



OHIO AUDITOR OF STATE
KEITH FABER



**COSHOCTON COUNTY
DECEMBER 31, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Coshocton County, Ohio (the County), as of and for the year ended December 31, 2019, 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 such 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Coshocton County, Ohio, as of December 31, 2019, 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, Engineer's FEMA, 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.

Emphasis of Matter

As discussed in Note 3A to the financial statements, during 2019, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 25 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-Employment Benefit Liabilities/Assets and Pension and Other Post-Employment Benefit Contributions 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 Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

October 7, 2020

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COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019. 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 2019 are as follows:

- The total net position of the County decreased \$1,697,024 from 2018's restated net position of \$13,541,625.
- General revenues accounted for \$17,513,353 or 38.72% of total governmental activities revenue. Program specific revenues accounted for \$27,717,584 or 61.28% of total governmental activities revenue.
- The County had \$46,927,961 in expenses related to governmental activities; \$27,717,584 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,513,353 were not adequate to provide for these programs.
- The County has six major governmental funds. The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$12,160,891 in 2019. The general fund had expenditures and other financing uses of \$12,836,465 in 2019. The general fund balance decreased \$675,574 from the 2018 fund balance.
- The human services fund, a County major fund, had revenues and other financing sources of \$4,304,957 and expenditures of \$4,279,160 in 2019. The human services fund balance increased \$25,797 from 2018 to 2019.
- The motor vehicle license and gasoline tax fund, a County major fund, had revenues and other financing sources of \$6,332,262 and expenditures of \$5,528,339 in 2019. The motor vehicle license and gasoline tax fund balance increased \$803,923 from 2018 to 2019.
- The engineer's FEMA fund, a County major fund, had revenues of \$1,058,537 and expenditures of \$475,326 in 2019. The engineer's FEMA fund balance increased \$583,211 from 2018 to 2019.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of \$5,446,575 and expenditures and other financing uses of \$6,322,334 in 2019. The county board of DD fund balance decreased \$875,759 from 2018 to 2019.
- The emergency ambulance levy fund, a County major fund, had revenues and other financing sources of \$4,357,100 and expenditures of \$3,864,033 in 2019. The emergency ambulance levy fund balance increased \$493,067 from 2018 to 2019.
- In the general fund, the actual revenues and other financing sources came in \$1,328,202 higher than they were originally budgeted, and actual expenditures and other financing uses were \$1,027,104 less 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, 2019

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 six major governmental funds: the general, human services, motor vehicle license and gasoline tax, the engineer's FEMA, 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 2019?" 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 engineer's FEMA 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 13.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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 24-36 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 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 37-39 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 statements can be found on pages 40-41 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 43-105 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension and net OPEB asset/liability, along with contributions to the pension systems. The required supplementary information can be found on pages 108-122 of this report.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. The table below provides a summary of the County's net position at December 31, 2019 and December 31, 2018. The net position at December 31, 2018 has been restated as described in Note 3.

	<u>Governmental Activities</u>	
	Governmental Activities 2019	Restated Governmental Activities 2018
	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current and other assets	\$ 35,912,353	\$ 34,395,173
Capital assets, net	<u>25,522,244</u>	<u>24,148,263</u>
Total assets	<u>61,434,597</u>	<u>58,543,436</u>
<u>Deferred Outflows</u>		
Unamortized deferred charges on debt refunding	8,529	15,728
Pension	9,321,002	4,758,055
OPEB	<u>1,178,779</u>	<u>1,034,138</u>
Total deferred outflows	<u>10,508,310</u>	<u>5,807,921</u>
<u>Liabilities</u>		
Long-term liabilities	47,771,142	34,408,165
Other liabilities	<u>1,806,839</u>	<u>2,712,140</u>
Total liabilities	<u>49,577,981</u>	<u>37,120,305</u>
<u>Deferred Inflows</u>		
Property taxes levied for the next fiscal year	9,193,845	8,224,882
Pension	893,634	4,496,909
OPEB	<u>432,846</u>	<u>967,636</u>
Total deferred inflows	<u>10,520,325</u>	<u>13,689,427</u>
<u>Net Position</u>		
Net investment in capital assets	23,696,384	21,997,787
Restricted	6,065,704	6,686,850
Unrestricted (deficit)	<u>(17,917,487)</u>	<u>(15,143,012)</u>
Total net position	<u>\$ 11,844,601</u>	<u>\$ 13,541,625</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, net pension/OPEB asset.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the County's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the County's assets and deferred outflows exceeded liabilities and deferred inflows by \$11,844,601. The County's finances remained stable during 2019.

COSHOCOTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 41.54% of total assets. Capital assets include land, buildings and improvements, machinery and equipment, vehicles, infrastructure and software. Capital assets, net of related debt to acquire the assets at December 31, 2019, were \$23,696,384. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the County's net position, \$6,065,704 or 51.21% of total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit unrestricted net position of (\$17,917,487).

The following tables show the changes in net position for 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3.

	Governmental Activities	
	2019	Restated 2018
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 7,474,913	\$ 7,497,569
Operating grants and contributions	19,717,248	17,638,574
Capital grants and contributions	525,423	486,124
General revenues:		
Property taxes	8,153,933	8,318,312
Sales tax	5,595,185	5,499,464
Lodging excise taxes	63,266	74,637
Payment in lieu of taxes	3,775	2,280
Unrestricted grants	2,171,219	1,930,522
Investment earnings	572,662	391,346
Miscellaneous	953,313	823,256
Total revenues	45,230,937	42,662,084
<u>Expenses</u>		
General government	7,125,287	7,083,750
Public safety	7,662,105	7,303,202
Public works	8,440,170	7,518,368
Health	10,715,016	12,035,049
Human services	10,523,064	9,656,627
Conservation and recreation	3,277	2,325
Intergovernmental	216,583	228,299
Other	2,167,050	1,175,422
Interest and fiscal charges	75,409	57,673
Total expenses	46,927,961	45,060,715
Change in net position	(1,697,024)	(2,398,631)
Net position at beginning of year (restated)	13,541,625	15,940,256
Net position at end of year	\$ 11,844,601	\$ 13,541,625

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Governmental Activities

Governmental activities net position decreased \$1,697,024 or 12.53% during 2019.

Governmental activities capital grants and contributions revenue increased 8.08% from \$486,124 in 2018 to \$525,423 in 2019.

The State and federal government contributed to the County revenues of \$19,717,248 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, \$8,290,928 or 40.97% subsidized human services. Operating grants and contributions increased 11.78% in 2019 due to an increase in funding for programs related to public works and human services.

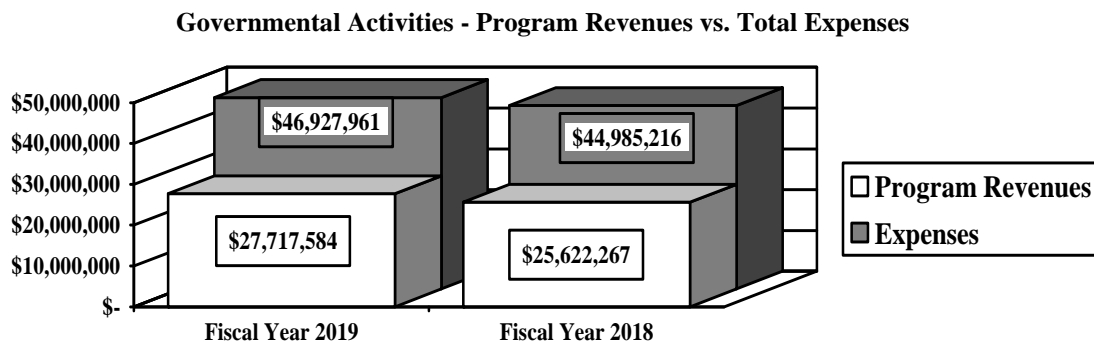
General revenues totaled \$17,513,353 and amounted to 38.72% of total revenues. These revenues primarily consist of property and sales tax revenue of \$13,749,118 or 78.51% of total general revenues in 2019. Property tax revenue decreased \$164,379 from 2018 to 2019. The County sales tax revenue increased \$95,721 from 2018 to 2019. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with local government revenue and property tax reimbursement received from the State making up \$2,171,219, or 12.40% of general revenues.

General government expenses include legislative and executive and judicial programs, totaled \$7,125,287 or 15.18% of total governmental expenses. General government expenses were covered by \$2,539,439 of direct charges to users in 2019.

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 a slight increase in projects undertaken.

Human services expenses support the operations of public assistance and the children services board, and accounts for \$10,523,064 of expenses, or 22.42% of total governmental expenses of the County. These expenses were funded by \$690,270 in charges to users of services and \$8,290,928 in operating grants and contributions.

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, 2019**

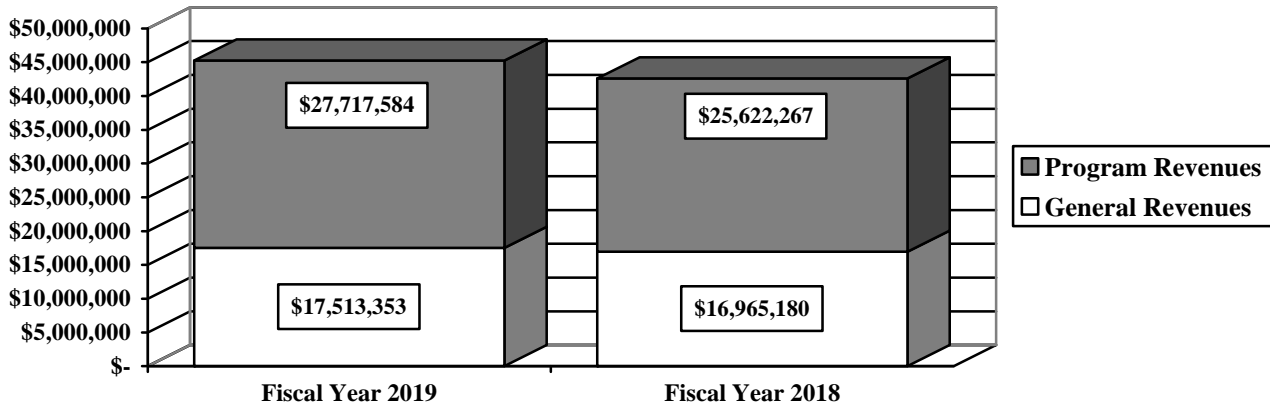
The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
Expenses:				
General government	\$ 7,125,287	\$ 3,701,656	\$ 7,083,750	\$ 4,281,370
Public safety	7,662,105	4,800,203	7,303,202	4,013,606
Public works	8,440,170	229,059	7,518,368	1,283,003
Health	10,715,016	6,643,024	12,035,049	6,735,922
Human services	10,523,064	1,541,866	9,656,627	2,592,731
Conservation and recreation	3,277	3,277	2,325	2,325
Intergovernmental	216,583	216,583	152,800	152,800
Other	2,167,050	2,009,270	1,175,422	256,238
Interest and fiscal charges	<u>75,409</u>	<u>65,439</u>	<u>57,673</u>	<u>44,954</u>
Total expenses	<u>\$ 46,927,961</u>	<u>\$ 19,210,377</u>	<u>\$ 44,985,216</u>	<u>\$ 19,362,949</u>

The dependence upon general revenues for governmental activities is apparent, with 37.32% and 43.04% of expenses supported through taxes and other general revenues during 2019 and 2018, respectively.

The graph below shows the total general revenues and program revenues of the County for 2018 and 2019.

Governmental Activities - General and Program Revenues



COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 \$18,000,725, which is more than last year's restated balance of \$17,042,568. 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, 2019 for all major and nonmajor governmental funds. The fund balances at December 31, 2018 have been restated as described in Note 3.

	(Deficit) Fund Balance <u>December 31, 2019</u>	Restated (Deficit) Fund Balance <u>December 31, 2018</u>	Increase/ (Decrease)
Major Funds:			
General	\$ 4,971,365	\$ 5,646,939	\$ (675,574)
Human services	(303,900)	(329,697)	25,797
Motor vehicle license and gasoline tax	2,818,636	2,014,713	803,923
Engineer's FEMA	-	(583,211)	583,211
County board of DD	5,193,210	6,068,969	(875,759)
Emergency ambulance levy	912,589	419,522	493,067
Other nonmajor governmental funds	<u>4,408,825</u>	<u>3,805,333</u>	<u>603,492</u>
Total	<u>\$ 18,000,725</u>	<u>\$ 17,042,568</u>	<u>\$ 958,157</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 \$4,971,365, a 11.96% decrease from 2018. The decrease of the general fund balance in 2019 was due to the increasing expenditures exceeding the revenues.

COSHOCTON COUNTY, OHIO

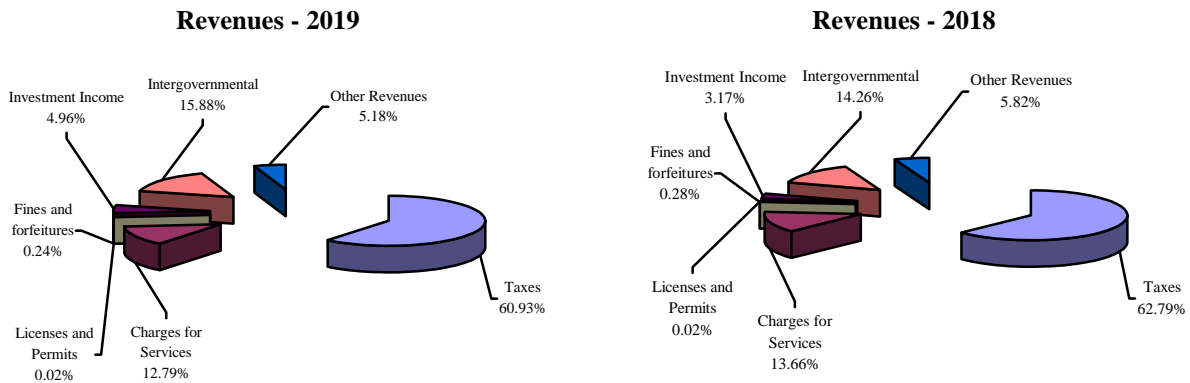
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

	<u>2019</u>	<u>2018</u>	<u>Increase</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>	<u>Change</u>
<u>Revenues</u>				
Taxes	\$ 7,241,659	\$ 7,162,041	\$ 79,618	1.11 %
Charges for services	1,519,731	1,555,897	(36,166)	(2.32) %
Licenses and permits	2,425	2,463	(38)	(1.54) %
Fines and forfeitures	28,593	32,285	(3,692)	(11.44) %
Intergovernmental	1,887,297	1,626,964	260,333	16.00 %
Investment income	589,773	361,517	228,256	63.14 %
Other	<u>615,914</u>	<u>664,312</u>	<u>(48,398)</u>	(7.29) %
Total	<u>\$ 11,885,392</u>	<u>\$ 11,405,479</u>	<u>\$ 479,913</u>	4.21 %

Tax revenue represents 60.93% of all general fund revenue. The increase in investment income is due to an increase in the amount of interest earned on the County’s investments. The increase in intergovernmental revenues is primarily due to an increase in technology grants received. The decrease in other revenues was due mainly to a decrease in revenues received for indirect costs. All other revenue remained comparable to 2018.

The graphs below show the breakdown of revenues, by source, for 2019 and 2018.



COSHOCTON COUNTY, OHIO

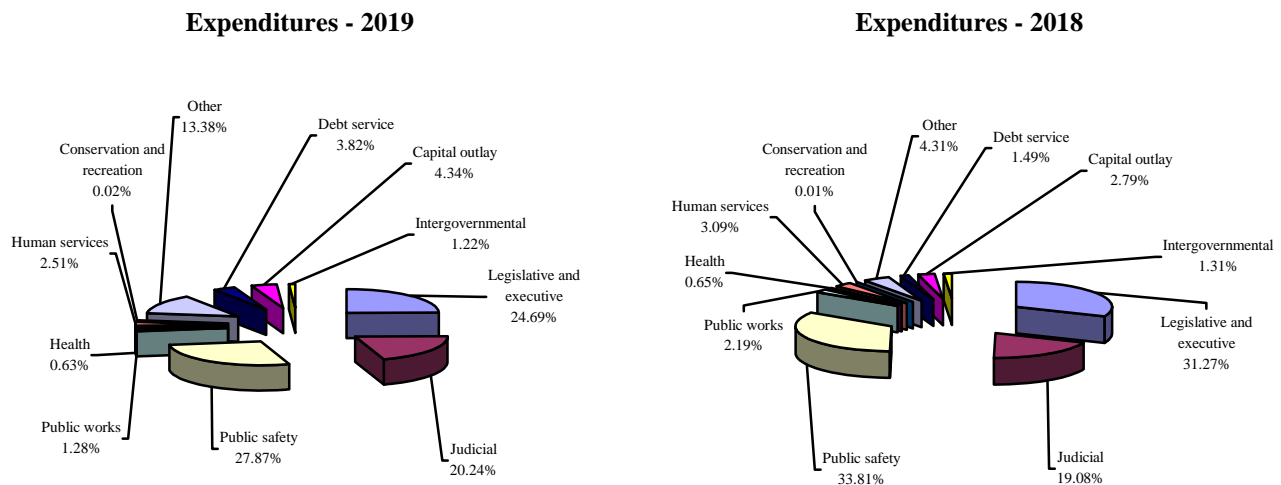
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
General government				
Legislative and executive	\$ 3,104,678	\$ 3,652,476	\$ (547,798)	(15.00) %
Judicial	2,544,617	2,228,447	316,170	14.19 %
Public safety	3,506,170	3,949,234	(443,064)	(11.22) %
Public works	161,298	256,274	(94,976)	(37.06) %
Health	78,958	75,479	3,479	4.61 %
Human services	315,179	360,723	(45,544)	(12.63) %
Conservation and recreation	2,149	1,197	952	79.53 %
Other	1,682,983	503,734	1,179,249	234.10 %
Capital outlay	545,425	325,506	219,919	67.56 %
Intergovernmental	152,800	152,800	-	-
Debt service	<u>480,427</u>	<u>174,527</u>	<u>305,900</u>	175.27 %
Total	<u>\$ 12,574,684</u>	<u>\$ 11,680,397</u>	<u>\$ 894,287</u>	7.66 %

Expenditures related to legislative and executive expenditures decreased due to a decrease in costs related to commissioner, treasurer, prosecuting attorney, and board of election expenditures. Judicial costs increased due to an increase in expenditures related to grants, juvenile court, and clerk of courts. During 2019, capital outlay expenditures increased due to an increase in project costs. Other expenditures increased due to an increase in expenditures related to insurance. Debt service expenditures increased due to a current year refunding and due to an increase in loan payments made during 2019. Public safety expenditures decreased due to a decrease in juvenile probation and sheriff costs. All other expenditures remained comparable to the prior year.

The graphs below show the breakdown of expenditures, by function, for 2019 and 2018.



COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Human Services Fund

The human services fund, a County major fund, had revenues and other financing sources of \$4,304,957 and expenditures of \$4,279,160 in 2019. The human services fund balance increased \$25,797 from 2018 to 2019.

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 \$6,332,262 and expenditures of \$5,528,339 in 2019. The motor vehicle license and gasoline tax fund balance increased \$803,923 from 2018 to 2019.

Engineer's FEMA Fund

The engineer's FEMA fund, a County major fund, had revenues of \$1,058,537 and expenditures of \$475,326 in 2019. The engineer's FEMA fund balance increased \$583,211 from 2018 to 2019.

County Board of Developmental Disabilities (County Board of DD)

The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of \$5,446,575 and expenditures and other financing uses of \$6,322,334 in 2019. The county board of DD fund balance decreased \$875,759 from 2018 to 2019.

Emergency Ambulance Levy Fund

The emergency ambulance levy fund, a County major fund, had revenues and other financing sources of \$4,357,100 and expenditures of \$3,864,033 in 2019. The emergency ambulance levy fund balance increased \$493,067 from 2018 to 2019.

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 \$1,263,634 from the original budgeted revenues and other financing sources. Actual revenues and other financing sources of \$12,367,383 were \$64,568 more than final budgeted revenues and other financing sources. Final budgeted expenditures and other financing uses were increased \$578,016 from the original budgeted expenditures and other financing uses. Actual expenditures and other financing uses of \$13,142,947 were \$1,605,120 less than final budgeted expenditures other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the County had \$25,522,244 (net of accumulated depreciation) invested in land, buildings and improvements, machinery and equipment, vehicles, infrastructure and software.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The following table shows 2019 balances compared to the 2018 balances:

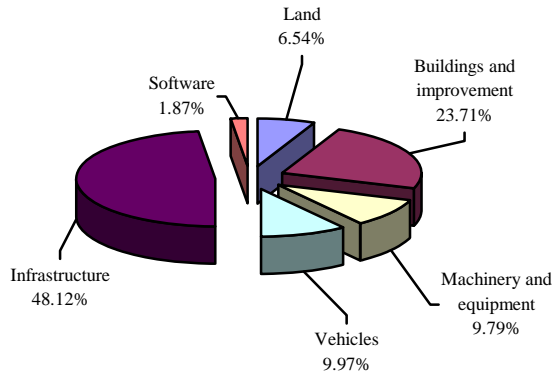
**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u> <u>2019</u>	<u>Governmental Activities</u> <u>2018</u>
Land	\$ 1,668,740	\$ 1,523,603
Building and improvements	6,051,152	6,530,389
Machinery and equipment	2,497,448	1,970,567
Vehicles	2,546,191	2,046,504
Infrastructure	12,280,183	11,726,233
Software	<u>478,530</u>	<u>350,967</u>
Total	<u>\$ 25,522,244</u>	<u>\$ 24,148,263</u>

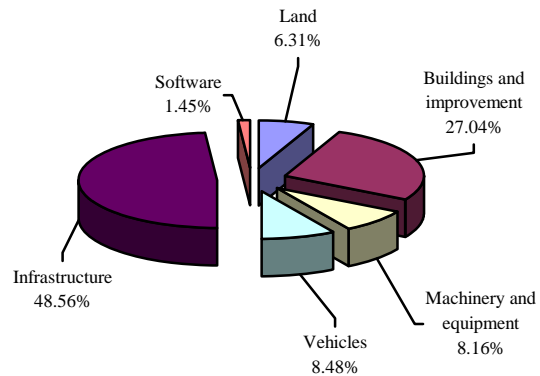
See Note 14 to the basic financial statements for detail on governmental activities capital assets.

The following graphs show the breakdown of governmental capital assets by category for 2019 and 2018.

Capital Assets - Governmental Activities 2019



Capital Assets - Governmental Activities 2018



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, 48.12% of the County's total governmental capital assets.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Debt Administration

At December 31, 2019, governmental activities had \$242,465 in general obligation bonds, OWDA loans of \$170,342, notes payable of \$481,336, capital leases of \$29,352 and lease purchase agreements of \$1,282,039 outstanding. Of this total, \$493,159 is due within one year and \$1,712,375 is due in greater than one year. The following table summarizes the debt obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
Long-Term Obligations		
General obligation bonds	\$ 242,465	\$ 478,304
OWDA loan	170,342	177,598
Notes payable	481,336	598,419
Capital leases	29,352	38,169
Lease purchase agreements	<u>1,282,039</u>	<u>1,343,409</u>
Total	<u>\$ 2,205,534</u>	<u>\$ 2,635,899</u>

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

Economic Factors and Next Year's Budgets and Rates

Coshocton County's estimated population for 2019 is 36,600, down 0.8% from 2010 according to the U.S. Census Bureau. The U.S. Bureau of Labor Statistics reports County's annual unemployment for 2019 was 5.8% compared to the state average 4.1% and the national average of 3.7%.

The Board of Commissioners and Auditor continue to closely monitor general fund revenue streams, especially going into 2020 and feeling the effects the pandemic will have on the economy. At the end of 2019, county sales tax collections were up 2.7%, or \$146,380, over 2018 collections. In the first quarter of 2020, records continue reflect steady growth, with a 4.2% collection over 2019 during the same period, and nearly 9% higher than the first quarter of 2018. Sales tax monies are expected to decrease in 2020, at least for a period of time, during the widespread business and tourism closures due to the pandemic. The dwindling state revenue streams also continue to be a concern, and Ohio County Auditors and Commissioners Associations continue to reach out to state legislators asking them to make the local governments whole from the cumulative losses over the past several years between Local Government Fund, loss in Sales Tax, the elimination of personal property tax, and other sources.

Coshocton County has ended 2019 with a \$3.796 million General Fund cash balance, approximately the same as the prior year's carry-over. Coshocton County's elected and appointed officials, in partnership with the Board of Commissioners and the Auditor certifying cautious revenue estimates and conservative budgets, work together to preserve the health of the General Fund balance.

In addition to the financial side of the government, the Board of County Commissioners work closely with the Coshocton Port Authority (CPA) to develop existing and new business and industry.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Besides continuing past projects, programs, and promotions, the CPA had following new and major economic development projects during calendar year 2019:

- Continued to utilize the 2018 CPA Business/Industrial Park Strategic Plan, identifying new property opportunities and working with land owners on development programs.
- Continued working with prospective, new and existing businesses to understand their strengths, weakness and identify potential development opportunities, including utilizing the Revolving Loan Fund to assist Small Businesses. There are currently four businesses taking advantage of this fund.
- Developed the “Be a part of something BIG, someplace small!” #ChooseCoshocton campaign to encourage local support and entice interest from outside of Coshocton.

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.

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**BASIC
FINANCIAL STATEMENTS**

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COSHOCTON COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Regional Airport Authority</u>
Assets:		
Equity in pooled cash and investments	\$ 15,783,653	\$ 100,236
Cash with fiscal agent	3,314,751	-
Receivables:		
Sales taxes	1,465,582	-
Real and other taxes	9,595,791	-
Accounts	338,294	29,413
Accrued interest	34,626	-
Due from other governments	4,499,748	-
Loans receivable	22,500	-
Prepayments	251,130	-
Materials and supplies inventory	435,894	-
Inventory held for resale	-	16,541
Net OPEB asset	46,702	-
Net pension asset	123,682	-
Capital assets:		
Land and construction in progress	1,668,740	730,969
Depreciable capital assets, net	23,853,504	2,768,073
Total capital assets, net	<u>25,522,244</u>	<u>3,499,042</u>
Total assets	<u>61,434,597</u>	<u>3,645,232</u>
Deferred outflows of resources:		
Unamortized deferred charges on debt refundings	8,529	-
Pension	9,321,002	-
OPEB	1,178,779	-
Total deferred outflows of resources	<u>10,508,310</u>	<u>-</u>
Liabilities:		
Accounts payable	497,929	22,940
Retainage payable	-	26,343
Accrued wages and benefits payable	510,721	-
Due to other governments	287,316	-
Accrued interest payable	9,183	-
Claims payable	369,247	-
Real estate tax payable	-	11,416
Sales tax payable	-	2,208
Payroll withholdings payable	129,983	-
Unearned revenue	2,460	-
Long-term liabilities:		
Due within one year	1,562,509	-
Due in more than one year:		
Net pension liability	30,311,725	-
Net OPEB liability	13,890,154	-
Other amounts due in more than one year	2,006,754	-
Total liabilities	<u>49,577,981</u>	<u>62,907</u>
Deferred inflows of resources:		
Property taxes levied for the next fiscal year	9,193,845	-
Pension	893,634	-
OPEB	432,846	-
Total deferred inflows of resources	<u>10,520,325</u>	<u>-</u>
Net position:		
Net investment in capital assets	23,696,384	3,499,042
Restricted for:		
Capital projects	812,451	-
Debt service	51,665	-
Public works projects	1,552,864	-
Human services programs	844,917	-
Health programs	1,247,032	-
General government operations	611,114	-
Public safety programs	934,764	-
Other purposes	10,897	-
Unrestricted (deficit)	<u>(17,917,487)</u>	<u>83,283</u>
Total net position	<u>\$ 11,844,601</u>	<u>\$ 3,582,325</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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:				
Current:				
General government:				
Legislative and executive.	\$ 4,219,977	\$ 2,293,963	\$ 448	\$ 521,823
Judicial.	2,905,310	245,476	361,921	-
Public safety.	7,662,105	2,271,977	589,925	-
Public works.	8,440,170	152,079	8,055,432	3,600
Health.	10,715,016	1,811,178	2,260,814	-
Human services.	10,523,064	690,270	8,290,928	-
Conservation and recreation.	3,277	-	-	-
Intergovernmental.	216,583	-	-	-
Other.	2,167,050	-	157,780	-
Interest and fiscal charges.	75,409	9,970	-	-
Total primary government.	<u>\$ 46,927,961</u>	<u>\$ 7,474,913</u>	<u>\$ 19,717,248</u>	<u>\$ 525,423</u>
Component units:				
Regional Airport Authority.	\$ 529,649	\$ 250,821	\$ 28,000	\$ 310,813
Total component units.	<u>\$ 529,649</u>	<u>\$ 250,821</u>	<u>\$ 28,000</u>	<u>\$ 310,813</u>
Totals.	<u>\$ 47,457,610</u>	<u>\$ 7,725,734</u>	<u>\$ 19,745,248</u>	<u>\$ 836,236</u>

General revenues:

Property taxes levied for:

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

Sales taxes levied for:

- General purposes.
- Lodging 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 position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Primary		Component Unit	
Government		Regional	
Governmental		Airport	
Activities		Authority	
\$	(1,403,743)	\$	-
	(2,297,913)		-
	(4,800,203)		-
	(229,059)		-
	(6,643,024)		-
	(1,541,866)		-
	(3,277)		-
	(216,583)		-
	(2,009,270)		-
	(65,439)		-
	<u>(19,210,377)</u>		<u>-</u>
	-		59,985
	-		<u>59,985</u>
	<u>(19,210,377)</u>		<u>59,985</u>
	1,646,274		-
	5,305,751		-
	989,903		-
	92,991		-
	119,014		-
	5,595,185		-
	63,266		-
	3,775		-
	2,171,219		-
	572,662		-
	<u>953,313</u>		<u>12,897</u>
	<u>17,513,353</u>		<u>12,897</u>
	(1,697,024)		72,882
	<u>13,541,625</u>		<u>3,509,443</u>
\$	<u>11,844,601</u>	\$	<u>3,582,325</u>

COSHOCTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<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.	\$ 4,513,996	\$ 136,482	\$ 2,194,542	\$ 2,469,205
Cash with fiscal agent	-	-	-	2,787,237
Receivables:				
Sales taxes	1,465,582	-	-	-
Real and other taxes	1,772,577	-	-	3,753,525
Accounts	56,635	105	-	-
Accrued interest	34,626	-	-	-
Due from other governments.	670,353	69,250	2,725,250	131,916
Interfund loans.	22,500	-	-	-
Due from other funds	29,382	107,609	-	-
Loans receivable.	-	-	-	22,500
Prepayments	251,130	-	-	-
Materials and supplies inventory.	61,964	3,033	295,313	2,277
Total assets	<u>\$ 8,878,745</u>	<u>\$ 316,479</u>	<u>\$ 5,215,105</u>	<u>\$ 9,166,660</u>
Liabilities:				
Accounts payable.	\$ 169,024	\$ 59,992	\$ 52,838	\$ 13,000
Accrued wages and benefits payable	189,846	59,991	41,050	55,436
Due to other governments	113,356	39,545	20,618	26,744
Interfund loans payable.	-	-	-	-
Due to other funds	-	33,787	-	-
Unearned revenue	-	-	-	-
Payroll withholdings payable	129,983	-	-	-
Total liabilities	<u>602,209</u>	<u>193,315</u>	<u>114,506</u>	<u>95,180</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	1,704,000	-	-	3,600,000
Delinquent property tax revenue not available.	68,264	-	-	153,525
Accrued interest not available	23,613	-	-	-
Sales tax revenue not available	1,018,225	-	-	-
Miscellaneous revenue not available.	23,322	-	-	-
Other nonexchange transactions not available.	467,747	427,064	2,281,963	124,745
Total deferred inflows of resources	<u>3,305,171</u>	<u>427,064</u>	<u>2,281,963</u>	<u>3,878,270</u>
Total liabilities and deferred inflows of resources.	<u>3,907,380</u>	<u>620,379</u>	<u>2,396,469</u>	<u>3,973,450</u>
Fund balances:				
Nonspendable	390,191	3,033	295,313	2,277
Restricted.	-	-	2,523,323	5,190,933
Committed	-	-	-	-
Assigned	3,361,569	-	-	-
Unassigned (deficit)	1,219,605	(306,933)	-	-
Total fund balances (deficit)	<u>4,971,365</u>	<u>(303,900)</u>	<u>2,818,636</u>	<u>5,193,210</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,878,745</u>	<u>\$ 316,479</u>	<u>\$ 5,215,105</u>	<u>\$ 9,166,660</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 799,713	\$ 4,651,322	\$ 14,765,260
-	61,749	2,848,986
-	-	1,465,582
2,589,661	1,480,028	9,595,791
154,710	114,541	325,991
-	-	34,626
114,018	788,961	4,499,748
-	-	22,500
-	29,245	166,236
-	-	22,500
-	-	251,130
63,607	9,700	435,894
<u>\$ 3,721,709</u>	<u>\$ 7,135,546</u>	<u>\$ 34,434,244</u>
\$ 7,871	\$ 193,665	\$ 496,390
63,259	99,817	509,399
30,954	55,424	286,641
-	22,500	22,500
300	132,149	166,236
-	2,460	2,460
-	-	129,983
<u>102,384</u>	<u>506,015</u>	<u>1,613,609</u>
2,480,000	1,409,845	9,193,845
109,661	70,183	401,633
-	-	23,613
-	-	1,018,225
100	38,738	62,160
116,975	701,940	4,120,434
<u>2,706,736</u>	<u>2,220,706</u>	<u>14,819,910</u>
<u>2,809,120</u>	<u>2,726,721</u>	<u>16,433,519</u>
63,607	9,700	764,121
-	3,946,249	11,660,505
848,982	493,610	1,342,592
-	-	3,361,569
-	(40,734)	871,938
<u>912,589</u>	<u>4,408,825</u>	<u>18,000,725</u>
<u>\$ 3,721,709</u>	<u>\$ 7,135,546</u>	<u>\$ 34,434,244</u>

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COSHOCTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances		\$ 18,000,725
<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.		25,522,244
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 401,633	
Sales taxes receivable	1,018,225	
Accounts receivable	62,160	
Intergovernmental revenues receivable	4,120,434	
Accrued interest receivable	23,613	
Total	<u>5,626,065</u>	5,626,065
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.		1,036,936
On the statement of net position, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is accrued when due.		(9,183)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		8,529
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	123,368	
Deferred outflows of resources	9,297,713	
Deferred inflows of resources	(891,920)	
Net pension liability	(30,236,266)	
Total	<u>(21,707,105)</u>	(21,707,105)
The net OPEB asset and net OPEB liability is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB asset	46,702	
Deferred outflows of resources	1,175,968	
Deferred inflows of resources	(432,168)	
Net OPEB liability	(13,854,849)	
Total	<u>(13,064,347)</u>	(13,064,347)
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	(242,465)	
OWDA loan	(170,342)	
Compensated absences	(1,363,729)	
Capital lease payable	(29,352)	
Lease purchase payable	(1,282,039)	
Notes payable	(481,336)	
Total	<u>(3,569,263)</u>	(3,569,263)
Net position of governmental activities		<u>\$ 11,844,601</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, 2019

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>Engineer's FEMA</u>
Revenues:				
Property taxes	\$ 1,647,205	\$ -	\$ -	\$ -
Sales taxes	5,593,376	-	-	-
Payment in lieu of taxes	1,078	-	-	-
Charges for services.	1,519,731	-	-	-
Licenses and permits	2,425	-	-	-
Fines and forfeitures	28,593	-	34,949	-
Intergovernmental.	1,887,297	4,189,601	5,548,929	1,058,537
Investment income.	589,773	-	31,409	-
Rental income	131,643	-	-	-
Contributions and donations.	3,600	-	-	-
Lodging taxes	-	-	-	-
Other	480,671	-	509,759	-
Total revenues	<u>11,885,392</u>	<u>4,189,601</u>	<u>6,125,046</u>	<u>1,058,537</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	3,104,678	-	-	-
Judicial.	2,544,617	-	-	-
Public safety	3,506,170	-	-	-
Public works	161,298	-	5,152,153	-
Health	78,958	-	-	-
Human services.	315,179	4,279,160	-	-
Conservation and recreation	2,149	-	-	-
Other	1,682,983	-	-	475,326
Capital outlay	545,425	-	207,216	-
Intergovernmental.	152,800	-	-	-
Debt service:				
Principal retirement.	465,003	-	154,028	-
Interest and fiscal charges	15,424	-	14,942	-
Total expenditures	<u>12,574,684</u>	<u>4,279,160</u>	<u>5,528,339</u>	<u>475,326</u>
Excess of expenditures over revenues	<u>(689,292)</u>	<u>(89,559)</u>	<u>596,707</u>	<u>583,211</u>
Other financing sources (uses):				
Note issuance	250,000	-	-	-
Sale of capital assets.	6,546	-	-	-
Capital lease transaction.	5,669	-	207,216	-
Transfers in	-	115,356	-	-
Transfers (out).	(261,781)	-	-	-
Insurance proceeds	13,284	-	-	-
Total other financing sources (uses)	<u>13,718</u>	<u>115,356</u>	<u>207,216</u>	<u>-</u>
Net change in fund balances	(675,574)	25,797	803,923	583,211
Fund balances (deficit) at beginning of year (restated)	<u>5,646,939</u>	<u>(329,697)</u>	<u>2,014,713</u>	<u>(583,211)</u>
Fund balances (deficit) at end of year	<u><u>\$ 4,971,365</u></u>	<u><u>\$ (303,900)</u></u>	<u><u>\$ 2,818,636</u></u>	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

County Board of DD	Emergency Ambulance Levy	Other Governmental Funds	Total Governmental Funds
\$ 2,804,182	\$ 2,468,295	\$ 1,190,540	\$ 8,110,222
-	-	-	5,593,376
1,552	657	488	3,775
313,449	1,149,906	3,929,611	6,912,697
-	-	128,852	131,277
-	-	103,030	166,572
2,147,631	239,605	5,649,933	20,721,533
52,111	-	7,508	680,801
-	-	-	131,643
523	33,029	725	37,877
-	-	63,266	63,266
127,127	37,164	363,058	1,517,779
<u>5,446,575</u>	<u>3,928,656</u>	<u>11,437,011</u>	<u>44,070,818</u>
-	-	1,436,180	4,540,858
-	-	30,741	2,575,358
-	-	2,957,150	6,463,320
-	-	1,501,244	6,814,695
5,492,546	3,778,831	472,803	9,823,138
-	-	5,016,029	9,610,368
-	-	-	2,149
-	-	1,628	2,159,937
-	-	101,520	854,161
-	-	63,783	216,583
-	72,681	201,538	893,250
-	12,521	27,116	70,003
<u>5,492,546</u>	<u>3,864,033</u>	<u>11,809,732</u>	<u>44,023,820</u>
<u>(45,971)</u>	<u>64,623</u>	<u>(372,721)</u>	<u>46,998</u>
-	-	-	250,000
-	428,444	-	434,990
-	-	-	212,885
-	-	976,213	1,091,569
(829,788)	-	-	(1,091,569)
-	-	-	13,284
<u>(829,788)</u>	<u>428,444</u>	<u>976,213</u>	<u>911,159</u>
(875,759)	493,067	603,492	958,157
6,068,969	419,522	3,805,333	17,042,568
<u>\$ 5,193,210</u>	<u>\$ 912,589</u>	<u>\$ 4,408,825</u>	<u>\$ 18,000,725</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, 2019

Net change in fund balances - total governmental funds	\$	958,157
<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. Capital outlays exceeded depreciation expense in the current period accordingly.		
Capital asset additions	\$ 4,307,621	
Current year depreciation	<u>(2,513,954)</u>	
Total		1,793,667
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(419,686)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	43,711	
Sales taxes	1,809	
Intergovernmental	621,589	
Charges for services	38,738	
Investment income	(17,111)	
Other	<u>23,109</u>	
Total		711,845
Repayment of bond, note, lease and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		893,250
Proceeds of notes, capital leases and lease purchase agreements are recognized as other financing sources in the governmental funds, however, they are not reported as revenues as they increase liabilities on the statement of net position.		
		(462,885)
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:		
Decrease in accrued interest payable	722	
Amortization of bond premiums	1,071	
Amortization of deferred charges on refundings	<u>(7,199)</u>	
Total		(5,406)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,438,267	
OPEB	<u>16,352</u>	
Total		2,454,619
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(6,240,845)	
OPEB	<u>(1,159,360)</u>	
Total		(7,400,205)
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.		
		(20,073)
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>(200,307)</u>
Change in net position of governmental activities	\$	<u>(1,697,024)</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 1,666,500	\$ 1,650,500	\$ 1,649,538	\$ (962)
Sales taxes	5,000,000	5,566,000	5,566,489	489
Payment in lieu of taxes	900	900	1,533	633
Charges for services	1,086,647	1,208,007	1,291,392	83,385
Licenses and permits	2,300	2,300	2,425	125
Fines and forfeitures	48,325	25,325	27,733	2,408
Intergovernmental	1,455,050	1,905,210	1,879,524	(25,686)
Investment income	240,500	424,500	424,951	451
Rental income	108,165	130,165	131,643	1,478
Contributions and donations	-	4,500	3,600	(900)
Other	486,625	485,215	484,611	(604)
Total revenues	<u>10,095,012</u>	<u>11,402,622</u>	<u>11,463,439</u>	<u>60,817</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	3,152,613	3,195,881	2,961,660	234,221
Judicial	2,469,979	2,956,154	2,681,443	274,711
Public safety	3,659,478	3,664,820	3,608,665	56,155
Public works	188,006	209,606	183,832	25,774
Health	87,833	87,833	87,526	307
Human services	359,643	362,543	336,179	26,364
Conservation and recreation	2,200	2,200	2,200	-
Capital outlay	751,064	993,390	866,379	127,011
Intergovernmental	152,800	152,800	152,800	-
Other	1,775,223	1,766,402	1,660,900	105,502
Debt service:				
Principal retirement	258,690	258,690	258,690	-
Interest and fiscal charges	26,050	26,050	26,050	-
Total expenditures	<u>12,883,579</u>	<u>13,676,369</u>	<u>12,826,324</u>	<u>850,045</u>
Excess of expenditures over revenues	<u>(2,788,567)</u>	<u>(2,273,747)</u>	<u>(1,362,885)</u>	<u>910,862</u>
Other financing sources (uses):				
Sale of capital assets	11,000	6,546	6,546	-
Advances in	866,750	811,428	811,428	-
Advances (out)	(84,000)	(84,000)	(47,678)	36,322
Transfers (out)	(266,641)	(276,867)	(266,867)	10,000
Capital lease transaction	5,669	5,669	5,669	-
Insurance proceeds	-	14,000	13,284	(716)
Other financing sources	60,750	62,550	67,017	4,467
Other financing uses	(2,081)	(2,081)	(2,078)	3
Contingencies	(933,750)	(708,750)	-	708,750
Total other financing sources (uses)	<u>(342,303)</u>	<u>(171,505)</u>	<u>587,321</u>	<u>758,826</u>
Net change in fund balances	(3,130,870)	(2,445,252)	(775,564)	1,669,688
Fund balances at beginning of year	3,356,870	3,356,870	3,356,870	-
Prior year encumbrances appropriated	438,677	438,677	438,677	-
Fund balance at end of year	<u>\$ 664,677</u>	<u>\$ 1,350,295</u>	<u>\$ 3,019,983</u>	<u>\$ 1,669,688</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HUMAN SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental.	\$ 3,710,190	\$ 4,043,335	\$ 4,048,328	\$ 4,993
Other	8,300	34,894	34,802	(92)
Total revenues	3,718,490	4,078,229	4,083,130	4,901
Expenditures:				
Current:				
Human services.	3,933,691	4,333,118	4,333,039	79
Total expenditures	3,933,691	4,333,118	4,333,039	79
Excess of expenditures over revenues.	(215,201)	(254,889)	(249,909)	4,980
Other financing sources:				
Transfers in	141,356	115,356	115,356	-
Other financing sources	2,000	6,495	6,665	170
Total other financing sources.	143,356	121,851	122,021	170
Net change in fund balances	(71,845)	(133,038)	(127,888)	5,150
Fund balances at beginning of year	10,628	10,628	10,628	-
Prior year encumbrances appropriated	122,415	122,415	122,415	-
Fund balance at end of year	\$ 61,198	\$ 5	\$ 5,155	\$ 5,150

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, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Fines and forfeitures	\$ 32,000	\$ 35,700	\$ 35,720	\$ 20
Intergovernmental.	4,665,000	5,412,100	5,416,294	4,194
Investment income.	9,000	28,500	28,654	154
Other	99,500	155,900	151,488	(4,412)
Total revenues	<u>4,805,500</u>	<u>5,632,200</u>	<u>5,632,156</u>	<u>(44)</u>
Expenditures:				
Current:				
Public works	5,400,685	5,958,889	5,243,945	714,944
Capital outlay	207,216	207,216	207,216	-
Debt service:				
Principal retirement.	158,028	158,028	157,228	800
Interest and fiscal charges	51,742	52,920	40,976	11,944
Total expenditures	<u>5,817,671</u>	<u>6,377,053</u>	<u>5,649,365</u>	<u>727,688</u>
Excess of expenditures over revenues.	<u>(1,012,171)</u>	<u>(744,853)</u>	<u>(17,209)</u>	<u>727,644</u>
Other financing sources:				
Capital lease transaction.	207,216	207,216	207,216	-
Other financing sources	4,500	355,500	355,771	271
Total other financing sources	<u>211,716</u>	<u>562,716</u>	<u>562,987</u>	<u>271</u>
Net change in fund balances	(800,455)	(182,137)	545,778	727,915
Fund balances at beginning of year	1,256,385	1,256,385	1,256,385	-
Prior year encumbrances appropriated	265,362	265,362	265,362	-
Fund balance at end of year.	<u>\$ 721,292</u>	<u>\$ 1,339,610</u>	<u>\$ 2,067,525</u>	<u>\$ 727,915</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)
 ENGINEER'S FEMA FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 1,170,000	\$ 1,066,184	\$ 1,066,184	\$ -
Total revenues	<u>1,170,000</u>	<u>1,066,184</u>	<u>1,066,184</u>	<u>-</u>
Expenditures:				
Other	<u>530,344</u>	<u>801,168</u>	<u>801,168</u>	<u>-</u>
Total expenditures	<u>530,344</u>	<u>801,168</u>	<u>801,168</u>	<u>-</u>
Excess of expenditures over revenues.	<u>639,656</u>	<u>265,016</u>	<u>265,016</u>	<u>-</u>
Other financing sources:				
Advances in	66,500	-	-	-
Advances (out) and not repaid	<u>(845,750)</u>	<u>(779,250)</u>	<u>(779,250)</u>	<u>-</u>
Total other financing sources	<u>(779,250)</u>	<u>(779,250)</u>	<u>(779,250)</u>	<u>-</u>
Net change in fund balances	(139,594)	(514,234)	(514,234)	-
Fund balances at beginning of year	67,059	67,059	67,059	-
Prior year encumbrances appropriated	<u>447,175</u>	<u>447,175</u>	<u>447,175</u>	<u>-</u>
Fund balance at end of year	<u>\$ 374,640</u>	<u>\$ -</u>	<u>\$ -</u>	<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)
 COUNTY BOARD OF DD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 2,801,479	\$ 2,793,779	\$ 2,793,695	\$ (84)
Payment in lieu of taxes	-	810	1,552	742
Charges for services.	262,020	325,020	311,889	(13,131)
Intergovernmental.	1,289,270	1,700,270	1,746,582	46,312
Contributions and donations.	2,000	600	523	(77)
Other	25,000	25,000	24,282	(718)
Total revenues	<u>4,379,769</u>	<u>4,845,479</u>	<u>4,878,523</u>	<u>33,044</u>
Expenditures:				
Current:				
Health	5,556,363	5,596,362	4,927,922	668,440
Total expenditures	<u>5,556,363</u>	<u>5,596,362</u>	<u>4,927,922</u>	<u>668,440</u>
Excess of expenditures over revenues	<u>(1,176,594)</u>	<u>(750,883)</u>	<u>(49,399)</u>	<u>701,484</u>
Other financing sources:				
Transfers (out).	(829,788)	(829,788)	(829,788)	-
Other financing sources	26,000	100,400	101,845	1,445
Total other financing sources	<u>(803,788)</u>	<u>(729,388)</u>	<u>(727,943)</u>	<u>1,445</u>
Net change in fund balances	(1,980,382)	(1,480,271)	(777,342)	702,929
Fund balances at beginning of year	2,991,580	2,991,580	2,991,580	-
Prior year encumbrances appropriated	86,485	86,485	86,485	-
Fund balance at end of year	<u>\$ 1,097,683</u>	<u>\$ 1,597,794</u>	<u>\$ 2,300,723</u>	<u>\$ 702,929</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 2,510,000	\$ 2,469,100	\$ 2,469,042	\$ (58)
Payment in lieu of taxes	-	1,400	1,375	(25)
Charges for services.	1,150,000	1,073,000	1,103,582	30,582
Intergovernmental.	206,000	254,035	238,741	(15,294)
Contributions and donations.	-	3,000	33,029	30,029
Other	-	39,019	39,248	229
Total revenues	<u>3,866,000</u>	<u>3,839,554</u>	<u>3,885,017</u>	<u>45,463</u>
Expenditures:				
Current:				
Health	3,824,194	3,970,971	3,909,892	61,079
Debt service:				
Principal retirement.	72,681	72,681	72,681	-
Interest and fiscal charges	12,521	12,521	12,521	-
Total expenditures	<u>3,909,396</u>	<u>4,056,173</u>	<u>3,995,094</u>	<u>61,079</u>
Excess of expenditures over revenues	<u>(43,396)</u>	<u>(216,619)</u>	<u>(110,077)</u>	<u>106,542</u>
Other financing sources				
Sale of capital assets.	14,285	428,444	428,444	-
Total other financing sources	<u>14,285</u>	<u>428,444</u>	<u>428,444</u>	<u>-</u>
Net change in fund balances	(29,111)	211,825	318,367	106,542
Fund balances at beginning of year	175,764	175,764	175,764	-
Prior year encumbrances appropriated	149,675	149,675	149,675	-
Fund balance at end of year	<u>\$ 296,328</u>	<u>\$ 537,264</u>	<u>\$ 643,806</u>	<u>\$ 106,542</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2019

	Governmental Activities - Internal Service Fund
	<u> </u>
Assets:	
Current assets:	
Equity in pooled cash and investments	\$ 1,018,393
Cash with fiscal agent.	465,765
Receivables:	
Accounts.	12,303
Noncurrent assets:	
Net pension asset.	<u>314</u>
Total assets	<u>1,496,775</u>
 Deferred outflows of resources:	
Pension	23,289
OPEB	<u>2,811</u>
Total deferred outflows of resources	<u>26,100</u>
 Liabilities:	
Current liabilities:	
Accounts payable.	1,539
Accrued wages and benefits payable	1,322
Due to other governments	675
Claims payable	369,247
Long-term liabilities:	
Net pension liability	75,459
Net OPEB liability	<u>35,305</u>
Total liabilities	<u>483,547</u>
 Deferred inflows of resources:	
Pension	1,714
OPEB	<u>678</u>
Total deferred inflows of resources	<u>2,392</u>
 Net position:	
Unrestricted	<u>1,036,936</u>
Total net position.	<u>\$ 1,036,936</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, 2019

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 4,715,469
Other	111,165
Total operating revenues.	<u>4,826,634</u>
Operating expenses:	
Personal services	74,600
Contract services.	920,230
Claims.	4,046,385
Other	1,027
Total operating expenses.	<u>5,042,242</u>
Operating loss	<u>(215,608)</u>
Nonoperating revenues:	
Interest	15,301
Total nonoperating revenues	<u>15,301</u>
Change in net position	(200,307)
Net position at beginning of year.	<u>1,237,243</u>
Net position at end of year	<u>\$ 1,036,936</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from interfund services	\$ 4,715,469
Cash received from other receipts.	124,166
Cash payments for personal services	(60,865)
Cash payments for contractual services	(920,230)
Cash payments for claims	(4,120,738)
Cash payments for other expenses.	<u>(1,027)</u>
Net cash used in operating activities	<u>(263,225)</u>
Cash flows from investing activities:	
Interest received	<u>15,301</u>
Net cash provided by investing activities	<u>15,301</u>
Net decrease in cash and cash equivalents.	(247,924)
Cash and cash equivalents at beginning of year	<u>1,732,082</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,484,158</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	\$ (215,608)
Changes in assets, deferred outflows, liabilities and deferred inflow:	
Decrease in accounts receivable	13,001
Decrease in net pension asset.	69
Increase in deferred outflows - pension	(9,936)
Increase in deferred outflows - OPEB.	(566)
Decrease in accounts payable	(1,275)
Increase in accrued wages and benefits	120
Increase in due to other governments	28
Decrease in claims payable.	(74,353)
Increase in net pension liability	31,290
Increase in net OPEB liability	5,284
Decrease in deferred inflows - pension	(9,432)
Decrease in deferred inflows - OPEB	<u>(1,847)</u>
Net cash used in operating activities.	<u><u>\$ (263,225)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF FIUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2019

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,423,496
Cash in segregated accounts	266,928
Receivables (net of allowances for uncollectibles):	
Taxes - current	30,664,441
Due from other governments	<u>2,617,002</u>
Total assets	<u>35,971,867</u>
Liabilities:	
Accounts payable	10,941
Accrued wages and benefits	28,665
Compensated absences payable	46,029
Due to other governments	<u>3,730,008</u>
Total liabilities	<u>3,815,643</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	<u>29,335,354</u>
Total deferred inflows of resources	<u>29,335,354</u>
Net position:	
Restricted for individuals, organizations and other governments .	<u>2,820,870</u>
Total net position	<u>\$ 2,820,870</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Custodial
Additions:	
From local sources:	
Intergovernmental	\$ 4,951,481
Amounts received as fiscal agent	2,561,170
Licenses, permits and fees for other governments	3,639,645
Fines and forfeitures for others	835,160
Property tax collection for other governments	26,932,238
Earnings on investments	460
Payment in lieu of taxes collected for other governments.	18,005
Other custodial fund collections	151,340
 Total additions	 39,089,499
Deductions:	
Distributions of state funds to other governments	4,900,127
Distributions as fiscal agent	2,247,764
Licenses, permits and fees distributions to other governments	3,604,481
Fines and forfeitures distributions to others	756,952
Property tax distributions to other governments	26,948,907
Payment in lieu of taxes due to other governments	18,005
Other custodial fund disbursements	139,798
 Total deductions	 38,616,034
 Net change in fiduciary net position	 473,465
 Net position beginning of year (restated)	 2,347,405
 Net position end of year	 \$ 2,820,870

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statement of the County are not misleading.

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For the County, this includes other departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading.

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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.

Information related to Coshocton County Regional Airport Authority is presented in Note 24.

EXCLUDED POTENTIAL COMPONENT UNITS

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

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore, the operations of the following PCUs have been excluded from the County's basic financial statements, but the funds held on behalf of these PCUs in the County Treasury are included in the custodial 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 2019, the County paid \$37,259 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 a 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.

During 2019, Coshocton County contributed \$322,038 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. Additionally, the Council serves individuals of all ages through the caregiver program, chronic disease self-management programs and our administration of the Ohio Home Care Waiver. 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.

Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves nineteen 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 2019, Coshocton County paid \$447,579 to MEORC for residential services.

Ohio Mid-Eastern 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 twenty-one-member Executive Board comprised of members appointed from each participating county and the cities within each 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 2019, the County contributed \$4,913 to OMEGA.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 2019, the County paid \$203,140 to the Council for services.

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 \$60,000 to the Port Authority during 2019.

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-six 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, 2019

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 2019 was \$203,178.

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 County 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 custodial funds 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.

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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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.

Engineer's FEMA fund - This fund accounts for federal funding from the Federal Emergency Management Agency ("FEMA") used for disaster relief and emergency assistance.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 funds are internal service funds.

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 has two internal service funds, both account for self-insurance programs.

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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. Custodial funds are custodial in nature and are prepared using the economic resources measurement focus. The County's only fiduciary funds are custodial 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.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets, 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.

Custodial funds use the economic resources measurement focus.

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.

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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, see Notes 17 and 18 for deferred outflows of resources related the County's net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes, but is not limited to, sales taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the County, see Notes 17 and 18 for deferred inflows of resources related to the County's net pension liability/asset and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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 custodial 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

The appropriation resolution is subject to amendment by the Commissioners throughout the year with the restriction that appropriations may not exceed estimated 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 investments" on the basic financial statements.

During 2019, the County invested in federal agency securities, municipal bonds, U.S. Treasury notes, U.S. Government money markets, negotiable certificates of deposit, commercial paper, and the State Treasury Asset Reserve of Ohio (STAR Ohio). The federal agency securities, negotiable certificates of deposits, municipal bonds, U.S. Treasury Notes, U.S. Government money markets and commercial paper are reported at fair value which is based on quoted market prices.

During 2019, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2019 amounted to \$589,773 which includes \$418,322 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

The County has monies being held by the Mid East Ohio Regional Council of Governments (MEORC) and the Jefferson Health Plan. 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.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, 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.

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 acquisition values as of the date received. The County maintains a threshold of \$5,000 for general capital assets and a threshold of \$100,000 for infrastructure capital assets.

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 80 years
Machinery and Equipment	8 - 15 years
Vehicles	10 - 20 years
Infrastructure	10 - 50 years
Software	5 - 7 years

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans, notes, capital leases and lease purchase agreements are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension/OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

T. 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. The County did not have any extraordinary or special items during 2019.

U. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2019, the County has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the County.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the County's financial statements.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 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, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the County.

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at December 31, 2018:

	<u>General</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>Engineer's FEMA</u>	<u>County Board of DD</u>
Fund Balance as previously reported	\$ 5,646,939	\$ (329,697)	\$ 2,014,713	\$ (583,211)	\$ 6,068,969
GASB Statement No. 84	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restated Fund Balance, at December 31, 2018	<u>\$ 5,646,939</u>	<u>\$ (329,697)</u>	<u>\$ 2,014,713</u>	<u>\$ (583,211)</u>	<u>\$ 6,068,969</u>
	<u>Emergency Ambulance Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
Fund Balance as previously reported	\$ 419,522	\$ 3,795,818	\$ 17,033,053		
GASB Statement No. 84	<u>-</u>	<u>9,515</u>	<u>9,515</u>		
Restated Fund Balance, at December 31, 2018	<u>\$ 419,522</u>	<u>\$ 3,805,333</u>	<u>\$ 17,042,568</u>		

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at December 31, 2018:

	Governmental Activities
Net position as previously reported	\$ 13,532,110
GASB Statement No. 84	9,515
Restated net position at December 31, 2018	\$ 13,541,625

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$2,347,405. Also, related to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of \$33,927,638.

C. Deficit Fund Balances

Fund balances at December 31, 2019 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Human Services	\$ 303,900
<u>Nonmajor fund</u>	
Child Support Enforcement Agency	40,734

The general fund is liable for any deficit 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;

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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. Except as noted above, 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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, unless collateralized through the OPCS. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. 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 2019, the County and public depositories complied with the provisions of these statutes.

A. Cash with Fiscal Agent

At December 31, 2019, the County had \$2,787,237 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, 2019, the County's internal service fund had a balance of \$465,765 with the Jefferson Health Plan, a claims servicing pool. The money is held by the claims servicing pool in a pooled account.

At December 31, 2019, the County had \$61,749 in monies held by BCI Capital, Inc. as fiscal agent. These funds are held outside of the County Treasury and are not included in "deposits with financial institutions" below.

B. Cash on Hand

At December 31, 2019, the County had \$955 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, 2019, the carrying amount of all County deposits was \$4,243,363 and the bank balance of all County deposits was \$5,433,614. Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institutions' participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2019, the County had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturities</u>				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
Negotiable CDs	\$ 3,226,345	\$ 249,174	\$ 606,839	\$ -	\$ -	\$ 2,370,332
U.S. Govt Money Market	1,561,144	1,561,144	-	-	-	-
Municipal Bonds	248,770	-	-	-	-	248,770
FFCB	907,047	-	-	-	-	907,047
FHLB	881,961	-	-	-	-	881,961
FHLMC	4,182,818	-	3,183,757	-	-	999,061
FNMA	2,394,756	-	-	-	-	2,394,756
U.S. Treasury Note	371,265	-	-	-	-	371,265
Commercial Paper	247,385	-	247,385	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>208,268</u>	<u>208,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,229,759</u>	<u>\$ 2,018,586</u>	<u>\$ 4,037,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,173,192</u>

The weighted average maturity of investments is 2.43 years.

The County's investments in federal agency securities, negotiable certificates of deposit, commercial paper, municipal bonds and U.S. Treasury notes and U.S. Government money market are valued using quoted market prices (Level 1 inputs).

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 commercial paper carry a rating of A-1 and P-1 by Standard & Poor's and Moody, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. 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, 2019

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, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Amount</u>	<u>% of Total</u>
Fair Value:		
Negotiable CDs	\$ 3,226,345	22.67
U.S. Govt Money Market	1,561,144	10.97
Municipal bonds	248,770	1.75
FFCB	907,047	6.37
FHLB	881,961	6.20
FHLMC	4,182,818	29.40
FNMA	2,394,756	16.83
U.S. Treasury Note	371,265	2.61
Commercial Paper	247,385	1.74
Amortized Cost:		
STAR Ohio	<u>208,268</u>	<u>1.46</u>
Total	<u>\$ 14,229,759</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, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,243,363
Investments	14,229,759
Cash on hand	955
Cash with fiscal agent	<u>3,314,751</u>
Total	<u>\$ 21,788,828</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 19,098,404
Custodial funds	<u>2,690,424</u>
Total	<u>\$ 21,788,828</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	
Human Services fund	\$ 115,356
Nonmajor governmental	<u>146,425</u>
	<u>261,781</u>
 <u>Transfer from County Board of DD to:</u>	
Nonmajor governmental	<u>829,788</u>
Total transfers	<u>\$ 1,091,569</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 2019 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, 2019:

Fund	Due from other funds	Due to other funds
General fund	\$ 29,382	\$ -
Human services fund	107,609	33,787
Emergency ambulance levy fund	-	300
Nonmajor governmental	<u>29,245</u>	<u>132,149</u>
Total	<u>\$ 166,236</u>	<u>\$ 166,236</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, 2019

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

C. Interfund Balances

Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2019, consist of the following individual fund loan receivable and payable as reported on the fund statements:

Fund	Interfund receivable	Interfund payable
General fund	\$ 22,500	\$ -
Nonmajor governmental	-	22,500
Total	\$ 22,500	\$ 22,500

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. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 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. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds. 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, 2019 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 2019 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, 2019

NOTE 6 - PROPERTY TAXES – (Continued)

The full tax rate for all County operations for the year ended December 31, 2019 was \$15.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Real property	\$ 685,908,480
Public utility personal property	<u>99,948,250</u>
Total assessed value	<u><u>\$ 785,856,730</u></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 2019 amounted to \$5,593,376 with the entire amount credited to the general fund.

NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE

During the current year and during a prior year, the County entered into lease agreements for the acquisition of copiers. The assets have been capitalized in governmental capital assets in the amount of \$75,926, 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, the County agency coordinated transportation fund (a nonmajor governmental fund), and the sheriff's rotary fund (a nonmajor governmental fund).

<u>Year</u>	<u>Amount</u>
2020	\$ 14,470
2021	9,768
2022	3,977
2023	2,065
2024	<u>1,289</u>
Total minimum lease payments	31,569
Less: amount representing interest	<u>(2,217)</u>
Present value of minimum lease payments	<u><u>\$ 29,352</u></u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

During the current year and a prior year, the County entered into lease purchase agreements with financial institutions to assist in financing radio equipment, EMS trucks, an excavator, a mower, ambulances and dump trucks.

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 2019 totaled \$268,586. Principal and interest payments are made from the general fund, the 911 levy fund (a nonmajor governmental fund), the emergency ambulance levy fund and the motor vehicle and gas tax fund.

Capital assets consisting of machinery and equipment have been capitalized in the amount of \$1,154,126 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, 2019:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 315,409
2021	315,408
2022	315,408
2023	230,206
2024	105,983
2025 -2028	<u>143,402</u>
Total minimum lease payments	1,425,816
Less: amount representing interest	<u>(143,777)</u>
Present value of future minimum lease payments	<u>\$ 1,282,039</u>

NOTE 10 - COMPENSATED ABSENCES

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

NOTE 11 - CONTINGENT LIABILITIES

The County has received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial. At year end, the County was involved in a pending lawsuit as a defendant. However, at December 31, the outcome of the lawsuit is undetermined.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - RECEIVABLES

Receivables at December 31, 2019, 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, 2019. A summary of the principal items due from other governments:

<u>Fund / Type</u>	<u>Amount</u>
Major funds:	
General fund:	
Local government revenue	\$ 224,175
Casino tax	215,779
Homestead and rollback	105,187
Miscellaneous reimbursements	125,212
	<u>670,353</u>
Human services fund:	
Miscellaneous grants and reimbursements	69,250
	<u>69,250</u>
Motor vehicle license and gasoline tax fund:	
License, gasoline and permissive taxes	2,712,234
Miscellaneous grants and reimbursements	13,016
	<u>2,725,250</u>
County board of DD fund:	
Homestead and rollback	115,462
Miscellaneous grants and reimbursements	16,454
	<u>131,916</u>
Emergency ambulance levy fund:	
Homestead and rollback	114,018
	<u>114,018</u>
Other governmental funds:	
Homestead and rollback	58,942
Miscellaneous grants and reimbursements	730,019
	<u>788,961</u>
Total due from other governments	<u>\$ 4,499,748</u>

NOTE 13 - LOAN RECEIVABLE

On October 1, 2014, the Coshocton County Board of Developmental Disabilities (the "Board") agreed to subsidize the Coshocton Community Housing Corporation (the "Corporation") through a \$67,000 grant for the down payment of a newly constructed house. \$30,000 of this grant is to be reimbursed back to the Board through monthly payments. These payments are not to exceed 7 years and are said to begin once the house has full occupancy. At December 31, 2019, the Corporation had made two payments on the loan, and as a result a loan receivable in the amount of \$22,500 has been reported by the County.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/19</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,523,603	\$ 225,070	\$ (79,933)	\$ 1,668,740
Total capital assets, not being depreciated	<u>1,523,603</u>	<u>225,070</u>	<u>(79,933)</u>	<u>1,668,740</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	15,641,471	158,441	(272,700)	15,527,212
Machinery and equipment	5,489,422	844,081	(821,304)	5,512,199
Vehicles	4,435,581	918,678	(141,219)	5,213,040
Infrastructure	30,736,445	1,956,111	-	32,692,556
Software	<u>885,697</u>	<u>205,240</u>	<u>(378,073)</u>	<u>712,864</u>
Total capital assets, being depreciated	<u>57,188,616</u>	<u>4,082,551</u>	<u>(1,613,296)</u>	<u>59,657,871</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(9,111,082)	(374,288)	9,310	(9,476,060)
Machinery and equipment	(3,518,855)	(288,116)	792,220	(3,014,751)
Vehicles	(2,389,077)	(392,121)	114,349	(2,666,849)
Infrastructure	(19,010,212)	(1,402,161)	-	(20,412,373)
Software	<u>(534,730)</u>	<u>(57,268)</u>	<u>357,664</u>	<u>(234,334)</u>
Total accumulated depreciation	<u>(34,563,956)</u>	<u>(2,513,954)</u>	<u>1,273,543</u>	<u>(35,804,367)</u>
Total capital assets, being depreciated net	<u>22,624,660</u>	<u>1,568,597</u>	<u>(339,753)</u>	<u>23,853,504</u>
Governmental activities capital assets, net	<u>\$ 24,148,263</u>	<u>\$ 1,793,667</u>	<u>\$ (419,686)</u>	<u>\$ 25,522,244</u>

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

<u>Governmental activities:</u>	
General government:	
Legislative and executive	\$ 225,624
Judicial	77,622
Public safety	190,043
Public works	1,680,839
Health	238,815
Human services	99,883
Conservation and recreation	<u>1,128</u>
Total depreciation expense - governmental activities	<u>\$ 2,513,954</u>

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 15 - LONG-TERM OBLIGATIONS

During 2019, the following changes occurred in governmental activities long-term obligations.

	Issue	Maturity	Interest	Balance			Balance	Amount Due
	Date	Date	Rate	12/31/18	Additions	Reductions	12/31/19	in One Year
Governmental Activities:								
<u>General obligation bonds:</u>								
County Garage Building - Refunding Bonds	2011	12/1/2019	1.40-4.00%	\$ 80,000	\$ -	\$ (80,000)	\$ -	\$ -
<i>Direct borrowings:</i>								
<u>General Obligation</u>								
Taxable Refunding Bonds Information Technology	2016	12/1/2021		245,000	-	(80,000)	165,000	80,000
Acquisition Bonds	2015	4/13/2020	2.15%	78,996	-	(39,079)	39,917	39,917
Property Acquisition Bonds	2015	4/13/2020	2.15%	74,308	-	(36,760)	37,548	37,548
Total general obligation bonds				<u>478,304</u>	<u>-</u>	<u>(235,839)</u>	<u>242,465</u>	<u>157,465</u>
<u>Notes</u>								
<i>Direct borrowings:</i>								
Promissory Note	2014	5/1/2019	1.95%	338,166	-	(338,166)	-	-
Promissory Note	2019	5/13/2029	3.27%	-	250,000	-	250,000	16,667
Home Loan Savings Building	2017	5/5/2026	2.50%	260,253	-	(28,917)	231,336	28,917
Total notes				<u>598,419</u>	<u>250,000</u>	<u>(367,083)</u>	<u>481,336</u>	<u>45,584</u>
<u>Loans:</u>								
<i>Direct borrowing:</i>								
OWDA - Fresno/Pearl Sewer Construction	2010	1/1/2041	1.00%	177,598	-	(7,256)	170,342	7,328
Total Loans				<u>177,598</u>	<u>-</u>	<u>(7,256)</u>	<u>170,342</u>	<u>7,328</u>
<u>Other long-term obligations:</u>								
Capital Leases				38,169	5,669	(14,486)	29,352	13,266
Lease Purchase Agreements				1,343,409	207,216	(268,586)	1,282,039	269,516
Net Pension Liability				18,360,909	11,950,816	-	30,311,725	-
Net OPEB Liability				12,063,143	1,827,011	-	13,890,154	-
Compensated Absences				1,347,143	893,264	(876,678)	1,363,729	1,069,350
Total Other Long-Term Obligations				<u>33,152,773</u>	<u>14,883,976</u>	<u>(1,159,750)</u>	<u>46,876,999</u>	<u>1,352,132</u>
Total general long-term obligations				<u>\$ 34,407,094</u>	<u>\$ 15,133,976</u>	<u>\$ (1,769,928)</u>	<u>\$ 47,771,142</u>	<u>\$ 1,562,509</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 6, 2016, the County issued \$395,000 in general obligation refunding bonds- Series 2016 for the purpose of refunding general obligation bonds - Series 2016. 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 terms bonds, par value \$395,000. The bonds bear an interest rate of 2.780%. 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, 2021. These bonds are a direct borrowing that has terms negotiated between the County and the creditor.

The reacquisition price exceeded the net carrying amount of old debt by \$24,475. 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 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 matured on December 1, 2019.

The reacquisition price exceeded the net carrying amount of old debt by \$23,832. This amount was netted against the new debt and amortized over the remaining life of the refunded debt, which was equal to the life of the new debt issued.

On April 13, 2015, the County issued \$191,357 in information technology acquisition bonds - series 2015 for the purpose of acquiring information technology. The bonds bear an interest rate of 2.15%. Principal and interest payments are made from the County general fund and are due on April 13 of each year. The bonds mature on April 13, 2020. These bonds are a direct borrowing that have terms negotiated between the County and the creditor.

On April 13, 2015, the County issued \$180,000 in real estate acquisition bonds - series 2015 for the purpose of acquiring real estate. The bonds bear an interest rate of 2.15%. Principal and interest payments are made from the County debt service fund (a nonmajor governmental fund) and are due on April 13 of each year. The bonds mature on April 13, 2020. These bonds are a direct borrowing that have terms negotiated between the County and the creditor.

On May 21, 2014, the County signed a \$407,600 promissory note for the purpose of building renovations. This note was paid from the general fund. This note is a direct borrowing that has terms negotiated between the County and the creditor.

On May 13, 2019, the County signed a \$250,000 promissory note for the purpose of refunding the commissioners building renovations note that was issued in 2014. This note will be paid from the general fund. This note is a direct borrowing that has terms negotiated between the County and the creditor.

On May 5, 2017, the County signed a \$289,170 promissory note for purchase of a building. This note will be paid from the general fund. The note has an interest rate of 2.50% and matures on May 5, 2026. This note is a direct borrowing that has terms negotiated between the County and the creditor.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - LONG TERM OBLIGATIONS - (Continued)

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, 2019, the balance of the County's OWDA loan is \$170,342. 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. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

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.

Refer to Notes 17 and 18 for detail on the net pension liability and net OPEB liability. The County pays obligations related to employee compensation from the fund benefitting from their service which for the County, is the general fund.

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

Year Ending December 31,	General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest
2020	\$ 157,465	\$ 6,257	\$ 7,328	\$ 1,685
2021	85,000	2,363	7,402	1,612
2022	-	-	7,476	1,537
2023	-	-	7,551	1,463
2024	-	-	7,626	1,387
2025 - 2029	-	-	39,294	5,772
2030 - 2034	-	-	41,304	3,762
2035 - 2039	-	-	43,416	1,650
2040	-	-	8,945	67
Total	<u>\$ 242,465</u>	<u>\$ 8,620</u>	<u>\$ 170,342</u>	<u>\$ 18,935</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - LONG TERM OBLIGATIONS - (Continued)

Year Ending December 31,	Notes Payable		Total	
	Principal	Interest	Principal	Interest
2020	\$ 45,584	\$ 14,191	\$ 210,377	\$ 22,133
2021	45,584	12,866	137,986	16,841
2022	45,584	11,581	53,060	13,118
2023	45,584	10,296	53,135	11,759
2024	45,584	9,035	53,210	10,422
2025 - 2029	253,416	26,512	292,710	32,284
2030 - 2034	-	-	41,304	3,762
2035 - 2039	-	-	43,416	1,650
2040	-	-	8,945	67
Total	\$ 481,336	\$ 84,481	\$ 894,143	\$ 112,036

Legal Debt Margin

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

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$17,948,926 at December 31, 2019 and the unvoted legal debt margin was \$7,858,567 at December 31, 2019.

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-six counties and thirty-two affiliated county public entity members 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - RISK MANAGEMENT - (Continued)

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-six members.

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

Cyber liability and expense	\$4,000,000
Automobile liability	1,000,000
Uninsured/underinsured motorists liability	250,000
Excess liability	5,000,000
Stop gap liability	1,000,000
Medical professional liability	1,000,000
Foster parents	6,000,000
Accounts receivable	1,000,000
Property - total covered value	94,713,692
Other property insurance:	
Extra expense/business income	2,500,000
Electronic Data Processing (EDP):	
Media -per occurrence	100,000
Extra Expense - per occurrence	25,000
Sewer line coverage	2,539,620
Underground fiber optic lines	10,000
Law enforcement canines	25,000
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, 2019

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, 2018 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, 2018, 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 \$2,700 deductible and a \$5,400 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, 2019 through December 31, 2019 the County provided three options for employees to choose from. Plan A- Buyup - \$2,080 family coverage, \$708 single, Employee + Spouse \$1,514 and Employee + child/children \$1,253. For Plan B – Core - \$1,901 family coverage, \$647 single coverage, \$1,386 Employee + spouse and \$1,149 employee + child/children. Plan C – HSA - \$1,875 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 \$159,632 reported in the fund at December 31, 2019, 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 2019 and 2018 were:

	<u>Beginning of Year</u>	<u>Year Claims</u>	<u>Payments</u>	<u>End of Year</u>
2019	\$ 318,069	\$ 2,761,869	\$ (2,920,306)	\$ 159,632
2018	242,352	3,095,861	(3,020,144)	318,069

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - RISK MANAGEMENT - (Continued)

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 \$1,653.84 family and \$822.24 single premium, a prescription drug plan with a \$364.75 family and \$165.99 single premium and a vision plan with a \$27.01 family and \$12.11 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.

The claims liability of \$209,615 reported in the fund at December 31, 2019, 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 2019 and 2018 were:

		<u>Balance at</u> <u>Beginning of Year</u>		<u>Current</u> <u>Year Claims</u>		<u>Claim</u> <u>Payments</u>		<u>Balance at</u> <u>End of Year</u>
2019	\$	125,531	\$	1,284,516	\$	(1,200,432)	\$	209,615
2018		52,579		890,955		(818,003)		125,531

NOTE 17 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the County's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, participate 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Law Enforcement</u>
2019 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee ***	10.0 %	**
2019 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0 %</u>	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,418,533 for 2019. Of this amount, \$252,275 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability 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 - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For 2019, plan members were required to contribute 14% of their annual covered salary. The County was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The 2019 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$51,772 for 2019. Of this amount, \$1,701 is reported as due to other governments.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Proportion of the net pension liability/asset prior measurement date	0.11708800%	0.11505200%	0.06896700%	0.00278605%	
Proportion of the net pension liability/asset current measurement date	<u>0.11547300%</u>	<u>0.11649300%</u>	<u>0.06535100%</u>	<u>0.00281976%</u>	
Change in proportionate share	<u>-0.00161500%</u>	<u>0.00144100%</u>	<u>-0.00361600%</u>	<u>0.00003371%</u>	
Proportionate share of the net pension liability	\$ 29,688,152	\$ -	\$ -	\$ 623,573	\$ 30,311,725
Proportionate share of the net pension asset	-	(122,284)	(1,398)	-	(123,682)
Pension expense	6,166,012	33,933	(362)	59,401	6,258,984

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	STRS	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 1,371	\$ -	\$ 5,819	\$ 5,077	\$ 12,267
Net difference between projected and actual earnings on pension plan investments	4,029,514	26,343	462	-	4,056,319
Changes of assumptions	2,584,425	27,310	432	73,252	2,685,419
Changes in employer's proportionate percentage/difference between employer contributions	94,275	-	-	28,308	122,583
Contributions subsequent to the measurement date	2,318,200	59,347	40,986	25,881	2,444,414
Total deferred outflows of resources	\$ 9,027,785	\$ 113,000	\$ 47,699	\$ 132,518	\$ 9,321,002

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ 389,824	\$ 49,945	\$ -	\$ 2,698	\$ 442,467
Net difference between projected and actual earnings on pension plan investments	-	-	-	30,476	30,476
Changes in employer's proportionate percentage/difference between employer contributions	411,805	-	-	8,886	420,691
Total deferred inflows of resources	\$ 801,629	\$ 49,945	\$ -	\$ 42,060	\$ 893,634

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$2,444,414 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase to the net pension asset in the year ending December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
2020	\$ 2,547,606	\$ 4,132	\$ 968	\$ 46,170	\$ 2,598,876
2021	1,112,510	(1,130)	886	10,159	1,122,425
2022	373,819	(575)	898	2,895	377,037
2023	1,874,019	7,669	1,083	5,350	1,888,121
2024	2	(3,155)	803	3	(2,347)
Thereafter	-	(3,233)	2,075	-	(1,158)
Total	\$ 5,907,956	\$ 3,708	\$ 6,713	\$ 64,577	\$ 5,982,954

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation for the traditional plan; 3.25% to 8.25% for the combined and member directed plans
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the County's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$43,858,033	\$ 29,688,152	\$17,912,852
Combined Plan	(40,462)	(122,284)	(181,531)
Member-Directed Plan	(613)	(1,398)	(2,454)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability	\$ 911,282	\$ 623,573	\$ 380,012

NOTE 18 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the County's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the County's obligation for this liability/asset to annually required payments. The County cannot control benefit terms or the manner in which OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution was \$16,394 for 2019. Of this amount, \$1,710 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For 2019, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.11497000%	0.00278605%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.11349200%</u>	<u>0.00281976%</u>	
Change in proportionate share	<u>-0.00147800%</u>	<u>0.00003371%</u>	
Proportionate share of the net			
OPEB liability	\$ 13,890,154	\$ -	\$ 13,890,154
OPEB asset	\$ -	\$ 46,702	\$ 46,702
OPEB expense	\$ 1,175,564	\$ (13,293)	\$ 1,162,271

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 4,704	\$ 4,235	\$ 8,939
Net difference between projected and actual earnings on OPEB plan investments	636,782	-	636,782
Changes of assumptions	447,835	981	448,816
Changes in employer's proportionate percentage/ difference between employer contributions	63,631	4,217	67,848
Contributions subsequent to the measurement date	16,394	-	16,394
Total deferred outflows of resources	<u>\$ 1,169,346</u>	<u>\$ 9,433</u>	<u>\$ 1,178,779</u>

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 37,688	\$ 2,376	\$ 40,064
Net difference between projected and actual earnings on OPEB plan investments	-	2,934	2,934
Changes of assumptions	-	51,203	51,203
Changes in employer's proportionate percentage/difference between employer contributions	338,645	-	338,645
Total deferred inflows of resources	<u>\$ 376,333</u>	<u>\$ 56,513</u>	<u>\$ 432,846</u>

\$16,394 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Year Ending December 31:			
2020	\$ 389,308	\$ (10,371)	\$ 378,937
2021	(33,283)	(10,369)	(43,652)
2022	99,804	(9,195)	90,609
2023	320,790	(8,786)	312,004
2024	-	(8,525)	(8,525)
Thereafter	-	166	166
Total	<u>\$ 776,619</u>	<u>\$ (47,080)</u>	<u>\$ 729,539</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60% for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB liability	\$17,770,684	\$ 13,890,154	\$ 10,804,107

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB liability	\$13,351,451	\$ 13,890,154	\$ 14,510,594

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Health care cost trends				
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
	County's proportionate share of the net OPEB asset	\$ 39,851	\$ 46,702

	1% Decrease	Current Trend Rate	1% Increase
	County's proportionate share of the net OPEB asset	\$ 52,958	\$ 46,702

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 19 - RELATED PARTY TRANSACTIONS

Coshocton County Airport authority is a component unit of Coshocton County. During 2019, the County Airport Authority received an operating transfer from the County in the amount of \$29,600.

Additionally, the County pays salary and fringe benefits for Airport Authority employees, with the exception of the Airport Authority's Secretary – Treasurer. During 2019, the County paid Airport Authority employees' salaries and fringe benefits of \$111,831. The Airport Authority obtains federal grants that have matching requirements of 5% and 10%, depending on the grant. Matching requirements are made from non-federal revenue sources. The County pays the local matching requirement of the Airport Authority grants. During 2019, the County paid \$17,433 to Airport Authority vendors to make the local matching requirements.

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>	<u>Human Services</u>	<u>Motor Vehicle License and Gasoline Tax</u>	<u>Engineer's FEMA</u>	<u>County Board of DD</u>	<u>Emergency Ambulance Levy</u>
Budget basis	\$ (775,564)	\$ (127,888)	\$ 545,778	\$ (514,234)	\$ (777,342)	\$ 318,367
Net adjustment for revenue accruals	118,956	106,471	492,890	(7,647)	568,052	43,639
Net adjustment for expenditure accruals	(228,298)	(77,448)	(3,210)	325,842	(669,575)	20,533
Net adjustment for other sources/uses	(563,235)	(6,665)	(355,771)	779,250	(101,845)	-
Funds budgeted elsewhere	(2,965)	-	-	-	-	-
Adjustment for encumbrances	<u>775,532</u>	<u>131,327</u>	<u>124,236</u>	<u>-</u>	<u>104,951</u>	<u>110,528</u>
GAAP basis	<u>\$ (675,574)</u>	<u>\$ 25,797</u>	<u>\$ 803,923</u>	<u>\$ 583,211</u>	<u>\$ (875,759)</u>	<u>\$ 493,067</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, the unclaimed monies fund, the foreclosure unclaimed monies fund and Medicaid sales tax transition fund.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 21 - FUND BALANCE

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

Fund balance	General	Human Services	Motor Vehicle and Gas Tax Fund	County Board of DD Fund	Emergency Ambulance Levy Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepayments	\$ 251,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,130
Materials and supplies inventory	61,964	3,033	295,313	2,277	63,607	9,700	435,894
Unclaimed monies	77,097	-	-	-	-	-	77,097
Total nonspendable	390,191	3,033	295,313	2,277	63,607	9,700	764,121
Restricted:							
Capital projects	-	-	-	-	-	812,451	812,451
Debt service	-	-	-	-	-	44,973	44,973
Public works	-	-	2,523,323	-	-	253,212	2,776,535
Human services	-	-	-	-	-	133,815	133,815
Health	-	-	-	5,190,933	-	278,465	5,469,398
General government operations	-	-	-	-	-	1,311,536	1,311,536
Public safety programs	-	-	-	-	-	1,069,691	1,069,691
Other purposes	-	-	-	-	-	42,106	42,106
Total restricted	-	-	2,523,323	5,190,933	-	3,946,249	11,660,505
Committed:							
Human services	-	-	-	-	-	293,369	293,369
Health	-	-	-	-	848,982	-	848,982
Public safety programs	-	-	-	-	-	200,241	200,241
Total committed	-	-	-	-	848,982	493,610	1,342,592
Assigned:							
Public works	22,567	-	-	-	-	-	22,567
Human services	6,484	-	-	-	-	-	6,484
General government operations	193,162	-	-	-	-	-	193,162
Public safety programs	92,510	-	-	-	-	-	92,510
Other purposes	320,954	-	-	-	-	-	320,954
Subsequent year appropriations	2,725,892	-	-	-	-	-	2,725,892
Total assigned	3,361,569	-	-	-	-	-	3,361,569
Unassigned (deficit)	1,219,605	(306,933)	-	-	-	(40,734)	871,938
Total fund balances	\$ 4,971,365	\$ (303,900)	\$ 2,818,636	\$ 5,193,210	\$ 912,589	\$ 4,408,825	\$ 18,000,725

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 Encumbrances</u>
General	\$ 637,805
Human services	34,974
Motor vehicle and gas tax	71,872
County board of DD	92,136
Emergency ambulance levy	102,447
Other governmental	<u>300,654</u>
 Total	 <u>\$ 1,239,888</u>

NOTE 23 - TAX ABATEMENTS

As of December 31, 2019, the County provides tax abatements through an Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority, in conjunction with the Coshocton Port Authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. Once the Department of Taxation approves the agreement, the amount of the abatement is deducted from the business's property tax bill by removing the valuation from the taxable parcel and listing the associated assessed value on the exempt tax list.

The County has jointly entered into agreements with the City of Coshocton to abate property taxes through this program. During 2019, the County's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>County Taxes Abated</u>
Ezone	\$ <u>25,094</u>
Total	\$ <u><u>25,094</u></u>

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 24 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT

A. Reporting Entity

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

B. Summary of Significant Accounting Policies

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

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. Separate checking accounts are used to track cash activity related to the Airport's general fund, Federal Aviation Administration (FAA) federal grant activity, and special events, respectively. 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.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 80 years
Furniture and Equipment	8 - 15 years
Vehicles	10 - 20 years
Infrastructure	10 - 50 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.

C. Change in Accounting Principles/Restatement of Net Position

For 2019, the Airport has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Airport.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No 84 did not have an effect on the financial statements of the Airport.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Airport.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Airport.

D. Deposits and Investments

At year end, the carrying amount of the Airport's deposits was \$99,936 and the bank balance was \$111,095. The entire bank balance was covered by Federal Deposit Insurance Corporation. The Airport has no investments. The Airport also had \$300 in cash on hand.

E. Capital Assets

	Balance 12/31/18	Additions	Deductions	Balance 12/31/19
<i>Capital assets, not being depreciated:</i>				
Land	\$ 189,296	\$ -	\$ -	\$ 189,296
Construction in progress	227,445	314,228	-	541,673
Total capital assets, not being depreciated	<u>416,741</u>	<u>314,228</u>	<u>-</u>	<u>730,969</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	441,127	47,803	(39,242)	449,688
Total cost	<u>6,061,365</u>	<u>47,803</u>	<u>(39,242)</u>	<u>6,069,926</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(295,000)	(11,250)	-	(306,250)
Infrastructure	(2,458,521)	(197,236)	-	(2,655,757)
Vehicles	(14,394)	-	-	(14,394)
Furniture and equipment	(345,709)	(18,985)	39,242	(325,452)
Total accumulated depreciation	<u>(3,113,624)</u>	<u>(227,471)</u>	<u>39,242</u>	<u>(3,301,853)</u>
Total capital assets, being depreciated net	<u>2,947,741</u>	<u>(179,668)</u>	<u>-</u>	<u>2,768,073</u>
Total capital assets, net	<u>\$ 3,364,482</u>	<u>\$ 134,560</u>	<u>\$ -</u>	<u>\$ 3,499,042</u>

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 25 – SUBSEQUENT EVENTS

On February 19, 2020, the County issued \$150,000 in real estate acquisition bonds for the purpose of acquiring property within the County. The bonds bear an interest rate of 2.5% and mature on February 19, 2021.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The County's investment portfolio and the investments of the pension and other employee benefit plan in which the County participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 26 – LITIGATION

Several lawsuits are pending with the County. However, the County is not party to any legal proceedings that would, in the County's opinion, have a material effect on the basic financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

COSHOCTON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability	0.011547%	0.117088%	0.114872%	0.120146%
County's proportionate share of the net pension liability	\$ 29,688,152	\$ 17,748,319	\$ 25,393,424	\$ 20,254,366
County's covered payroll	\$ 14,387,989	\$ 15,199,868	\$ 15,527,875	\$ 14,691,942
County's proportionate share of the net pension liability as a percentage of its covered payroll	206.34%	116.77%	163.53%	137.86%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Combined Plan:</i>				
County's proportion of the net pension asset	0.116493%	0.115052%	0.107132%	0.084810%
County's proportionate share of the net pension asset	\$ 122,284	\$ 151,332	\$ 58,044	\$ 40,167
County's covered payroll	\$ 481,400	\$ 458,692	\$ 402,633	\$ 314,325
County's proportionate share of the net pension asset as a percentage of its covered payroll	25.40%	32.99%	14.42%	12.78%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%
<i>Member Directed Plan:</i>				
County's proportion of the net pension asset	0.065351%	0.068967%	0.069012%	0.061383%
County's proportionate share of the net pension asset	\$ 1,398	\$ 2,326	\$ 279	\$ 228
County's covered payroll	\$ 360,950	\$ 367,280	\$ 429,900	\$ 406,310
County's proportionate share of the net pension asset as a percentage of its covered payroll	0.39%	0.63%	0.06%	0.06%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.45%	103.40%	103.91%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>
	0.119920%	0.119920%
\$	14,069,900	\$ 13,752,108
\$	14,951,925	\$ 14,388,777
	94.10%	95.58%
	86.45%	86.36%
	0.089523%	0.089523%
\$	33,530	\$ 9,138
\$	327,242	\$ 331,946
	10.25%	2.75%
	114.83%	104.56%
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a

COSHOCTON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST SIX YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
County's proportion of the net pension liability	0.00281976%	0.00278605%	0.00265062%	0.00274362%
County's proportionate share of the net pension liability	\$ 623,573	\$ 612,590	\$ 629,660	\$ 918,372
County's covered-employee payroll	\$ 352,879	\$ 334,714	\$ 323,957	\$ 293,443
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.71%	183.02%	194.37%	312.96%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.30%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.00267909%	0.00289660%
\$ 740,422	\$ 704,553
\$ 263,736	\$ 332,985
280.74%	211.59%
72.10%	74.70%

COSHOCTON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 2,318,200	\$ 2,108,656	\$ 2,066,950	\$ 1,863,345
Contributions in relation to the contractually required contribution	<u>(2,318,200)</u>	<u>(2,108,656)</u>	<u>(2,066,950)</u>	<u>(1,863,345)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 14,999,298	\$ 14,387,989	\$ 15,199,868	\$ 15,527,875
Contributions as a percentage of covered payroll	15.45%	14.65%	13.59%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 59,347	\$ 67,396	\$ 59,630	\$ 48,316
Contributions in relation to the contractually required contribution	<u>(59,347)</u>	<u>(67,396)</u>	<u>(59,630)</u>	<u>(48,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 423,907	\$ 481,400	\$ 458,692	\$ 402,633
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 40,986	\$ 36,095	\$ 36,728	\$ 42,990
Contributions in relation to the contractually required contribution	<u>(40,986)</u>	<u>(36,095)</u>	<u>(36,728)</u>	<u>(42,990)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 409,860	\$ 360,950	\$ 367,280	\$ 429,900
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,763,033	\$ 1,794,231	\$ 1,870,541	\$ 1,439,849	\$ 1,387,333	\$ 1,334,575
<u>(1,763,033)</u>	<u>(1,794,231)</u>	<u>(1,870,541)</u>	<u>(1,439,849)</u>	<u>(1,387,333)</u>	<u>(1,334,575)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,691,942	\$ 14,951,925	\$ 14,388,777	\$ 14,398,490	\$ 13,873,330	\$ 14,961,603
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
\$ 37,719	\$ 39,269	\$ 43,153	\$ 24,081	\$ 21,493	\$ 29,947
<u>(37,719)</u>	<u>(39,269)</u>	<u>(43,153)</u>	<u>(24,081)</u>	<u>(21,493)</u>	<u>(29,947)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 314,325	\$ 327,242	\$ 331,946	\$ 302,906	\$ 270,352	\$ 309,157
12.00%	12.00%	13.00%	7.95%	7.95%	9.69%
\$ 40,631	\$ -	\$ -	\$ -	\$ -	\$ -
<u>(40,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 406,310	\$ -	\$ -	\$ -	\$ -	\$ -
10.00%	-	-	-	-	-

COSHOCTON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 51,772	\$ 49,403	\$ 46,860	\$ 45,354
Contributions in relation to the contractually required contribution	<u>(51,772)</u>	<u>(49,403)</u>	<u>(46,860)</u>	<u>(45,354)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 369,800	\$ 352,879	\$ 334,714	\$ 323,957
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 41,082	\$ 36,923	\$ 43,288	\$ 36,583	\$ 38,752	\$ 50,208
<u>(41,082)</u>	<u>(36,923)</u>	<u>(43,288)</u>	<u>(36,583)</u>	<u>(38,752)</u>	<u>(50,208)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 293,443	\$ 263,736	\$ 332,985	\$ 281,408	\$ 298,092	\$ 386,215
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

COSHOCTON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability	0.113492%	0.114970%	0.112186%
County's proportionate share of the net OPEB liability	\$ 13,890,154	\$ 12,063,143	\$ 11,030,918
County's covered payroll	\$ 15,230,339	\$ 16,025,840	\$ 16,360,408
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.20%	75.27%	67.42%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COSHOCTON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability	0.00281976%	0.00278605%	0.00265062%
County's proportionate share of the net OPEB liability (asset)	\$ (46,702)	\$ (45,000)	\$ 103,417
County's covered-employee payroll	\$ 352,879	\$ 334,714	\$ 323,957
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(13.23%)	(13.44%)	31.92%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COSHOCTON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 16,394	\$ 14,438	\$ 171,277	\$ 319,670
Contributions in relation to the contractually required contribution	<u>(16,394)</u>	<u>(14,438)</u>	<u>(171,277)</u>	<u>(319,670)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 15,833,065	\$ 15,230,339	\$ 16,025,840	\$ 16,360,408
Contributions as a percentage of covered payroll	0.10%	0.09%	1.07%	1.95%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 285,313	\$ 296,762	\$ 140,955	\$ 562,686	\$ 537,490	\$ 725,808
<u>(285,313)</u>	<u>(296,762)</u>	<u>(140,955)</u>	<u>(562,686)</u>	<u>(537,490)</u>	<u>(725,808)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,412,577	\$ 15,279,167	\$ 14,720,723	\$ 14,701,396	\$ 14,143,682	\$ 15,270,760
1.85%	1.94%	0.96%	3.83%	3.80%	4.75%

COSHOCTON COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF COUNTY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 369,800	\$ 352,879	\$ 334,714	\$ 323,957
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 2,840	\$ 3,330	\$ 2,814	\$ 2,981	\$ 3,861
-	(2,840)	(3,330)	(2,814)	(2,981)	(3,861)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 293,443	\$ 263,736	\$ 332,985	\$ 281,408	\$ 298,092	\$ 386,215
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

COSHOCTON COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2016. For 2017, STRS decreased the Cost of Living Adjustment (COLA) to zero effective July 1, 2017. There were no changes in benefit terms for 2018-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes of assumption for 2018-2019.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: For 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For 2019, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in the discount rate from 4.13% to 7.45% and (b) decrease in trend rates from 6.00%-11.00% initial; 4.50% ultimate down to 5.23%-9.62% initial; 4.00% ultimate. For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in prescription drug trend rates from -5.23%-9.62% initial; 4.00% ultimate up to 4.93%-9.62% initial; 4.00% ultimate.

COSHOCTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through the Ohio Department of Job and Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5726 / G-2021-11-5913		\$359,683
Total SNAP Cluster				359,683
Total U.S. Department of Agriculture				359,683
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<i>Passed through the Ohio Department of Natural Resources:</i>				
Payments to States in Lieu of Real Estate Taxes	12.112	N/A		173
Total U.S. Department of Defense				173
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed through the Ohio Department of Development:</i>				
Community Development Block Grants/State's Program:				
Community Development Block Grants/State's Program	14.228	B-F-17-1AP-1		392,318
Community Development Block Grants/State's Program	14.228	B-X-17-1AP-1		244,530
Community Development Block Grants/State's Program	14.228	B-C-17-1AP-1		145,813
Community Development Block Grants/State's Program	14.228	B-X-18-1AP-1		14,000
Community Development Block Grants/State's Program	14.228	B-C-19-1AP-1		15,000
Total Community Development Block Grants / State's Program				811,661
Home Investment Partnerships Program	14.239	B-C-17-1AP-2		249,114
Total U.S. Department of Housing and Urban Development				1,060,775
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through the Ohio Office of Criminal Justice Services:</i>				
Crime Victims Assistance Program	16.575	2019-VOCA-132218532		37,405
<i>Passed through the Ohio Supreme Court:</i>				
Drug Court Discretionary Grant Program	16.585	2017-DC-BX-K001		4,500
<i>Direct from U.S. Department of Justice:</i>				
Bulletproof Vest Partnership Program	16.607	2017BUBX17090227		3,087
Total U.S. Department of Justice				44,992
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed through Area 7 Workforce Investment Board:</i>				
Employment Services Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A		1,821
Total Employment Services Cluster				1,821
Trade Adjustment Assistance	17.245	N/A		288
WIOA Cluster:				
WIA / WIOA Adult Program (SFY 18)	17.258	2018-7216-1		65,416
WIA / WIOA Adult Program (SFY 19)	17.258	2018-7216-1		48,503
Total WIA / WIOA - Adult Program				113,919
WIA / WIOA Youth Activities (SFY 17)	17.259	2016-7216-1		2,559
WIA / WIOA Youth Activities (SFY 18)	17.259	2018-7216-1		71,618
WIA / WIOA Youth Activities (SFY 19)	17.259	2018-7216-1		4,218
Total WIA / WIOA - Youth Activities				78,395
WIA / WIOA Dislocated Workers Formula (SFY 18)	17.278	2018-7216-1		53,652
WIA / WIOA Dislocated Workers Formula (SFY 19)	17.278	2018-7216-1		3,176
Total WIA / WIOA - Dislocated Workers Formula				56,828
Total WIOA Cluster				249,142
Total U.S. Department of Labor				251,251
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Direct from U.S. Department of Transportation:</i>				
Airport Improvement Program				
Airport Improvement Program	20.106	3-39-0028-023-2018		225,875
Airport Improvement Program	20.106	3-39-0028-024-2019		255,448
Total Airport Improvement Program				481,323
<i>Passed through the Ohio Department of Transportation:</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	108424		560
Highway Planning and Construction Cluster				560
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OCPX-0016-061-191		53,026
Total Transit Services Programs Cluster				53,026
Total U.S. Department of Transportation				534,909

COSHOCTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

FEDERAL GRANTOR/ <i>Pass Through Grantor/</i> Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through the Ohio Department of Education:</i>				
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027	H027A180111		12,468
Special Education - Grants to States (IDEA, Part B)	84.027	H027A190111		3,135
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A180119		5,544
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A190119		1,387
Total Special Education Cluster (IDEA)				<u>22,534</u>
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Special Education - Grants for Infants and Families				
Early Intervention - Help Me Grow	84.181	H181A170024		22,098
Early Intervention - Help Me Grow	84.181	H181A180024		36,644
Total Special Education - Grants for Infants and Families				<u>58,742</u>
Total U.S. Department of Education				81,276
U.S. ELECTION ASSISTANCE COMMISSION				
<i>Passed through the Ohio Secretary of State:</i>				
HAVA Election Security	90.404	N/A		17,750
Total U.S. Election Assistance Commission				<u>17,750</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through Ohio Department of Aging:</i>				
Aging Cluster:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	N/A		28,453
Total Aging Cluster				<u>28,453</u>
<i>Passed through the Ohio Department of Health:</i>				
Maternal, Infant, and Early Childhood Home Visiting Cluster:				
Maternal, Infant, and Early Childhood Home Visiting	93.870	01610021MH0719		49,119
Maternal, Infant, and Early Childhood Home Visiting	93.870	01610021MH0820		13,857
Total Maternal, Infant, and Early Childhood Home Visiting Cluster				<u>62,976</u>
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant				
	93.667	1901OHSOSR		28,934
Medicaid Cluster				
Medical Assistance Program	93.778	1905OH5ADM		152,641
Medical Assistance Program	93.778	2005OH5ADM		56,454
Total Medicaid Cluster				<u>209,095</u>
<i>Passed through the Ohio Supreme Court:</i>				
State Court Improvement Program				
	93.586	G-1801OHSCID		4,509
Child Abuse and Neglect Discretionary Activities	93.670	90CA1854		79,636
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Promoting Safe and Stable Families				
	93.556	G-1819-11-5726 / G-2021-11-5913		75,391
TANF Cluster:				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G-1819-11-5726 / G-2021-11-5913	\$45,000	1,654,022
Total TANF Cluster			<u>45,000</u>	<u>1,654,022</u>
Child Support Enforcement	93.563	G-1819-11-5726 / G-2021-11-5913		605,940
CCDF Cluster:				
Child Care and Development Block Grant	93.575	G-1819-11-5726 / G-2021-11-5913		44,836
Total CCDF Cluster				<u>44,836</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5726 / G-2021-11-5913		31,378
Foster Care Title IV-E	93.658	G-1819-11-5726 / G-2021-11-5913		898,731
Adoption Assistance	93.659	G-1819-11-5726 / G-2021-11-5913		111,861
Social Services Block Grant	93.667	G-1819-11-5726 / G-2021-11-5913		554,764
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1819-11-5726 / G-2021-11-5913		1,169
Children's Health Insurance Program	93.767	G-1819-11-5726 / G-2021-11-5913		53,480
Medicaid Cluster				
Medical Assistance Program	93.778	G-1819-11-5726 / G-2021-11-5913		554,775
Total Medicaid Cluster				<u>554,775</u>
Total U.S. Department of Health and Human Services			45,000	4,999,950
U.S. DEPARTMENT OF HOMELAND SAFETY				
<i>Passed through the Ohio Emergency Management Agency, Department of Public Safety</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
	97.036	FEMA 4360-DR-OH-031-C4A7-00		415,849
<i>Passed through the Ohio Department of Public Safety</i>				
Emergency Management Performance Grants				
Emergency Management Performance Grants	97.042	EMC-2018-EP-00008-S01		21,364
Emergency Management Performance Grants	97.042	EMC-2019-EP-00005		14,899
Total Emergency Management Performance Grants				<u>36,263</u>
Total U.S. Department of Homeland Safety				452,112
Total Federal Awards Expenditures			\$45,000	\$7,802,871

COSHOCTON COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARD EXPENDITURES
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Coshocton County (the County) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

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

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

NOTE D – 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 E – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2019, the County made allowable transfers of \$352,728 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$1,654,022 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 2019 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 2,006,750
Transfer to Social Services Block Grant	<u>(352,728)</u>
Total Temporary Assistance for Needy Families	<u>\$ 1,654,022</u>

COSHOCTON COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARD EXPENDITURES
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE F – MEDICAID ADMINISTRATIVE CLAIMS

During the calendar year, the County Board of Developmental Disabilities received a Cost Report MAC settlement payment for the 2015 and 2016 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid program (CFDA #93.778) in the amount of \$3,383 and \$3,865, respectively. The Cost Report MAC settlement payment was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods.

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Coshocton County, Ohio (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 7, 2020, wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and also wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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. We consider Finding 2019-001 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2019-002 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

County's Response to Findings

The County's responses to the Findings identified in our audit are described in the accompanying Corrective Action Plan. We did not subject the County's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 7, 2020

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Coshocton County's major federal programs for the year ended December 31, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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.

Opinion on Each Major Federal Program

In our opinion, Coshocton County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended December 31, 2019.

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 the Uniform Guidance, 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.

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 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.

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

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



Keith Faber
Auditor of State
Columbus, Ohio

October 7, 2020

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • CFDA #10.561 SNAP Cluster • CFDA #14.228 Community Development Block Grants / State's Program • CFDA #93.563 Child Support Enforcement • CFDA #93.658 Foster Care Title IV-E • CFDA #93.778 Medicaid Cluster 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019
(Continued)

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

FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

As a result of audit procedures performed, errors were noted in the County's financial statements and generally accepted accounting principles (GAAP) conversion that required the following audit reclassifications and adjustments to be made to the financial statements:

- The Airport understated Operating Grants and Contributions and overstated Miscellaneous Revenue by \$28,000 as support from the County was incorrectly reported. Additionally, Charges for Services was understated and Operating Grants and Contributions was overstated by \$10,535 as additional charges on fuel services to cover costs paid for federal taxes was incorrectly reported;
- The Airport overstated Capital Grants and Contributions and overstated expenses by \$49,301 as prior year revenue accruals from capital grants was incorrectly reversed as an increase to expenses instead of reducing revenues;
- The County understated Intergovernmental Revenue and Human Services Expenditures by \$755,459 and \$24,314, respectively, and overstated Charges for Services by \$731,145 in Other Governmental Funds as foster care maintenance federal grants were incorrectly classified and as other reimbursements were incorrectly reported;
- The County understated Intergovernmental Revenue and Legislative and Executive Expenditures by \$518,212 as on-behalf activity relating to election equipment was not reported;
- The County understated Due to Other Governments and overstated Restricted for Individuals, Organizations and Other Governments by \$1,089,750 in the Fiduciary Custodial Funds. This occurred as the cash balance of various Custodial tax funds were not reported as liabilities. GASB Statement 84, Paragraph 21 documents that a liability should be recognized for taxes collected for other governments even though the distribution may not occur until a later date;
- The County understated Cash in Segregated Accounts, Fines and Forfeitures for Others, Amounts Received as a Fiscal Agent, Licenses, Permits and Fees for Other Governments, and Other Custodial Fund Collections by \$43,998, \$835,160, \$747,922, \$75,579 and \$16,804, respectively. Additionally, Fines and Forfeitures Distributions to Others, Distributions as Fiscal Agent, Licenses, Permits and Fees Distributions to Other Governments and Other Custodial Fund Disbursements were understated by \$756,952, \$747,922, \$109,685 and \$15,549, respectively. Also, Earnings on Investments was overstated by \$1,359. These differences occurred due to errors in the implementation of GASB Statement 84;
- Board of Developmental Disabilities original and final appropriations for Transfers Out was understated by \$829,788. Final appropriations for Health Expenditures were overstated by \$829,788. Additionally, actual Transfers Out were understated by \$829,788 and actual Health Expenditures were overstated by \$829,788;

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019
(Continued)

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

FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

- The Engineer's FEMA Fund underreported original estimated revenue for Intergovernmental Revenue by \$335,000. Original appropriations for Advances Out were understated by \$845,750 while original appropriations for Other Expenditures was overstated by \$845,750. Final appropriations for Advances Out were understated by \$779,250 while final appropriations for Other Expenditures were overstated by \$779,250. Additionally, actual Advances Out were understated by \$779,250 while actual Other Expenditures were overstated by \$779,250;
- General Fund Cash in Segregated Accounts and Other Revenue were overstated by \$110,424 as the net activity of the Sheriff's Checking account was incorrectly included within the General Fund instead of Custodial Funds;
- Governmental Activities Public Works Expense was understated by \$602,240 as Governmental Activities as Legislative and Executive Expense, Judicial Expense, Health Expense and Public Safety Expense were overstated by \$100,530, \$41,642, \$356,652 and \$103,416. This occurred as expenses related to capital asset additions were improperly recorded.

These adjustments/reclassifications have been agreed to by management, and the financial statements have been adjusted accordingly.

We also noted various insignificant adjustments and reclassifications as follows:

- The County understated the Net Pension Liability, Net Pension Asset and Deferred Outflows of Resources for Pension by \$809,733, \$3,374 and \$74,001 respectively. Deferred Inflows of Resources for Pension was overstated by \$166,461. The error occurred due to errors in the internal allocation of net pension activity between County and Custodial Funds as a higher percentage of net pension activity was incorrectly allocated to Custodial Funds. This occurred as contributions by the Coshocton County Health District were incorrectly utilized in the allocation. However, the Coshocton County Health District utilized a separate reporting code to the pension system and should have been excluded from the calculation;
- The County understated the Net OPEB Liability and Deferred Outflows of Resources for OPEB by \$378,848 and \$30,263, respectively. Deferred Inflows of Resources for OPEB was overstated by \$210,280. The error occurred for the same reason as the error to the Net Pension Liability;
- Various classification errors between \$6,492 and \$425,522 across several opinion units;
- Property Tax activity was recorded at net instead of the gross distribution level which resulted in differences ranging from \$3,314 to \$77,720 in several opinion units;
- There were various errors in reporting Due from Other Governments ranging from \$6,166 to \$176,598 across several opinions unit. Additionally, this resulted in errors in reporting Deferred Inflows of Resources for Nonexchange Transactions not Available ranging from \$6,166 to \$56,685;

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019
(Continued)

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

FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

- Segregated Cash was incorrectly reported as Accounts Receivable in amounts between \$2,628 and \$18,299 across several opinion units. This occurred as undistributed amounts in various Custodial court and title segregated checking accounts were reported as receivables instead of allocating the cash still held within County Custodial checking accounts;
- The Airport understated Capital Assets (net of accumulated depreciation) by \$19,722 as amounts paid on the Airport's behalf by the County were incorrectly excluded;
- The Airport incorrectly understated Unearned Revenue by \$4,200 as an advance payment for leases due in 2020 which was improperly recognized as revenue instead of a liability;
- The Airport understated Accounts Receivable by \$6,968 as well as various revenue accounts due to errors in billing.

Failure to properly report financial activity in accordance with GAAP could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the County's financial position and operations.

We recommend the County take the necessary steps to ensure that all revenues, expenditures/ expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources and equity of the County are properly presented and disclosed in the County's financial statements. In addition, we recommend the County's financial statements reflect the original and final budgeted amounts based upon the official budget documents and amendments.

Officials' Response: See Corrective Action Plan.

FINDING NUMBER 2019-002

Significant Deficiency

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Airport's Secretary-Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019
(Continued)

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

FINDING NUMBER 2019-002 (Continued)

Significant Deficiency (Continued)

Monthly bank to book reconciliations for the last six months of 2019 were not prepared until between March and May 2020. Additionally, the December 2019 reconciliation incorrectly included two deposits in transit from 2018 totaling \$345. Failure to reconcile monthly increases the possibility that the Airport will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Secretary-Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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CHRISTINE R. SYCKS



Coshocton County Auditor

Jinni Bowman, Chief Deputy Auditor

Courthouse Annex Building

349 Main Street

Coshocton, Ohio 43812

(740) 622-1243

Email: auditor@coshoctoncounty.net

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

DECEMBER 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness – Financial Reporting	Partially Corrected	Repeated as 2019-001
2018-002	CFDA #93.563 – Incorrectly utilized \$48,444 in federal child support incentives to meet nonfederal matching requirements.	Corrected	N/A

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Coshocton County Auditor

Jinni Bowman, Chief Deputy Auditor

Courthouse Annex Building

349 Main Street

Coshocton, Ohio 43812

(740) 622-1243

Email: auditor@coshoctoncounty.net



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	<p>Julian & Grube Accounting has already been notified of the issues involving their work that were included within this finding and steps will be taken in the future to assure proper accounting. They have also had contact with the AOS Coshocton team to go over the differences in the new GASB84 reporting and will correct these for 2020.</p> <p>The airport is aware of misstatements, billing errors, and other issues. They had fairly recently hired a new bookkeeper with knowledge of government accounting who will help clean up these problems.</p> <p>Other issues that stemmed from entry at county level will be reviewed and individual departments will be notified if entry into the VIP accounting system needs to be altered to properly reflect classifications and amounts.</p>	12/31/2020	Christine Sycks, Coshocton County Auditor
2019-002	The fiscal officer has started having the board members review the balanced monthly bank statements at the monthly meeting and initial off that they have reviewed them.	Already implemented	Cathy Williamson

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OHIO AUDITOR OF STATE KEITH FABER



COSHOCTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/20/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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