</u>	<u>\$ 13,002,730</u>	<u>\$ 1,338,438</u>
Component units:				
Regional Airport Authority.	<u>1,276,192</u>	<u>325,717</u>	<u>31,000</u>	<u>670,025</u>
Total component units	<u>\$ 1,276,192</u>	<u>\$ 325,717</u>	<u>\$ 31,000</u>	<u>\$ 670,025</u>

General revenues:

Property taxes levied for:

- General purposes
- Health.
- Human services
- Public safety.
- Debt service

Sales taxes levied for:

- General purposes
- Federal excise tax
- Payment in lieu of taxes

Grants and entitlements not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues.

Change in net position

Net position at beginning of year (restated)

Net positon at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Primary		Component Unit	
Government		Regional	
Governmental		Airport	
Activities		Authority	
\$ (1,486,573)	\$	-	
(1,810,556)		-	
(3,225,217)		-	
(1,188,716)		-	
(5,385,582)		-	
(1,493,669)		-	
(150,419)		-	
(291,784)		-	
(108,710)		-	
<u>(15,141,226)</u>		<u>-</u>	
-		(249,450)	
-		(249,450)	
1,594,642		-	
4,899,769		-	
948,173		-	
104,819		-	
162,420		-	
5,472,499		-	
-		5,323	
2,745		-	
2,275,848		-	
69,741		5	
422,866		5,307	
<u>15,953,522</u>		<u>10,635</u>	
812,296		(238,815)	
38,488,132		4,391,855	
<u>\$ 39,300,428</u>	<u>\$</u>	<u>4,153,040</u>	

COSHOCTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>
Assets:				
Equity in pooled cash and investments.	\$ 3,624,082	\$ 204,932	\$ 1,494,222	\$ 4,661,843
Cash with fiscal agent	28,290	-	-	630,925
Receivables:				
Sales taxes	1,369,741	-	-	-
Real and other taxes	1,606,178	-	-	2,981,604
Accounts	122,763	3,482	2,359	502
Accrued interest	36,910	-	-	-
Due from other governments.	518,453	154,841	2,345,405	256,061
Interfund loans.	17,503	-	-	-
Due from other funds	12,668	99,838	-	-
Prepayments	72,844	-	-	-
Materials and supplies inventory.	51,315	5,193	237,144	2,211
Total assets	<u>\$ 7,460,747</u>	<u>\$ 468,286</u>	<u>\$ 4,079,130</u>	<u>\$ 8,533,146</u>
Liabilities:				
Accounts payable.	\$ 95,389	\$ 28,678	\$ 92,824	\$ 142,905
Contracts payable.	86,140	-	-	-
Accrued wages and benefits payable	261,626	94,953	57,611	97,466
Compensated absences payable	-	-	-	-
Due to other governments	159,143	57,078	37,466	80,874
Interfund loans payable.	-	-	-	-
Due to other funds	2,173	23,457	-	2,565
Unearned revenue	-	-	-	-
Total liabilities	<u>604,471</u>	<u>204,166</u>	<u>187,901</u>	<u>323,810</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	1,504,000	-	-	2,750,000
Delinquent property tax revenue not available.	102,178	-	-	231,604
Accrued interest not available	32,234	-	-	-
Sales tax revenue not available	907,966	-	-	-
Other nonexchange transactions not available.	353,242	20,766	1,988,178	244,150
Total deferred inflows of resources	<u>2,899,620</u>	<u>20,766</u>	<u>1,988,178</u>	<u>3,225,754</u>
Total liabilities and deferred inflows of resources.	<u>3,504,091</u>	<u>224,932</u>	<u>2,176,079</u>	<u>3,549,564</u>
Fund balances:				
Nonspendable	219,932	5,193	237,144	2,211
Restricted.	-	238,161	1,665,907	4,981,371
Committed	-	-	-	-
Assigned	2,552,998	-	-	-
Unassigned (deficit)	1,183,726	-	-	-
Total fund balances.	<u>3,956,656</u>	<u>243,354</u>	<u>1,903,051</u>	<u>4,983,582</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,460,747</u>	<u>\$ 468,286</u>	<u>\$ 4,079,130</u>	<u>\$ 8,533,146</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 1,161,270	\$ 3,277,425	\$ 14,423,774
-	77,029	736,244
-	-	1,369,741
2,021,238	1,274,305	7,883,325
257,040	64,615	450,761
-	-	36,910
110,468	146,333	3,531,561
-	-	17,503
-	25,449	137,955
-	-	72,844
52,832	9,502	358,197
<u>\$ 3,602,848</u>	<u>\$ 4,874,658</u>	<u>\$ 29,018,815</u>
\$ 40,152	\$ 132,199	\$ 532,147
-	41,333	127,473
113,743	134,363	759,762
3,161	-	3,161
65,709	75,771	476,041
-	17,503	17,503
-	109,760	137,955
-	1,584	1,584
<u>222,765</u>	<u>512,513</u>	<u>2,055,626</u>
1,885,000	1,158,502	7,297,502
136,238	115,803	585,823
-	-	32,234
-	-	907,966
110,122	80,805	2,797,263
<u>2,131,360</u>	<u>1,355,110</u>	<u>11,620,788</u>
<u>2,354,125</u>	<u>1,867,623</u>	<u>13,676,414</u>
52,832	9,502	526,814
-	2,352,057	9,237,496
1,195,891	659,444	1,855,335
-	-	2,552,998
-	(13,968)	1,169,758
<u>1,248,723</u>	<u>3,007,035</u>	<u>15,342,401</u>
<u>\$ 3,602,848</u>	<u>\$ 4,874,658</u>	<u>\$ 29,018,815</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

COSHOCTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Total governmental fund balances		\$ 15,342,401
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,707,999
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 585,823	
Sales taxes receivable	907,966	
Intergovernmental revenues receivable	2,797,263	
Accrued interest receivable	32,234	
Total	<hr/>	4,323,286
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		512,305
On the statement of net position interest is accrued on outstanding bonds, whereas in the governmental funds, interest is accrued when due.		(12,554)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		191,025
Unamortized premiums on bond issuances are not recognized in the governmental funds.		(5,759)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(2,570,000)	
OPWC loans	(279,110)	
OWDA loan	(205,906)	
Compensated absences	(1,164,459)	
Capital lease payable	(51,274)	
Lease purchase payable	(979,926)	
Notes payable	(507,600)	
Total	<hr/>	(5,758,275)
Net position of governmental activities		<u>\$ 39,300,428</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, 2014

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>
Revenues:				
Property taxes	\$ 1,565,357	\$ -	\$ -	\$ 2,859,734
Sales taxes	5,657,650	-	-	-
Payment in lieu of taxes	1,099	-	-	1,072
Charges for services.	1,309,381	-	-	208,559
Licenses and permits	2,640	-	-	-
Fines and forfeitures	45,836	-	33,732	-
Intergovernmental.	1,352,173	3,183,470	5,644,575	2,678,318
Investment income.	54,490	-	2,879	1,157
Rental income	98,889	-	-	-
Contributions and donations.	85,721	-	-	10,033
Other	266,647	69,015	118,278	63,633
Total revenues	<u>10,439,883</u>	<u>3,252,485</u>	<u>5,799,464</u>	<u>5,822,506</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	3,130,210	-	-	-
Judicial.	2,020,950	-	-	-
Public safety	3,417,540	-	-	-
Public works	401,601	-	5,572,040	-
Health	74,978	-	-	5,957,302
Human services.	354,023	3,233,100	-	-
Conservation and recreation	149,291	-	-	-
Other	335,234	-	-	-
Capital outlay	580,127	-	-	-
Debt service:				
Principal retirement.	224,090	-	70,097	-
Interest and fiscal charges	39,137	-	13,386	-
Total expenditures	<u>10,727,181</u>	<u>3,233,100</u>	<u>5,655,523</u>	<u>5,957,302</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(287,298)</u>	<u>19,385</u>	<u>143,941</u>	<u>(134,796)</u>
Other financing sources (uses):				
Note issuance	407,600	-	-	-
Sale of capital assets.	34,265	-	-	-
Capital lease transaction.	119,740	-	-	-
Transfers in	-	122,011	17,500	-
Transfers (out).	(235,659)	-	-	-
Insurance proceeds	7,978	-	-	-
Total other financing sources (uses)	<u>333,924</u>	<u>122,011</u>	<u>17,500</u>	<u>-</u>
Net change in fund balances	46,626	141,396	161,441	(134,796)
Fund balances at beginning of year	<u>3,910,030</u>	<u>101,958</u>	<u>1,741,610</u>	<u>5,118,378</u>
Fund balances at end of year	<u>\$ 3,956,656</u>	<u>\$ 243,354</u>	<u>\$ 1,903,051</u>	<u>\$ 4,983,582</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 1,921,321	\$ 1,166,658	\$ 7,513,070
-	-	5,657,650
346	228	2,745
1,717,681	3,434,400	6,670,021
-	116,676	119,316
-	59,816	139,384
232,351	3,419,024	16,509,911
-	304	58,830
-	-	98,889
1,020	2,500	99,274
20,426	329,933	867,932
<u>3,893,145</u>	<u>8,529,539</u>	<u>37,737,022</u>
-	873,743	4,003,953
-	66,156	2,087,106
-	2,386,975	5,804,515
-	796,376	6,770,017
3,700,232	368,513	10,101,025
-	4,044,631	7,631,754
-	-	149,291
-	-	335,234
-	193,545	773,672
-	210,814	505,001
-	72,120	124,643
<u>3,700,232</u>	<u>9,012,873</u>	<u>38,286,211</u>
<u>192,913</u>	<u>(483,334)</u>	<u>(549,189)</u>
-	-	407,600
5,943	2,313	42,521
-	-	119,740
-	223,560	363,071
(100,000)	(27,412)	(363,071)
-	-	7,978
<u>(94,057)</u>	<u>198,461</u>	<u>577,839</u>
98,856	(284,873)	28,650
<u>1,149,867</u>	<u>3,291,908</u>	<u>15,313,751</u>
<u>\$ 1,248,723</u>	<u>\$ 3,007,035</u>	<u>\$ 15,342,401</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, 2014

Net change in fund balances - total governmental funds	\$	28,650
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense exceeded capital outlays in the current period accordingly.		
Capital asset additions	\$ 2,037,718	
Current year depreciation	<u>(2,024,240)</u>	
Total		13,478
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(41,449)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	196,753	
Sales taxes	(185,151)	
Intergovernmental	(205,409)	
Investment income	<u>12,079</u>	
Total		(181,728)
Repayment of bond, lease and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		505,001
Proceeds of notes and leases are recognized as other financing sources in the governmental funds, however, in the statement of activities they are not reported as revenues as they increase liabilities on the statement of net assets.		(527,340)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities:		
Increase in accrued interest payable	613	
Amortization of bond premiums	1,172	
Amortization of deferred charges on refundings	<u>(14,634)</u>	
Total		(12,849)
Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(60,468)
The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		<u>1,089,001</u>
Change in net position of governmental activities	\$	<u><u>812,296</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,138,239	\$ 1,567,230	\$ 1,566,504	\$ (726)
Sales taxes	4,094,591	5,637,802	5,637,802	-
Payment in lieu of taxes	726	1,000	1,116	116
Charges for services	706,658	972,990	973,990	1,000
Licenses and permits	1,467	2,020	2,640	620
Fines and forfeitures	33,808	46,550	46,076	(474)
Intergovernmental	902,548	1,242,710	1,244,483	1,773
Investment income	57,826	79,620	79,633	13
Rental income	71,821	98,890	99,014	124
Contributions and donations	62,257	85,721	85,721	-
Other	132,467	182,393	182,393	-
Total revenues	7,202,408	9,916,926	9,919,372	2,446
Expenditures:				
Current:				
General government:				
Legislative and executive	3,130,751	3,161,812	2,996,043	165,769
Judicial	2,140,749	2,187,285	2,097,877	89,408
Public safety	3,422,788	3,533,774	3,473,789	59,985
Public works	330,420	561,416	633,499	(72,083)
Health	107,907	107,907	95,197	12,710
Human services	401,659	401,731	387,211	14,520
Conservation and recreation	150,806	150,806	150,806	-
Capital outlay	144,740	527,340	493,987	33,353
Other	376,952	348,261	276,132	72,129
Debt service:				
Principal retirement	224,090	224,090	224,090	-
Interest and fiscal charges	39,137	39,137	39,137	-
Total expenditures	10,469,999	11,243,559	10,867,768	375,791
Excess of expenditures over revenues	(3,267,591)	(1,326,633)	(948,396)	378,237
Other financing sources (uses):				
Note issuance	407,600	407,600	407,600	-
Sale of capital assets	34,265	34,265	34,265	-
Advances in	629,619	629,619	629,619	-
Advances (out)	(12,000)	(48,600)	(48,600)	-
Transfers in	7,490	7,490	7,490	-
Transfers (out)	(227,074)	(250,562)	(250,562)	-
Proceeds of capital lease transaction	119,740	119,740	119,740	-
Insurance proceeds	7,978	7,978	7,978	-
Other financing sources	91,082	91,082	90,414	(668)
Other financing uses	(2,120)	(2,120)	(2,116)	4
Total other financing sources (uses)	1,056,580	996,492	995,828	(664)
Net change in fund balances	(2,211,011)	(330,141)	47,432	377,573
Fund balances at beginning of year	2,254,836	2,254,836	2,254,836	-
Prior year encumbrances appropriated	452,254	452,254	452,254	-
Fund balance at end of year	\$ 496,079	\$ 2,376,949	\$ 2,754,522	\$ 377,573

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 2,833,418	\$ 2,952,050	\$ 2,950,477	\$ (1,573)
Other	65,843	68,600	67,302	(1,298)
Total revenues	<u>2,899,261</u>	<u>3,020,650</u>	<u>3,017,779</u>	<u>(2,871)</u>
Expenditures:				
Current:				
Human services.	3,135,124	3,338,124	3,243,991	94,133
Total expenditures	<u>3,135,124</u>	<u>3,338,124</u>	<u>3,243,991</u>	<u>94,133</u>
Excess of expenditures over revenues.	<u>(235,863)</u>	<u>(317,474)</u>	<u>(226,212)</u>	<u>91,262</u>
Other financing sources:				
Transfers in	122,193	122,193	122,011	(182)
Total other financing sources.	<u>122,193</u>	<u>122,193</u>	<u>122,011</u>	<u>(182)</u>
Net change in fund balances	(113,670)	(195,281)	(104,201)	91,080
Fund balances at beginning of year	87,145	87,145	87,145	-
Prior year encumbrances appropriated	113,670	113,670	113,670	-
Fund balance at end of year	<u>\$ 87,145</u>	<u>\$ 5,534</u>	<u>\$ 96,614</u>	<u>\$ 91,080</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 LICENSE AND GAS TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeitures	\$ 24,164	\$ 31,000	\$ 30,497	\$ (503)
Intergovernmental.	4,386,810	5,627,827	5,627,827	-
Investment income.	2,337	2,998	2,998	-
Other	85,592	109,806	112,491	2,685
Total revenues	<u>4,498,903</u>	<u>5,771,631</u>	<u>5,773,813</u>	<u>2,182</u>
Expenditures:				
Current:				
Public works	5,421,498	6,597,042	6,055,169	541,873
Debt service:				
Principal retirement.	76,810	76,810	76,810	-
Interest and fiscal charges	14,090	14,090	13,386	704
Total expenditures	<u>5,512,398</u>	<u>6,687,942</u>	<u>6,145,365</u>	<u>542,577</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,013,495)</u>	<u>(916,311)</u>	<u>(371,552)</u>	<u>544,759</u>
Other financing sources:				
Transfers in	17,500	17,500	17,500	-
Other financing sources	51,980	51,980	51,865	(115)
Total other financing sources	<u>69,480</u>	<u>69,480</u>	<u>69,365</u>	<u>(115)</u>
Net change in fund balances	(944,015)	(846,831)	(302,187)	544,644
Fund balances at beginning of year	974,688	974,688	974,688	-
Prior year encumbrances appropriated	325,335	325,335	325,335	-
Fund balance at end of year	<u>\$ 356,008</u>	<u>\$ 453,192</u>	<u>\$ 997,836</u>	<u>\$ 544,644</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes.	\$ 2,579,707	\$ 2,857,467	\$ 2,857,506	\$ 39
Payment in lieu of taxes	1,354	1,500	534	(966)
Charges for services.	184,049	203,866	203,865	(1)
Intergovernmental.	2,372,842	2,628,329	2,628,318	(11)
Contributions and donations.	9,118	10,100	10,033	(67)
Other	54,130	59,958	59,881	(77)
Total revenues	<u>5,201,200</u>	<u>5,761,220</u>	<u>5,760,137</u>	<u>(1,083)</u>
Expenditures:				
Current:				
Health	6,049,913	7,002,913	6,206,426	796,487
Total expenditures	<u>6,049,913</u>	<u>7,002,913</u>	<u>6,206,426</u>	<u>796,487</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(848,713)</u>	<u>(1,241,693)</u>	<u>(446,289)</u>	<u>795,404</u>
Other financing sources:				
Other financing sources	-	-	35	35
Total other financing sources	<u>-</u>	<u>-</u>	<u>35</u>	<u>35</u>
Net change in fund balances	(848,713)	(1,241,693)	(446,254)	795,439
Fund balances at beginning of year	4,040,390	4,040,390	4,040,390	-
Prior year encumbrances appropriated	488,113	488,113	488,113	-
Fund balance at end of year	<u>\$ 3,679,790</u>	<u>\$ 3,286,810</u>	<u>\$ 4,082,249</u>	<u>\$ 795,439</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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes.	\$ 1,805,186	\$ 1,919,988	\$ 1,920,011	\$ 23
Payment in lieu of taxes	-	-	345	345
Charges for services.	1,541,939	1,640,000	1,642,800	2,800
Intergovernmental.	218,458	232,351	232,351	-
Contributions and donations.	959	1,020	1,020	-
Other	25,386	27,000	20,776	(6,224)
Total revenues	<u>3,591,928</u>	<u>3,820,359</u>	<u>3,817,303</u>	<u>(3,056)</u>
Expenditures:				
Current:				
Health	4,032,684	4,112,434	3,879,613	232,821
Total expenditures	<u>4,032,684</u>	<u>4,112,434</u>	<u>3,879,613</u>	<u>232,821</u>
Excess of expenditures over revenues.	(440,756)	(292,075)	(62,310)	229,765
Other financing sources (uses):				
Sale of capital assets.	5,943	5,943	5,943	-
Transfers (out).	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(94,057)</u>	<u>(94,057)</u>	<u>(94,057)</u>	<u>-</u>
Net change in fund balances	(534,813)	(386,132)	(156,367)	229,765
Fund balances at beginning of year	1,007,915	1,007,915	1,007,915	-
Prior year encumbrances appropriated	112,923	112,923	112,923	-
Fund balance at end of year	<u>\$ 586,025</u>	<u>\$ 734,706</u>	<u>\$ 964,471</u>	<u>\$ 229,765</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents . . .	\$ 241,552
Cash with fiscal agent	<u>619,205</u>
Total assets	<u>860,757</u>
Liabilities:	
Current liabilities:	
Accounts payable	9,977
Accrued wages and benefits payable	1,383
Due to other governments	1,079
Claims payable	<u>336,013</u>
Total liabilities	<u>348,452</u>
Net position:	
Unrestricted	<u>512,305</u>
Total net position.	<u>\$ 512,305</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 4,700,939
Other	40,178
Total operating revenues.	<u>4,741,117</u>
Operating expenses:	
Personal services	34,135
Contract services.	695,597
Claims.	2,913,912
Other	11,644
Total operating expenses.	<u>3,655,288</u>
Operating income	<u>1,085,829</u>
Nonoperating revenues:	
Interest and fiscal charges	3,172
Total nonoperating revenues.	<u>3,172</u>
Change in net position	1,089,001
Net position (deficit) at beginning of year (restated).	<u>(576,696)</u>
Net position at end of year	<u><u>\$ 512,305</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from interfund services	\$ 4,700,939
Cash received from other receipts.	51,390
Cash payments for personal services	(30,021)
Cash payments for contractual services	(695,597)
Cash payments for claims	(3,111,386)
Cash payments for other expenses.	<u>(11,644)</u>
Net cash provided by operating activities	<u>903,681</u>
Cash flows from noncapital financing activities:	
Cash used for advances out	<u>(586,045)</u>
Net cash used in noncapital financing activities.	<u>(586,045)</u>
Cash flows from investing activities:	
Interest received	<u>3,172</u>
Net cash provided by investing activities	<u>3,172</u>
Net increase in cash and cash equivalents.	320,808
Cash and cash equivalents at beginning of year . . .	<u>539,949</u>
Cash and cash equivalents at end of year	<u><u>\$ 860,757</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income.	\$ 1,085,829
Changes in assets and liabilities:	
Decrease in accounts receivable	11,212
Increase in accounts payable	3,629
Increase in accrued wages and benefits	196
Increase in due to other governments	289
Decrease in claims payable.	<u>(197,474)</u>
Net cash provided by in operating activities.	<u><u>\$ 903,681</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 DECEMBER 31, 2014

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,726,269
Cash in segregated accounts	426,919
Receivables:	
Real and other taxes.	29,330,588
Accounts	934
Due from other governments	1,882,685
Total assets	\$ 33,367,395
Liabilities:	
Accounts payable	\$ 694
Due to other governments	31,213,208
Deposits held and due to others	2,153,493
Total liabilities	\$ 33,367,395

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - DESCRIPTION OF THE COUNTY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61 "The Financial Reporting Entity Omnibus on Amendment of GASB Statements No. 14 and 34." The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

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

DISCRETELY PRESENTED COMPONENT UNIT

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

EXCLUDED POTENTIAL COMPONENT UNITS

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

The District is governed and operated through three groups. A twelve-member Board of Directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. During 2014, the County paid \$47,610 to the District.

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

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

The MH&R Board is a jointly governed organization. Participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble counties. The board has responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The MH&R is managed by an fourteen-member Board of Trustees; eight appointed by the member Counties, commissioners of the participating counties, six by the Director of the Ohio Department of Mental Health and Addiction Services. The MH&R Board exercises total control, including budgeting, appropriating, contracting, and designating management.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

During 2014, Coshocton County contributed \$397,547 from levy proceeds. Additional revenues are provided by levies from other member counties, and State and federal grants awarded to the multi-county board. Continued existence of the MH&R is not dependent on the County's participation and no equity interest exists.

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. During 2014, the County paid \$50 to the Council.

Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves eighteen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and State grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2014, Coshocton County paid \$152,769 to MEORC for residential services.

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

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

The continued existence of OMEGA is not dependent on the County's continued participation and no equity interest exists. OMEGA has no outstanding debt. During 2014, the County contributed \$3,913 to OMEGA.

Coshocton County Family and Children First Council (Council) - The mission of the Council is to promote and facilitate collaboration among community agencies serving children and their families and to unite the community in promoting the well-being of children and their families through leadership advocacy, and coordination of services. The Board of Trustees is made up of individuals from various organizations including the County. During 2014, the County contributed \$1,000 to the Council and paid \$56,000 for services.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

Coshocton Port Authority (Port Authority) - The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide or promote transportation, economic development, education, governmental operations, culture, or research within the County. The Port Authority is governed by a five-member Board of Directors. Two members of the Board are appointed by the Mayor of the City and approved by Council of the City of Coshocton. Two members are appointed by the County Commissioner and the fifth appointment shall be approved by the four current members. The County paid \$50,000 to the Port Authority during 2014.

PUBLIC ENTITY RISK POOL

The Jefferson Health Plan - The County Board of Developmental Disabilities (DD) participates in the Jefferson Health Plan (the Plan) self- insurance plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of ninety members, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Plan offers medical, dental and prescription drug coverage to the members on a self- insured basis, as well as the opportunity to participate in the group purchasing of life insurance and vision insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit, which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life, and allows for the purchase of vision insurance through Vision Service Plan.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

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 2014 was \$221,319.

RELATED ORGANIZATIONS

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

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

JOINT VENTURE WITHOUT EQUITY INTEREST

Coshocton County Regional Planning Commission (the "Commission") - The Commission was created under ORC 713.21. They make studies, maps, and other reports of the region showing their recommendations for systems of transportation, highways, parks, and recreational facilities, water supplies, sewage disposal, garbage disposal, civil centers, and other public improvements which affect the development of the region as a whole, or more than one political subdivision within the region. At year end the County had no equity interest in the Commission. Though, during 2014, the County contributed \$30,000 to the Commission.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

B. Basis of Presentation

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

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

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

C. Fund Accounting

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

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

County board of developmental disabilities (the "county board of DD") fund - This fund accounts for a county-wide property tax levy, federal and state grants and reimbursements used for care and services for the developmentally disabled.

Emergency ambulance levy fund - This fund accounts for a county-wide property tax levy used to operate the County emergency ambulance service.

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

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

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

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

D. Measurement Focus

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

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

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

E. Basis of Accounting

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance year 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows. Special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

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

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

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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

The appropriation resolution is subject to amendment by the Commissioners throughout the year with the restriction that appropriations may not exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commissioners during the year.

G. Cash and Investments

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

During 2014, the County invested in federal agency securities, municipal bonds, U.S. Government money markets, negotiable certificates of deposit and non-negotiable certificates of deposit. The federal agency securities are reported at fair value which is based on quoted market prices. Non-negotiable certificates of deposit are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2014 amounted to \$54,490 which includes \$42,412 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 Jefferson Health Plan and in escrow with a local financial institution for capital lease transaction. These funds held at year end are reflected on the financial statements as "cash with fiscal agent".

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

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

H. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 80 years
Machinery and Equipment	10 - 15 years
Vehicles	10 - 20 years
Infrastructure	10 - 50 years
Software	5 - 7 years

K. Compensated Absences

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Interfund Transactions

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

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

N. Fund Balance

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

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

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

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

O. Operating Revenues and Expenses

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

P. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consist primarily of monies restricted for capital outlays, maintenance and repairs of facilities.

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or event that are within the control of the County and that are either unusual in nature or infrequent in occurrence. During 2014, neither type of transaction occurred.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2014, the County has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the County.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the County.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Restatement of Net Position

The County Board of Developmental Disabilities (DD) is self-insured through the Jefferson Health Plan and all monies are held by a fiscal agent. This activity is separate from the County's internal service fund for other self-insurance activity. Net position of the governmental activities at January 1, 2014, has been restated to report the County Board of DD's self-insurance activity as part of the internal service fund as follows:

	<u>Governmental Activities</u>	<u>Internal Service Funds</u>
Net position at December 31, 2013	\$ 38,084,778	\$ (980,050)
County Board of DD Internal Service Adjustment:	403,354	403,354
Total adjusted net position at December 31, 2013	\$ 38,488,132	\$ (576,696)

C. Deficit Fund Balances

Fund balances at December 31, 2014 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
OCJS grant	\$ 2,656
Child support enforcement agency	11,062
MOF demolition grant	250

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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 2014, the County and public depositories complied with the provisions of these statutes.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash with Fiscal Agent

At December 31, 2014, the County had \$630,925 in monies held by MEORC as fiscal agent. These funds are held outside of the County Treasury and are not included in “deposits with financial institutions” below.

At December 31, 2014, the County had \$105,319 in cash with fiscal agent related to a lease purchase agreement. The cash with fiscal agent is being used to make payments to Motorola for radio equipment.

At December 31, 2014, the County’s internal service fund had a balance of \$619,205 with the Jefferson Health Plan, a claims servicing pool. The money is held by the claims servicing pool in a pooled account.

B. Cash on Hand

At December 31, 2014, the County had \$950 in cash on hand which is reported on the financial statements as part of “equity in pooled cash and cash equivalents”.

C. Deposits with Financial Institutions

At December 31, 2014, the carrying amount of all County deposits was \$5,065,421 including cash in segregated accounts. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2014, \$2,141,628 of the County’s bank balance of \$5,400,430 was exposed to custodial risk as discussed below, while \$3,258,802 was covered by the FDIC.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2014, the County had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Negotiable CD's	\$ 5,158,202	\$ 248,923	\$ 247,864	\$ 497,417	\$ 493,792	\$ 3,670,206
U.S. Government money market	7,456	7,456	-	-	-	-
Municipal bonds	1,353,507	-	501,065	-	852,442	-
FFCB	3,236,113	-	-	-	1,994,200	1,241,913
FNMA	500,920	-	-	-	-	500,920
FHLB	1,495,945	-	-	-	-	1,495,945
Total	\$ 11,752,143	\$ 256,379	\$ 748,929	\$ 497,417	\$ 3,340,434	\$ 6,908,984

The weighted average maturity of investments is 2.79 years.

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

Credit Risk: The U.S. Government money market carry a rating of AAAM by Standard & Poor's and Aaa-mf by Moody. The federal agency securities carry a rating of AA+ and Aaa by Standard & Poor's and Moody, respectively. The municipal bonds carry a rating of Aaa thru Baa2 and AAA thru AA by Moody and Standard & Poor's, respectively. The County's investment policy does not specifically address credit risk beyond requiring the County to only invest in securities authorized by State statute.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CD's	\$ 5,158,202	43.89
U.S. Government money market	7,456	0.06
Municipal bonds	1,353,507	11.52
FFCB	3,236,113	27.54
FNMA	500,920	4.26
FHLB	<u>1,495,945</u>	<u>12.73</u>
 Total	 <u>\$ 11,752,143</u>	 <u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,065,421
Investments	11,752,143
Cash on hand	950
Cash with fiscal agent	<u>1,355,449</u>
Total	<u>\$ 18,173,963</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 16,020,775
Agency funds	<u>2,153,188</u>
Total	<u>\$ 18,173,963</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2014, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	
Human services fund	\$ 122,011
Motor vehicle license and gas tax fund	17,500
Nonmajor governmental funds	96,148
 <u>Transfer from emergency ambulance levy fund to:</u>	
Nonmajor governmental funds	100,000
 <u>Transfer from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>27,412</u>
Total transfers	<u>\$ 363,071</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 2014 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, 2014:

Fund	Due from other funds	Due to other funds
General	\$ 12,668	\$ 2,173
Human services	99,838	23,457
County board of DD	-	2,565
Nonmajor governmental	<u>25,449</u>	<u>109,760</u>
Total	<u>\$ 137,955</u>	<u>\$ 137,955</u>

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

C. Interfund Balances

Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2014, 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	\$ 17,503	\$ -
Nonmajor governmental	<u>-</u>	<u>17,503</u>
Total	<u>\$ 17,503</u>	<u>\$ 17,503</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 and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing district their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2014 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all County operations for the year ended December 31, 2014 was \$12.65 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

Real property	\$ 594,671,030
Public utility personal property	<u>146,996,610</u>
Total assessed value	<u>\$ 741,667,640</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1971, the County Commissioners, by resolution, imposed a one-half percent tax on all retail sales made in the County. In 1984, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales made in the County. At the end of 2005, the County Commissioners by resolution imposed a one-half percent tax on all retail sales made in the County for specific use in the Justice System to begin January 1, 2006. The State Tax Commissioner certifies to the Ohio Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The Ohio Office of Budget and Management then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the general fund. Sales tax revenue in 2014 amounted to \$5,657,650 with the entire amount credited to the general fund.

NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE

During the current year and in a prior year, the County entered into lease agreements for the acquisition of copiers, server equipment and an energy management system. The assets have been capitalized in governmental capital assets in the amount of \$126,952, 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 and the sheriff's rotary fund (a nonmajor governmental fund).

<u>Year</u>	<u>Amount</u>
2015	\$ 20,142
2016	16,806
2017	10,917
2018	6,116
2019	<u>2,859</u>
Total minimum lease payments	56,840
Less: amount representing interest	<u>(5,566)</u>
Present value of minimum lease payments	<u>\$ 51,274</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

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

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the County, a corresponding liability was recorded in the government-wide financial statements. Principal payments in 2014 totaled \$204,619 in the general fund. Principal and interest payments are made from the general fund and the 911 levy fund.

Capital assets consisting of machinery and equipment have been capitalized in the amount of \$627,602 in governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. The assets associated with the radio equipment lease have not been capitalized, because individually, the pieces of radio equipment are below the County's capitalization threshold.

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2014:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 246,717
2016	200,410
2017	96,339
2018	90,123
2019	90,123
2020 - 2023	<u>360,492</u>
Total minimum lease payments	1,084,204
Less: amount representing interest	<u>(104,278)</u>
Present value of future minimum lease payments	<u>\$ 979,926</u>

NOTE 10 - OPERATING LEASE - LESSOR DISCLOSURE

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

NOTE 11 - COMPENSATED ABSENCES

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 12 - CONTINGENT LIABILITIES

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

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

THIS SPACE INTENTIONALLY LEFT BLANK

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - RECEIVABLES

Receivables at December 31, 2014, 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, 2014. A summary of the principal items due from other governments:

Fund / Type	Amount
Major funds:	
General fund:	
Local government revenue	\$ 190,141
Payment in lieu of taxes	269
Casino tax	213,937
Homestead and rollback	85,727
Miscellaneous reimbursements	28,379
	518,453
Human services fund:	
Miscellaneous grants and reimbursements	154,841
	154,841
Motor vehicle license and gasoline tax fund:	
License, gasoline and permissive taxes	1,951,849
Miscellaneous grants and reimbursements	393,556
	2,345,405
County board of DD fund:	
Homestead and rollback	153,862
Miscellaneous grants and reimbursements	102,199
	256,061
Emergency ambulance levy fund:	
Payment in lieu of taxes	346
Homestead and rollback	110,122
	110,468
Other governmental funds:	
Payment in lieu of taxes	265
Homestead and rollback	55,292
Miscellaneous grants and reimbursements	90,776
	146,333
Total due from other governments	\$ 3,531,561

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 14 - CAPITAL ASSETS

A. Capital asset activity for the year ended December 31, 2014, was as follows:

<u>Governmental activities:</u>	Balance <u>12/31/13</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/14</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 703,858	\$ 10,593		\$ 714,451
Construction in progress	<u>-</u>	<u>478,850</u>	<u>-</u>	<u>478,850</u>
Total capital assets, not being depreciated	<u>703,858</u>	<u>489,443</u>	<u>-</u>	<u>1,193,301</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	12,220,731	407,600	-	12,628,331
Machinery and equipment	4,918,275	183,078	(551,796)	4,549,557
Vehicles	3,861,331	353,312	(227,631)	3,987,012
Infrastructure	30,072,518	566,625	-	30,639,143
Software	<u>621,312</u>	<u>37,660</u>	<u>-</u>	<u>658,972</u>
Total capital assets, being depreciated	<u>51,694,167</u>	<u>1,548,275</u>	<u>(779,427)</u>	<u>52,463,015</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(7,439,171)	(307,718)	-	(7,746,889)
Machinery and equipment	(3,677,712)	(210,470)	548,775	(3,339,407)
Vehicles	(2,767,085)	(186,975)	189,203	(2,764,857)
Infrastructure	(13,351,724)	(1,287,805)	-	(14,639,529)
Software	<u>(426,363)</u>	<u>(31,272)</u>	<u>-</u>	<u>(457,635)</u>
Total accumulated depreciation	<u>(27,662,055)</u>	<u>(2,024,240)</u>	<u>737,978</u>	<u>(28,948,317)</u>
Total capital assets, being depreciated net	<u>24,032,112</u>	<u>(475,965)</u>	<u>(41,449)</u>	<u>23,514,698</u>
Governmental activities capital assets, net	<u>\$ 24,735,970</u>	<u>\$ 13,478</u>	<u>\$ (41,449)</u>	<u>\$ 24,707,999</u>

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

Governmental activities:

General government:

Legislative and executive	\$ 139,751
Judicial	63,898
Public safety	57,706
Public works	1,439,014
Health	244,865
Human services	77,878
Conservation and recreation	<u>1,128</u>

Total depreciation expense - governmental activities \$ 2,024,240

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 15 - LONG-TERM OBLIGATIONS

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

Governmental Activities:	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/14</u>	<u>Amount Due in One Year</u>
General obligation bonds:								
Human Services Building	1990	12/1/2016	5.9-7.3%	\$ 105,000	\$ -	\$ (35,000)	\$ 70,000	\$ 35,000
County Garage Building - Refunding Bonds	2011	12/1/2019	1.40-4.00%	435,000	-	(65,000)	370,000	70,000
General Obligation Refunding Bonds	2012	12/1/2029	1.0-3.4%	<u>2,270,000</u>	-	<u>(140,000)</u>	<u>2,130,000</u>	<u>145,000</u>
Total general obligation bonds				<u>2,810,000</u>	<u>-</u>	<u>(240,000)</u>	<u>2,570,000</u>	<u>250,000</u>
Notes								
Sewer Note	2009	7/1/2019	3.45%	120,000	-	(20,000)	100,000	20,000
Promissory Note	2014	5/1/2019	1.95%	-	407,600	-	407,600	16,859
Total notes				<u>120,000</u>	<u>407,600</u>	<u>(20,000)</u>	<u>507,600</u>	<u>36,859</u>
Loans:								
OPWC - Bridge Program	2005	7/1/2016	0.00%	25,487	-	(5,097)	20,390	10,195
OPWC - N. Corridor Sewer	2001	7/1/2021	0.00%	28,010	-	(1,867)	26,143	3,735
OPWC - Sewer Replacement	2004	1/1/2024	0.00%	8,575	-	(428)	8,147	858
OPWC - SR 83 Extension	2007	1/1/2029	0.00%	35,886	-	(1,196)	34,690	2,392
OPWC - County Rd. 55	2010	1/1/2032	0.00%	21,016	-	(584)	20,432	1,167
OPWC - County Rd. 495 Township Rd. 74	2010	1/1/2032	0.00%	174,145	-	(4,837)	169,308	9,675
OWDA - Fresno/Pearl Sewer Construction	2010	1/1/2041	1.00%	<u>212,808</u>	-	<u>(6,902)</u>	<u>205,906</u>	<u>6,972</u>
Total Loans				<u>505,927</u>	<u>-</u>	<u>(20,911)</u>	<u>485,016</u>	<u>34,994</u>
Other long-term obligations:								
Capital Leases				53,847	16,898	(19,471)	51,274	17,396
Lease Purchase Agreements				1,081,703	102,842	(204,619)	979,926	218,638
Compensated Absences				<u>1,103,991</u>	<u>668,732</u>	<u>(605,103)</u>	<u>1,167,620</u>	<u>806,103</u>
Total Other Long-Term Obligations				<u>2,239,541</u>	<u>788,472</u>	<u>(829,193)</u>	<u>2,198,820</u>	<u>1,042,137</u>
Total general long-term obligations				<u>\$ 5,675,468</u>	<u>\$ 1,196,072</u>	<u>\$ (1,110,104)</u>	5,761,436	<u>\$ 1,363,990</u>
Add: unamortized premium on bond issuance							<u>5,759</u>	
Total reported on the statement of net assets							<u>\$ 5,767,195</u>	

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 15 - LONG TERM OBLIGATIONS - (Continued)

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

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

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

The reacquisition price exceeded the net carrying amount of old debt by \$208,967. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The refunding resulted in \$105,714 in gross debt service savings.

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

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

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

On May 21, 2014, the County signed a \$407,600 promissory note for the purpose of building renovations. This note will be paid from the general fund.

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

The County has entered into a contractual agreement for a construction loan from the OWDA. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved projects. OWDA will capitalize administration costs and construction interest and then add them to the total amounts of the final loan. At December 31, 2014, the balance of the County's OWDA loan is \$205,906. The Ohio Water Development Authority (OWDA) loan will be paid from the debt service funds (nonmajor governmental funds) using user fees and property tax revenues.

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 15 - LONG TERM OBLIGATIONS - (Continued)

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

Year Ending December 31,	General Obligation Bonds		OPWC Loans	OWDA Loan	
	Principal	Interest	Principal	Principal	Interest
2015	\$ 250,000	\$ 73,241	\$ 28,022	\$ 6,972	\$ 2,042
2016	255,000	67,041	28,023	7,041	1,972
2017	225,000	59,386	17,827	7,112	1,901
2018	230,000	54,136	17,828	7,183	1,830
2019	235,000	48,036	17,827	7,255	1,758
2020 - 2024	725,000	166,746	77,496	37,382	7,684
2025 - 2029	650,000	66,431	64,979	39,294	5,772
2030 - 2034	-	-	27,108	41,304	3,762
2035 - 2039	-	-	-	43,416	1,650
2040	-	-	-	8,947	67
Total	<u>\$ 2,570,000</u>	<u>\$ 535,017</u>	<u>\$ 279,110</u>	<u>\$ 205,906</u>	<u>\$ 28,438</u>

Year Ending December 31,	Notes Payable		Total	
	Principal	Interest	Principal	Interest
2015	\$ 36,859	\$ 11,398	\$ 321,853	\$ 86,681
2016	37,174	10,393	327,238	79,406
2017	37,536	9,341	287,475	70,628
2018	37,865	8,322	292,876	64,288
2019	358,166	7,286	618,248	57,080
2020 - 2024	-	-	839,878	174,430
2025 - 2029	-	-	754,273	72,203
2030 - 2034	-	-	68,412	3,762
2035 - 2039	-	-	43,416	1,650
2040	-	-	8,947	67
Total	<u>\$ 507,600</u>	<u>\$ 46,740</u>	<u>\$ 3,562,616</u>	<u>\$ 610,195</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.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 15 - LONG TERM OBLIGATIONS - (Continued)

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$14,499,040 at December 31, 2014 and the unvoted legal debt margin was \$7,416,676 at December 31, 2014.

NOTE 16 - RISK MANAGEMENT

A. General Insurance

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

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of sixty-five counties and twenty-two multi-county facilities in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. The program is governed by a nine member Board of Trustees, all of whom must be commissioners from member counties. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include liability, property and crime insurance.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 16 - RISK MANAGEMENT - (Continued)

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

General liability	\$ 1,000,000
Law enforcement liability	1,000,000
Errors and omissions liability:	
Per occurrence	1,000,000
Annual aggregate	1,000,000
Back Wages- per occurrence	50,000
Cyber liability and expense	1,000,000
Automobile liability	1,000,000
Uninsured/underinsured motorists liability	250,000
Excess liability	5,000,000
Foster parents	6,000,000
Accounts receivable	5,000,000
Property - total covered value	89,629,418
Other property insurance:	
Extra expense/business income	1,000,000
Electronic Data Processing (EDP)	250,000
Media -per occurrence	250,000
Extra Expense - per occurrence	25,000
Sewer line coverage	5,930,582
Water line coverage	5,510,892
Equipment breakdown	100,000,000
Crime insurance	1,000,000
Other coverage	
Attorney Disciplinary Proceedings	25,000
Dog Warden Blanket Bond	2,000

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

B. Workers' Compensation

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 16 - RISK MANAGEMENT - (Continued)

C. Health Care Self-Insurance

The County maintains a Self-Insurance Internal Service Fund to account for, and finance, its uninsured risks of loss in this program. Effective January 1, 2014 a Third Party Administrator, Mutual Health Services, a division of Medical Mutual and located in Akron, Ohio began reviewing all claims which are then paid by the County. For January 1, 2014, the plan provided 3 different options for coverage for eligible County employees. The first option being Plan A – Buyup a major medical with a \$1,000 individual and \$2,000 family deductible and a Preferred Provider Network (PPO) with a \$500 individual and a \$1,000 family deductible. The second option being Plan B - Core a major medical with a \$2,000 individual deductible and a \$4,000 family deductible and a Preferred Provider Network (PPO) with a \$1,000 individual and a \$2,000 family deductible. The third option being a Plan C - Health Savings Account (HSA) major medical with a \$5,000 individual deductible and a \$10,000 family deductible and a Preferred Provider Network (PPO) with a \$2,500 deductible and a \$5,000 family deductible. The County purchases stop-loss coverage of \$90,000 per employee per year and an aggregate annual limit of \$1,000,000. For the period January 1, 2014 through December 31, 2014 the County provided three options for employees to choose from. Plan A- Buyup - \$2,080 family coverage, \$708 single, Employee + Spouse \$1,513 and Employee + child/children \$1,253. For Plan B – Core - \$1,901 family coverage, \$647 single coverage, \$1,901 Employee + spouse and \$1,149 employee + child/children. Plan C – HSA - \$1,851 family coverage, \$638 single, \$1,368 employee + spouse and \$1,135 employee + child/children coverage which represents the entire premium required.

The claims liability of \$261,441 reported in the fund at December 31, 2014, 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 2014 and 2013 were:

	Balance at		Current		Claim		Balance at
	<u>Beginning of Year</u>		<u>Year Claims</u>		<u>Payments</u>		<u>End of Year</u>
2014	\$ 416,645	\$	2,261,941	\$	(2,417,145)	\$	261,441
2013	461,550		3,157,071		(3,201,976)		416,645

D. County Board of Developmental Disabilities Self-Insurance

The Board of DD is self-insured for its medical, prescription drug, vision and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. The Board of DD is a member of the Jefferson Health Plan, a claims servicing pool, consisting of ninety members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Board of DD’s behalf. This plan provides a dental plan with a \$80.77 family and single premium, a medical plan with a \$1,436.97 family and \$714.41 single premium, a prescription drug plan with a \$313.68 family and \$142.75 single premium and a vision plan with a \$27.85 family and \$12.49 single premium. The Board of DD pays the entire premium. The Board of DD is responsible for payment of all medical, prescription, vision and dental claim amounts in excess of the employee payment percentages established in the Plan document. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$500,000. Claims above a \$35,000 deductible are internally pooled. Claims above \$500,000 are covered by stop loss.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 16 - RISK MANAGEMENT - (Continued)

The claims liability of \$74,572 reported in the fund at December 31, 2014, 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 2014 and 2013 were:

		Balance at		Current		Claim		Balance at
	\$	<u>Beginning of Year</u>	\$	<u>Year Claims</u>	\$	<u>Payments</u>	\$	<u>End of Year</u>
2014	\$	116,842	\$	651,971	\$	(694,241)	\$	74,572

NOTE 17 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014 member and employer contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2014 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 12.00% and 13.00%, respectively. The County's contribution rate for 2014 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10% of covered payroll.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 17 - PENSION PLANS - (Continued)

The County's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.00%. For those plan members in law enforcement and public safety pension contributions were 16.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$1,861,549, \$1,913,694, and \$1,463,930, respectively; 93.27% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the Member-Directed Plan for 2014 were \$28,090 made by the County and \$20,064 made by the plan members.

B. State Teachers Retirement System of Ohio

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 9.50% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service credit; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For January 1, 2014 through June 30, 2014, plan members were required to contribute 11.00% of their annual covered salaries. For July 1, 2014 through December 31, 2014, plan members were required to contribute 12.00% of their annual covered salaries. The County was required to contribute 14.00%; 13.00% was the portion used to fund pension obligations for January 1, 2014 through June 30, 2014 and 14.00% was the portion used to fund pension obligations for July 1, 2014 through December 31, 2014. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14.00% for members and 14.00% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 17 - PENSION PLANS - (Continued)

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2014, 2013 and 2012 were \$36,923, \$43,288 and \$36,583, respectively; 100% has been contributed for 2014, 2013 and 2012.

NOTE 18 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$296,762, \$140,955, and \$562,686, respectively; 93.27% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 18 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

B. State Teachers Retirement System of Ohio

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. From January 1, 2014 through June 30, 2014, STRS Ohio allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. From July 1, 2014 through December 31, 2014, STRS Ohio did not allocate any percentage of employer contributions to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2014, 2013 and 2012 were \$2,840, \$3,330 and \$2,814, respectively; 100% has been contributed for 2014, 2013 and 2012.

NOTE 19 - RELATED PARTY TRANSACTIONS

Coshocton County Airport authority is a component unit of Coshocton County. During 2014, the County Airport Authority received an operating transfer from the County in the amount of \$31,000.

Additionally, the County pays salary and fringe benefits for Airport Authority employees, with the exception of the Airport Authority's Secretary - Treasurer. During 2014, The County paid Airport Authority employees' salaries and fringe benefits of \$102,755. The Airport Authority obtains federal grants that have matching requirements of 10%. Matching requirements are made from non-federal revenue sources. The County pays the local matching requirement of the Airport Authority grants. During 2014, The County paid \$86,035 to Airport Authority vendors to make the local matching requirements.

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>County Board of DD</u>	<u>Emergency Ambulance Levy</u>
Budget basis	\$ 47,432	\$ (104,201)	\$ (302,187)	\$ (446,254)	\$ (156,367)
Net adjustment for revenue accruals	144,082	234,706	25,651	62,369	75,842
Net adjustment for expenditure accruals	(134,889)	(97,427)	(6,399)	(248,079)	31,047
Net adjustment for other sources/uses	(654,414)	-	(51,865)	(35)	-
Funds budgeted elsewhere	76,555	-	-	-	-
Adjustment for encumbrances	<u>567,860</u>	<u>108,318</u>	<u>496,241</u>	<u>497,203</u>	<u>148,334</u>
GAAP basis	<u>\$ 46,626</u>	<u>\$ 141,396</u>	<u>\$ 161,441</u>	<u>\$ (134,796)</u>	<u>\$ 98,856</u>

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 21 - FUND BALANCE

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

<u>Fund balance</u>	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle and Gas Tax Fund</u>	<u>County Board of DD Fund</u>	<u>Emergency Ambulance Levy Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:							
Prepayments	\$ 72,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,844
Materials and supplies inventory	51,315	5,193	237,144	2,211	52,832	9,502	358,197
Unclaimed monies	<u>95,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,773</u>
Total nonspendable	<u>219,932</u>	<u>5,193</u>	<u>237,144</u>	<u>2,211</u>	<u>52,832</u>	<u>9,502</u>	<u>526,814</u>
Restricted:							
Capital projects	-	-	-	-	-	159,111	159,111
Debt service	-	-	-	-	-	27,349	27,349
Public works	-	-	1,665,907	-	-	255,256	1,921,163
Human services	-	238,161	-	-	-	209,086	447,247
Health	-	-	-	4,981,371	-	180,965	5,162,336
General government operations	-	-	-	-	-	891,645	891,645
Public safety programs	-	-	-	-	-	576,613	576,613
Other purposes	-	-	-	-	-	<u>52,032</u>	<u>52,032</u>
Total restricted	<u>-</u>	<u>238,161</u>	<u>1,665,907</u>	<u>4,981,371</u>	<u>-</u>	<u>2,352,057</u>	<u>9,237,496</u>
Committed:							
Capital projects	-	-	-	-	-	308,394	308,394
Human services	-	-	-	-	-	212,016	212,016
Health	-	-	-	-	1,195,891	-	1,195,891
Public safety programs	-	-	-	-	-	<u>139,034</u>	<u>139,034</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195,891</u>	<u>659,444</u>	<u>1,855,335</u>
Assigned:							
Public works	193,780	-	-	-	-	-	193,780
Human services	24,075	-	-	-	-	-	24,075
General government operations	214,594	-	-	-	-	-	214,594
Public safety programs	46,869	-	-	-	-	-	46,869
Other purposes	1,515	-	-	-	-	-	1,515
Subsequent year appropriations	<u>2,072,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,072,165</u>
Total assigned	<u>2,552,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,552,998</u>
Unassigned (deficit)	<u>1,183,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,968)</u>	<u>1,169,758</u>
Total fund balances	<u>\$ 3,956,656</u>	<u>\$ 243,354</u>	<u>\$ 1,903,051</u>	<u>\$ 4,983,582</u>	<u>\$ 1,248,723</u>	<u>\$ 3,007,035</u>	<u>\$ 15,342,401</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 22 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year - End</u> <u>Encumbrances</u>
General	\$ 481,173
Human services	56,123
Motor vehicle and gas tax	403,417
County board of DD	394,883
Emergency ambulance levy	109,318
Other governmental	<u>566,307</u>
Total	<u>\$ 2,011,221</u>

NOTE 23 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT

A. Reporting Entity

The Coshocoton County Regional Airport Authority, Coshocoton 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 Coshocoton 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 ton the County, the Airport is reflected as a component unit of Coshocoton County. The Airport has a December 31 year end.

B. Summary of Significant Accounting Policies

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

1. *Measurement Focus and Basis of Accounting*

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

2. *Cash*

Cash received by the Airport is maintained in three separate checking accounts and a savings account. Separate checking accounts are used to track cash activity related to the Airport's general fund, FAA federal activity, and special events, respectively. The savings accounts also holds general fund cash. The Airport has no investments.

3. *Capital Assets*

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

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

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

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

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

4. *Estimates*

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

5. *Inventories*

Inventories are presented at cost on a first in, first out basis and are expensed when resold. Inventories held for resale primarily consist of fuel.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

C. Deposits and Investments

At year end, the carrying amount of the Airport's deposits was \$92,724 and the bank balance was \$94,622. The entire balance was covered by Federal Deposit Insurance Corporation. The Airport has no investments. The Airport also had \$300 in cash on hand.

D. Capital Assets

	Balance 12/31/13	Additions	Deductions	Balance 12/31/14
<i>Capital assets, not being depreciated:</i>				
Land	\$ 189,296	\$ -	\$ -	\$ 189,296
Total capital assets, not being depreciated	<u>189,296</u>	<u>-</u>	<u>-</u>	<u>189,296</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	675,000	-	-	675,000
Infrastructure	4,930,844	-	-	4,930,844
Vehicles	14,394	-	-	14,394
Furniture and equipment	<u>428,628</u>	<u>3,999</u>	<u>-</u>	<u>432,627</u>
Total cost	<u>6,048,866</u>	<u>3,999</u>	<u>-</u>	<u>6,052,865</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(238,750)	(11,250)	-	(250,000)
Infrastructure	(1,472,352)	(197,234)	-	(1,669,586)
Vehicles	(14,394)	-	-	(14,394)
Furniture and equipment	<u>(254,843)</u>	<u>(18,083)</u>	<u>-</u>	<u>(272,926)</u>
Total accumulated depreciation	<u>(1,980,339)</u>	<u>(226,567)</u>	<u>-</u>	<u>(2,206,906)</u>
Total capital assets, being depreciated net	<u>4,068,527</u>	<u>(222,568)</u>	<u>-</u>	<u>3,845,959</u>
Total capital assets, net	<u>\$ 4,257,823</u>	<u>\$ (222,568)</u>	<u>\$ -</u>	<u>\$ 4,035,255</u>

NOTE 24 - SUBSEQUENT EVENTS

On April 13, 2015, the County approved the issuance of bonds for \$180,000 for the purpose of purchasing land from the Coshocton City School District. Additionally, the County approved the issuance of bonds for \$191,357 for the purpose of technology upgrades to their computer network infrastructure. Both bond issuances have a maturity of five years with an interest rate of 2.15%.

On August 5, 2015, the County approved the Amended Coshocton County, City of Coshocton Water and Sanitary Sewer System Transfer Agreement pursuant to Ohio Rev. Code § 6103.04 and § 6117.05. This agreement authorized the conveyance of ownership of the Coshocton County Water and Sewer Facilities to the City of Coshocton. Along with the transfer of ownership of certain County land and infrastructure, the City of Coshocton will assume \$2,030,892 in debt, not including interest, which includes \$240,892 in Ohio Public Works Commission (OPWC) principal, \$80,000 in notes principal and \$1,710,000 in refunded bonds, series 2012, principal.

This page intentionally left blank.

COSHOCTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5344	10.561	\$325,710
Total U.S. Department of Agriculture			325,710
U.S. DEPARTMENT OF DEFENSE			
<i>Passed through the Ohio Department of Natural Resources</i>			
Payments to States in Lieu of Real Estate Taxes	N/A	12.112	154
Total U.S. Department of Defense			154
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	B-C-11-1AP-1 B-C-13-1AP-1 B-F-13-1AP-1	14.228	46 27,534 191,102
Total Community Development Block Grants/State's program			218,682
Home Investment Partnerships Program	B-C-13-1AP-2	14.239	19,196
Total U.S. Department of Housing and Urban Development			237,878
U.S. DEPARTMENT OF JUSTICE			
<i>Passed through the Ohio Department of Youth Services</i>			
Juvenile Accountability Block Grants	2011-JB-015-B057 2011-JB-015-B057S	16.523	711 7,793
Total Juvenile Accountability Block Grants			8,504
<i>Passed through the Ohio Office of Criminal Justice Services:</i>			
Crime Victim Assistance	2014VAGENE001 2015-VOCA-10201093	16.575	16,249 5,571
Total Crime Victim Assistance Program			21,820
Total U.S. Department of Justice			30,324
U.S. DEPARTMENT OF LABOR			
<i>Passed through Area 7 Workforce Investment Board</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program (SFY 12) - Admin	2012-7216-1	17.258	107
WIA Adult Program (SFY 13)	2013-7216-1		10,376
WIA Adult Program (SFY 13) - Admin			346
WIA Adult Program (SFY 14)	2014-7216-1		92,000
WIA Adult Program (SFY 14) - Admin			2,658
WIA Adult Program (SFY 15)	2015-7216-1		27,786
WIA Non-Formulary Grants - OMJ Branding	2014-7216-1		6,512
Total WIA - Adult			139,785
WIA Youth Activities (SFY 12)	2012-7216-1	17.259	34,871
WIA Youth Activities (SFY 12) - Admin			428
WIA Youth Activities (SFY 13)	2013-7216-1		43,019
WIA Youth Activities (SFY 13) - Admin			2,317
Total WIA - Youth			80,635

COSHOCTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF LABOR (Continued)			
Passed through Area 7 Workforce Investment Board (Continued)			
Workforce Investment Act (WIA) Cluster (Continued):			
WIA Dislocated Workers (SFY 12)	2012-7216-1	17.278	\$6,040
WIA Dislocated Workers (SFY 13)	2013-7216-1		49,429
WIA Dislocated Workers (SFY 13) - Admin			1,067
WIA Dislocated Workers (SFY 14)	2014-7216-1		29,205
WIA Dislocated Workers (SFY 14) - Admin			1,285
Total WIA - Dislocated Workers			<u>87,026</u>
Total Workforce Investment Act Cluster			<u>307,446</u>
Total U.S. Department of Labor			307,446
U.S. DEPARTMENT OF TRANSPORTATION			
Direct from U.S. Department of Transportation			
Airport Improvement Program	3-39-0028-1914	20.106	596,893
Passed through the Ohio Department of Transportation			
Highway Planning and Construction	86128	20.205	15,464
	87911		13,217
	89151		214,898
	89853		<u>312,886</u>
Total Highway Planning and Construction			556,465
Enhanced Mobility of Seniors and Individuals with Disabilities	CRD-0016-008-141	20.513	58,768
	PNP-0016-009-012		37,990
	PNP-0016-009-013		<u>40,591</u>
Total Enhanced Mobility of Seniors and Individuals with Disabilities			137,349
Passed through the Ohio Office of Criminal Justice Services			
State and Community Highway Safety Program	HVEO-2014-16-00-00-00342-00	20.600	10,768
	STEP-2015-16-00-00-00544-00		<u>1,332</u>
Total State and Community Highway Safety Program			12,100
National Priority Safety Programs	IDEP-2015-16-00-00-00372-00	20.616	<u>2,831</u>
Total U.S. Department of Transportation			1,305,638
U.S. DEPARTMENT OF EDUCATION			
Passed through the Ohio Department of Education			
Adult Education - Basic Grants to States	ABS1-2014	84.002	48,781
	ABS1-2015		<u>42,840</u>
Total Adult Education - Basic Grants to States Program			91,621
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	6BSF-2014	84.027	21,530
	6BSF-2015		<u>5,368</u>
Total Special Education - Grants to States (IDEA, Part B)			26,898
Special Education - Preschool Grants (IDEA Preschool)	6BSF-2014	84.173	7,573
	6BSF-2015		<u>1,894</u>
Total Special Education - Preschool Grants (IDEA Preschool)			9,467
Total Special Education Cluster (IDEA)			<u>36,365</u>
Total U.S. Department of Education			127,986

COSHOCTON COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S ELECTION ASSISTANCE COMMISSION			
<i>Passed through the Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	N/A	90.401	<u>\$1,623</u>
Total U.S. Election Assistance Commission			1,623
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through National Association of County and City Health Officials</i>			
Medical Reserves Corp Small Grant Program	5MRCSG101005-04-00	93.008	3,500
<i>Passed through Ohio Department of Aging</i>			
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	N/A	93.044	25,059
<i>Passed through the Ohio Department of Health</i>			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	01610021MH0214 01610021MH0315	93.505	32,424 <u>9,713</u>
Total Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program			42,137
<i>Passed through the Ohio Supreme Court</i>			
State Court Improvement Program	G-1401OHSCIP	93.586	33,465
<i>Passed through the Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities - Grants to States	N/A	93.617	964
<i>Passed through the Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	35,006
Medical Assistance Program	N/A	93.778	128,451
<i>Passed through the Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	G-1415-11-5344	93.556	43,056
Temporary Assistance for Needy Families	G-1415-11-5344	93.558	1,088,417
Child Support Enforcement	G-1415-11-5344	93.563	639,250
Child Care and Development of Block Grant	G-1415-11-5344	93.575	70,460
Community-Based Child Abuse Prevention Grants	G-1415-11-5344	93.590	2,960
Grants to States for Access and Visitation Programs	G-1415-09-0156	93.597	26,795
Stephanie Tubbs Jones Child Welfare Services Program	G-1415-11-5344	93.645	47,428
Foster Care Title IV-E	G-1415-11-5344	93.658	219,396
Adoption Assistance	G-1415-11-5344	93.659	157,263
Social Services Block Grant	G-1415-11-5344	93.667	395,105
Chafee Foster Care Independence Program	G-1415-11-5344	93.674	43
Medical Assistance Program	G-1415-11-5344	93.778	<u>535,010</u>
Total U.S. Department of Health and Human Services			3,493,765
U.S DEPARTMENT OF HOMELAND SAFETY			
<i>Passed through the Ohio Department of Public Safety</i>			
Emergency Management Performance Grants	EMW-2013-EP-00006-S01	97.042	<u>47,543</u>
Total U.S. Department of Homeland Safety			<u>47,543</u>
Total Federal Awards Expenditures			<u><u>\$5,878,067</u></u>

The accompanying notes are an integral part of this Schedule.

COSHOCTON COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2014

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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

NOTE C - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2014, the County made allowable transfers of \$249,173 from the Temporary Assistance for Needy Families (TANF – CFDA #93.558) program to the Social Services Block Grant (SSBG – CFDA #93.667) program. The Schedule shows the County spent approximately \$1,088,417 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2014 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,337,590
Transfer to Social Services Block Grant	<u>(249,173)</u>
Total Temporary Assistance for Needy Families	<u>\$ 1,088,417</u>



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Coshocton County
349 Main Street
Coshocton, Ohio 43812

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Coshocton County, Ohio (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 14, 2015.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2014-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

www.ohioauditor.gov

Entity's Response to Findings

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 14, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Coshocton County
349 Main Street
Coshocton, Ohio 43812

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Coshocton County's, Ohio (the County's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Coshocton County's major federal programs for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Child Support Enforcement Program

As described in Finding 2014-003 in the accompanying Schedule of Findings, the County did not comply with requirements regarding cash management applicable to its Child Support Enforcement major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

Qualified Opinion on Child Support Enforcement Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Support Enforcement Program* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Child Support Enforcement Program for the year ended December 31, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings as item 2014-002. This finding did not require us to modify our compliance opinion on each major federal program.

The County's responses to our noncompliance findings are described in the accompanying Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2014-002 through 2014-004 to be material weaknesses.

Coshocton County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 3

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

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 14, 2015

This page intentionally left blank.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified for all major programs except the Child Support Enforcement program, CFDA #93.563 – Section C – Cash Management - Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, CFDA #10.561 • Workforce Investment Act (WIA) Cluster, CFDA #17.258, 17.259 and 17.278 • Airport Improvement Program, CFDA #20.106 • Temporary Assistance for Needy Families, CFDA #93.558 • Child Support Enforcement, CFDA #93.563 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014
(Continued)

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

FINDING NUMBER 2014-001

Material Weakness

The County should maintain an accounting system and accounting records sufficient to enable the County to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with generally accepted accounting principles.

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

- Due from Other Governments was understated by \$154,841 in the Human Services Fund. Intergovernmental Revenue and Deferred Inflows for Other Nonexchange Transactions not Available were understated by \$134,075 and \$20,766, respectively. This occurred as the County Department of Job and Family Services had disbursements exceeding drawdowns in multiple Federal and State grants at year end;
- Governmental Activities Unrestricted Net Position was understated by \$2,066,014 while Restricted Net Position was overstated by the same amount. Unrestricted Net Position should be comprised from funds with a Committed, Assigned and Unassigned Fund balance as defined by Governmental Accounting Standards Board Statement 54. Various funds with these classifications, as reported on the Balance Sheet, were incorrectly reported with a Restricted Net Position instead of Unrestricted Net Position on the Statement of Net Position. Funds reported in error included the equity of the Emergency Ambulance Levy Fund, Coordinated Transportation Fund, Sheriff's Rotary Fund and EMS Capital Improvement Fund; and,
- The County Board of Developmental Disabilities (Hopewell Schools) was self-insured. The activity of this self-insurance fund was maintained through a fiscal agent. However, this activity was not reported by the County in either 2014 or 2013. Current year activity included Cash Held with a Fiscal Agent of \$619,205, Charges for Services of \$838,183, Claims Payable of \$74,572, Expenses of \$700,076, among other activity. Additionally, prior year unrestricted net position was \$403,354 and was not reported.

Sound financial reporting is the responsibility of the County Auditor and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate. The County's financial statements have been adjusted accordingly.

To help ensure the County's financial statements are complete and accurate, the County should adopt policies and procedures to identify and correct errors and omissions in reporting.

Officials' Response: In regards to the material weakness discovered in the County's financial statements and GAAP conversion that required audit adjustments, the County Auditor has had a discussion with the state audit team regarding the issues and how to prevent them in future reports. Julian and Grube, the firm contracted for the GAAP conversion is also aware of the errors, and both the County Auditor and Julian and Grube understand how to correct them in future statements. All suggestions will be followed and closer review of missing or misreported items will be done so as to avoid the misstatements in the future.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2014-002
CFDA Title and Number	Highway Planning and Construction, CFDA No. 20.205
Federal Award Number / Year	97113 / 2014
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Noncompliance and Material Weakness – Federal Schedule

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

During 2014, the County expended \$5,878,067 in Federal aid but originally reported \$6,556,458 on their Schedule of Federal Awards Expenditures. The County overstated Federal Expenditures by \$678,391. This primarily occurred for the following reasons:

- The County initially reported the Vocational Rehabilitation Grants to States, CFDA 84.126, for expenditures of \$259,962. This money was received from the Ohio Rehabilitation Services Commission (ORSC). Under Federal law, the ORSC cannot sub-grant this funding. Therefore, the ORSC determined that the County was a vendor, or service provider, for the ORSC. As a result, any expenditures from this revenue were not subject to Federal reporting;
- The County entered into an agreement with the Ohio Department of Transportation (ODOT) where ODOT performed bridge construction work in the County. This project was funded through multiple sources, including Federal. The County reported this project under Highway Planning and Construction grant, CFDA number 20.205, for expenditures of \$361,947. However, ODOT maintained all administrative control over the project as documented in the contract between ODOT and the County. As a result, this activity was not subject to Federal reporting by the County;
- ODOT provided a \$55,255 Ohio Airport Improvement Grant to the Coshocton County Regional Airport Authority (CCRAA) in 2014. This was a State funded grant incorrectly included in the Federal expenditures; and
- Other small miscellaneous errors also occurred.

Errors and omissions to the Schedule of Federal Awards Expenditures could have an adverse effect on future grant awards by the awarding agency or agencies in addition to an inaccurate assessment of major federal programs that would be subjected to audit. The County's Schedule of Federal Awards Expenditures has been adjusted accordingly.

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

Officials' Response: See Corrective Action Plan.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2014-003
CFDA Title and Number	Child Support Enforcement, CFDA No. 93.563
Federal Award Number / Year	G-1415-11-5344
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Noncompliance and Material Weakness – Cash Management

45 CFR § 74.22(a) requires that payment methods shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Ohio Admin. Code § 5101:9-7-02(B)(1) requires County Child Support Enforcement Agencies to have cash management procedures in place to ensure the time elapsing between the receipt of funds and the disbursement of funds does not exceed a ten day average for all federal and state operating allocations.

The Coshocton County Job and Family Services' (CCJFS) cash on hand for their Child Support Enforcement Program federal grants exceeded the ten day average for two out of four quarters by 57.51 and 20.21 days, respectively. The CCJFS exceeded the ten day average by 14.11 days for the entire year.

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

Officials' Response: See Corrective Action Plan.

Finding Number	2014-004
CFDA Title and Number	Child Support Enforcement, CFDA No. 93.563
Federal Award Number / Year	G-1415-11-5344
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

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

The Coshocton County Job and Family Services (CCJFS) contracted with the Coshocton County Probate and Juvenile Court (Court) to perform Title IV-D services in relation to child support enforcement. Additionally, the CCJFS made payments from their child support enforcement fund in relation to a Federal training grant.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2014-004 (Continued)

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

For 33% of transactions tested, the CCJFS either paid the Court more than the contracted amount or made payments from the training grant that were not within program guidelines. CCJFS's control procedures failed to identify the over expenditure to the Court or the unallowable training expenditure prior to payment. As a result, the CCJFS made unallowable expenditures from the Child Support Enforcement Program grant. Calculation errors could result in questioned costs on federally funded programs.

CCJFS should implement procedures, such as detailed reviews and re-calculation of support for all invoiced amounts included on the Court's invoice summary and review of training grant program guidelines, prior to making payment. Payments should be made within contract and grant program guidelines. This will help ensure the County is compliant with Federal and State regulations and that Federal funding is expended on allowable activities.

Officials' Response: See Corrective Action Plan.

COSHOCTON COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Financial Reporting – numerous errors were identified on the County’s financial statements for the Airport.	Yes	
2013-002	Airport Grant Expenditure Approval - The Airport should implement procedures to help ensure reimbursement receipts are for amounts requested and that reported payments and/or billed amounts agree to the requests.	Yes	
2013-003	Child Support Enforcement Agency - CCJFS's control procedures failed to correct the miscalculation prior to payment. As a result, the CCJFS underpaid the Court on one invoice. Calculation errors could result in questioned costs on federally funded programs.	Yes	
2013-004	45 CFR § 74.22(a) and 7 CFR § 3019.22(a) requires that payment methods shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. The Coshocton County Job and Family Services’ (CCJFS) cash on hand for their Public Assistance federal grants, including Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program, exceeded the ten day average for three out of four quarters by 10.6, 3.5 and .17 days, respectively.	Yes	
2013-005	49 CFR 18.20(b)(7) – the Airport should establish procedures to minimize the time between drawdowns and the subsequent disbursement of amounts received.	Yes	
2013-006	64 FR 7696, Section VI, Paragraph B(1) – prohibited uses of airport revenue was noted.	No	Partially Corrected. See Management Letter Comment.

COSHOCTON COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-002	<p>The grant information is reported to the County Auditor by each office receiving federal monies. Correspondence sent requesting the information will be more clear about reviewing individual grants and grant agreements to determine that they are, in actuality federal and not state funds. Any online financial resources available at the time the report is being created will be reviewed by the auditor's staff prior to submitting the information to Julian and Grube to assure correct presentation of the Federal Schedule. Julian and Grube, the firm contracted to compile the information, has also been made aware of the issue. Further, the following offices have responded for grants specific to them:</p> <p>The issue regarding the Engineer's pertained to the Ohio Bridge Partnership Program, where the Ohio Department of Transportation provided federal funds and in-kind resources to construct a bridge in Coshocton County. The bridge was Bridge 10 on Township Road 90 in Crawford Township, also known as ODOT PID 97113. No County funds or resources were used in the construction of this bridge, however we were told by ODOT these funds were provided by Federal Highway Administration. The bridge is required to be listed on our Capital Outlay inventory. In light of these requirements, our office will not report any funds for this type of project in the future, except for our reporting in the overall Capital Outlay inventory. This revision has already taken place and Coshocton County will be benefiting from this program again in 2015-2016 for Bridge 9 on County Road 19 in Monroe Township, also known as ODOT PID 97470.</p> <p>In the future, the Airport will review the grant agreements to determine if they are State or Federal funded and will only report Federally funded grants.</p>	Immediately	<p>Christine Sycks, Coshocton County Auditor</p> <p>Andrew Jones, Deputy County Engineer</p> <p>Bethel Toler, Airport Administrator</p>
2014-003	<p>This issue was realized during the second quarter 2014 by the JFS. Since that time, all quarters have remained below the threshold for cash-on-hand by minimizing cash draws against federal funds to only immediate cash needs and better leveraging state/local resources to also minimize the need for excess cash draws against federal funds.</p>	September 8, 2015	<p>Danny Brenneman, County JFS Assistant Director</p>
2014-004	<ol style="list-style-type: none"> 1) The overpayment has been corrected with an adjustment made to a current invoice/still within the same period of funds availability. Going forward, all invoices will be reviewed for detail even if spreadsheet formulas are in place to complete calculations. 2) With the clarification, any expenditures against the current training grant will only be made for JFS staff training and guidelines will be reviewed with each potential purchase to ensure appropriate program guidelines are followed. 	September 8, 2015	<p>Danny Brenneman, County JFS Assistant Director</p>

This page intentionally left blank.



Dave Yost • Auditor of State

COSHOCTON COUNTY FINANCIAL CONDITION

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 24, 2015