

Coshocton County

Audited Financial Statements

December 31, 2004



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of Coshocton County, prepared by Rea & Associates, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 30, 2005

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COSHOCTON COUNTY

DECEMBER 31, 2004

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COSHOCTON COUNTY

DECEMBER 31, 2004

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

July 28, 2005

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Coshocton County (the "County"), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Coshocton County, as of December 31, 2004, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, Human Services Fund, Motor Vehicle License & Gasoline Tax Fund, Hopewell MRDD Fund, Children Services Levy Fund and Emergency Ambulance Levy Fund thereof for the year then ended in conformity with accounting basis Note 1 describes.

As described in Note 3, Coshocton County implemented a new financial reporting model, changing to the OCBOA-GASB 34 cash basis presentation.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 28, 2005 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. That report describes the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Rea & Associates, Inc.

COSHOCTON COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 (Unaudited)

The discussion and analysis of Coshocton County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2004. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2004 are as follows:

- Net assets of governmental activities decreased \$1,781,534, or 23%, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund where operating cash disbursements continue to exceed receipts. However, cash balances decreased in all major fund categories with the exception of the Emergency Ambulance Levy Fund which came into being in 2004.
- The government's general receipts are primarily property and sales taxes. These receipts represent respectively 16% and 8% of the total cash received for governmental activities during the year. Property tax revenue increased in 2004 due to the passage of a new county-wide levy for emergency ambulance services. Sales tax receipts decreased slightly in 2004 by 2%.
- Cash disbursements for governmental funds increased by \$2,356,492 in 2004. The main reason for the increase was payment of a \$2.5 million roll-over note issued by the county in February and then taken to bonds in December.

USING THIS ANNUAL REPORT

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. For fiscal year 2004, the General Fund is by far the most significant fund.

BASIS OF ACCOUNTING

The County has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

COSHOCTON COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 (Unaudited)

Essentially, the only asset reported on this strictly cash receipt and disbursement basis presentation in a statement of net assets will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE COUNTY AS A WHOLE

Statement of Net Assets and Statement of Activities

While this document contains the large number of funds used by the County to provide services and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2004?" The Statement of Net Assets and the Statement of Activities answer this question.

These two statements report the County's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include changes in the County's tax base and the condition of County's capital assets.

In the Statement of Net Assets and the Statement of Activities, all of the County's programs and services are reported in the governmental activities, including public safety, health, human services, and public works.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the County's major funds begins on page 12. Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds include the General Fund, Human Services Fund, Motor Vehicle License and Gasoline Tax Fund, Hopewell MRDD Fund, Children Services Fund, and the Emergency Ambulance Levy Fund.

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

COSHOCTON COUNTY, OHIO

Management’s Discussion and Analysis
For the Year Ended December 31, 2004
(Unaudited)

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs. The accounting used for the fiduciary funds is much like that used for the proprietary funds.

THE COUNTY AS A WHOLE

Table 1 provides a summary of the County’s net assets for 2004 compared to 2003 on a cash basis:

(Table 1)
Net Assets – Cash Basis

	Governmental Activities	
	2004	2003
<i>Assets:</i>		
Cash & Cash Equivalents	\$ 5,963,076	\$ 7,744,610
<i>Total Assets</i>	5,963,076	7,744,610
<i>Net Assets Restricted for:</i>		
Capital Outlay	229,650	898,700
Debt Service	171,271	104,015
Other Purposes	4,645,470	5,038,008
Unrestricted	916,685	1,703,887
<i>Total Net Assets</i>	\$ 5,963,076	\$ 7,744,610

Net assets of governmental activities decreased \$ 1,781,534 or 23% during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- The County’s General Fund balance decreased by \$596,956. General Fund receipts increased slightly in 2004 but are not keeping pace with the increased need for operating cash disbursements.
- Capital project fund balances decreased by \$669,050. The County has been involved in long-term water and sewer expansion projects that were completed in 2004.

COSHOCTON COUNTY, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2004
(Unaudited)***

Table 2 shows the changes in net assets for fiscal year 2004. This table will present two fiscal years in side-by-side comparisons in successive reporting years starting next year. This will enable the reader to draw further conclusion about the County's financial status and possibly project future problems.

(Table 2)
Changes in Net Assets – Governmental Activities

	<u>2004</u>
Receipts:	
<i>Program Cash Receipts:</i>	
Charges for Services and Sales	\$ 3,902,334
Operating Grants and Contributions	14,327,502
Capital Grants and Contributions	308,663
<i>General Receipts:</i>	
Property Taxes	5,400,968
Sales Taxes	2,581,504
Local Government	791,363
Investment Earnings	226,379
Grants and Contributions	523,589
Loan Issuance	4,720,033
Miscellaneous	568,172
<i>Total Receipts</i>	<u>33,350,507</u>
Cash Disbursements:	
General Government	2,604,781
Judicial	1,430,945
Public Safety	4,873,288
Public Works	4,914,671
Health	4,940,610
Human Services	8,918,677
Conservation - Recreation	358,109
Miscellaneous	581,825
Capital Outlay	954,631
Debt Service	5,554,504
Self-Insurance	0
<i>Total Cash Disbursements</i>	<u>35,132,041</u>
 <i>Change in Net Assets</i>	 (1,781,534)
 Net Assets Beginning of Year - Restated	 <u>7,744,610</u>
 <i>Net Assets End of Year</i>	 <u><u>\$ 5,963,076</u></u>

COSHOCTON COUNTY, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2004
(Unaudited)*

Governmental Activities

Net assets of the County's governmental activities decreased by \$1,781,534. This was due mainly to decreases in State and Federal grants monies. Operating grants and contributions, which represent the largest program cash receipts totaled \$14,327,502. The major recipients of these program specific grants were Job and Family Services, Children Services and the Mental Health Services Board.

Tax receipts account for \$7,982,472 of the \$33,350,507 in total receipts for governmental activities.

Sales tax accounted for \$2,581,504, or approximately 32% of total tax receipts.

The County's direct charges to users of governmental services totaled \$3,902,334. This amount represents 12% of total receipts for governmental activities.

	2004	Percent of Total
Intergovernmental	\$ 15,951,117	47.8%
Charge for Services	3,902,334	11.7%
Tax Revenue	7,982,472	23.9%
Loan Issuance	4,720,033	14.2%
All Other	794,551	2.4%
<i>Total Receipts</i>	<u>\$ 33,350,507</u>	<u>100.0%</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County's governmental funds reported a combined fund balance of \$5,951,181 which is less than last year's total of \$7,542,469. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2004 and 2003.

	Fund Balance 12/31/2004	Fund Balance 12/31/2003	Increase/ (Decrease)
General	\$ 904,790	\$ 1,501,746	\$ (596,956)
Human Services	326,870	855,817	(528,947)
Motor Vehicle License and Gasoline Tax	496,210	665,984	(169,774)
Hopewell MRDD	560,468	820,048	(259,580)
Children Services Levy	643,381	668,753	(25,372)
Emergency Ambulance Levy	1,011,020	0	1,011,020
Debt Service	150,952	83,105	67,847
Other Governmental	1,857,490	2,947,016	(1,089,526)
<i>Total</i>	<u>\$ 5,951,181</u>	<u>\$ 7,542,469</u>	<u>\$ (1,591,288)</u>

COSHOCTON COUNTY, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2004
(Unaudited)***

General Fund – The County's General Fund balance decreased by 40% from fiscal year 2003 to 2004. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2004 <u>Receipts</u>	2003 <u>Receipts</u>	Increase/ <u>(Decrease)</u>
Taxes	\$ 3,910,987	\$ 3,866,357	\$ 44,630
Licenses and Permits	3,137	4,044	(907)
Charges for Services	1,001,051	957,946	43,105
Fines and Forfeitures	64,731	68,334	(3,603)
Intergovernmental	1,341,491	1,351,547	(10,056)
Investment Income	159,773	209,072	(49,299)
Lease and Rental Income	175,171	243,125	(67,954)
All Other Revenue	99,564	307,410	(207,846)
<i>Total</i>	<u>\$ 6,755,905</u>	<u>\$ 7,007,835</u>	<u>\$ (251,930)</u>

General Fund receipts in 2004 decreased approximately 4% compared to receipts in fiscal year 2003. This decrease is the result of decreased miscellaneous revenue. Beginning in 2004, indirect cost reimbursements and employees' share of health insurance costs are not reflected as receipts, but a reduction of cash disbursements.

	2004 <u>Disbursements</u>	2003 <u>Disbursements</u>	Increase/ <u>(Decrease)</u>
General Government	\$ 1,903,952	\$ 2,230,160	\$ (326,208)
Judicial	1,391,916	1,396,978	(5,062)
Public Safety	2,696,344	2,535,923	160,421
Public Works	137,356	107,611	29,745
Health	58,127	66,927	(8,800)
Human Services	216,659	216,436	223
Conservation and Recreation	358,109	376,199	(18,090)
Miscellaneous	505,728	442,827	62,901
Debt Service:			
Principal Retirement	52,513	46,290	6,223
Interest and Fiscal Charges	12,297	20,838	(8,541)
<i>Total</i>	<u>\$ 7,333,001</u>	<u>\$ 7,440,189</u>	<u>\$ (107,188)</u>

Expenditures decreased by \$107,188 or approximately 1% less than the prior year. This decrease was due primarily to a significant decrease in General Government disbursements, which was the result of indirect cost reimbursements that are reflected as a reduction of disbursements in the reimbursed fund beginning in 2004. Public Safety disbursements increased due to an 11% increase in salary costs for the sheriff, as well as increased costs for the County safety program. Miscellaneous costs increased due to increases in the County support of the Regional Airport Authority.

COSHOCTON COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004 (Unaudited)

Human Services Fund – The County's Human Services Fund balance decreased by 62%. This decrease in fund balance was the result of decreases in state and federal grant monies received.

Motor Vehicle License and Gasoline Tax Fund – The County's Motor Vehicle License and Gasoline Tax Fund balance decreased by 25%. This decrease in fund balance was the result of increased cash disbursements for road repair and the County portion of Issue II projects.

Children Services Levy Fund – The fund balance reported in the Children Services Levy Fund remained relatively stable, decreasing by only 4%.

Hopewell MRDD Levy Fund – The fund balance reported in the Hopewell MRDD Levy Fund decreased by 32%. This decrease in fund balance was the result of a decrease in receipts from state grant monies.

Emergency Ambulance Levy Fund – The Emergency Ambulance Levy Fund cash balance increased due to the passage of a new levy for ambulance services.

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

During the course of fiscal year 2004 the County amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$7 million increased slightly over the original budget estimates of \$6.7 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Coshocton County does not currently keep track of its capital assets and infrastructure. Coshocton County has acquired a software package to accomplish this task and is in the process of entering the necessary information. It is anticipated that this program will be fully functional for 2006 but reductions in staff may delay the implementation.

COSHOCTON COUNTY, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2004
(Unaudited)***

Debt

At December 31, 2004, the County had \$4,685,000 in general obligation bonds outstanding. During 2004, \$2,145,000 in bonds were issued to replace notes that were being used to fund development of water and sewer lines in the County North Corridor Project.

The following table summarizes the County's debt outstanding as of December 31, 2004:

	<u>2004</u>	<u>2003</u>
Governmental Activities:		
General Obligation Bonds	\$ 4,685,000	\$ 2,760,000
Installment Note Payable	<u>649,428</u>	<u>3,166,001</u>
<i>Total Governmental Activities</i>	<u>\$ 5,334,428</u>	<u>\$ 5,926,001</u>

Additional information on the County's long-term debt can be found in Note 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Although the 2005 budget is very conservative, there is optimism that the local business development in the county will grow. Coshocton County still has some empty buildings to be of concern for the future, like the old Big Bear grocery store, and the vacant J.I.I. and General Electric manufacturing facilities. However, in addition to several small businesses opening, Tim Horton's has built a new structure and opened for business in 2004 as well. There is promised growth as the Coshocton City/County Port Authority works to bring in new businesses in the North Corridor development area and elsewhere. A new SuperWalmart is currently under construction and is slated to open its doors in May of 2005 and a Murphy's Oil has applied for a vendor's license for a gas station at the SuperWalmart site. There is work being done to bring an Ethanol-producing plant into Coshocton County in the next few years. The Coshocton Campus has contracted to purchase the Inn at Roscoe Village to accommodate their growing student body and Joint Economic Development Districts (JEDD) have been created to the north and south of the City to facilitate these new businesses and lure future ones into the County.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Richard J. Tompkins, Auditor of Coshocton County.

Coshocton County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2004

	Governmental Activities	Component Units	
		Airport Authority	Hopewell Industries
Assets			
Cash and Cash Equivalents	\$ 5,963,076	\$ 123,760	\$ 91,912
Investments	0	0	144,587
<i>Total Assets</i>	<u>\$ 5,963,076</u>	<u>\$ 123,760</u>	<u>\$ 236,499</u>
Net Assets			
Restricted for:			
Capital Projects	\$ 229,650	\$ 0	\$ 0
Debt Service	171,271	0	0
Other Purposes	4,645,470	0	0
Unrestricted	916,685	123,760	236,499
<i>Total Net Assets</i>	<u>\$ 5,963,076</u>	<u>\$ 123,760</u>	<u>\$ 236,499</u>

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

Coshocton County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements) Receipts & Changes in Net Assets			
				Primary Government	Component Units		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Regional Airport Authority	Hopewell Industries, Inc.
Governmental Activities							
General Government	\$ (2,604,781)	\$ 1,577,818	\$ 18,695	\$ 0	\$ (1,008,268)	\$ 0	\$ 0
Judicial	(1,430,945)	255,293	0	0	(1,175,652)	0	0
Public Safety	(4,873,288)	1,399,867	544,498	0	(2,928,923)	0	0
Public Works	(4,914,671)	51,808	4,427,579	0	(435,284)	0	0
Health	(4,940,610)	67,460	2,860,281	0	(2,012,869)	0	0
Human Services	(8,918,677)	336,053	6,104,438	0	(2,478,186)	0	0
Conservation - Recreation	(358,109)	0	0	0	(358,109)	0	0
Miscellaneous	(581,825)	0	0	0	(581,825)	0	0
Capital Outlay	(954,631)	26,758	0	308,663	(619,210)	0	0
Debt Service	(5,554,504)	187,277	372,011	0	(4,995,216)	0	0
<i>Total Governmental Activities</i>	<u>\$ (35,132,041)</u>	<u>\$ 3,902,334</u>	<u>\$ 14,327,502</u>	<u>\$ 308,663</u>	<u>(16,593,542)</u>	<u>0</u>	<u>0</u>
Component Units							
Regional Airport Authority	\$ (1,705,198)	\$ 187,565	\$ 63,012	\$ 1,402,898	0	(51,723)	0
Hopewell Industries, Inc.	(517,667)	439,071	44,863	0	0	0	(33,733)
<i>Total Component Units</i>	<u>\$ (2,222,865)</u>	<u>\$ 626,636</u>	<u>\$ 107,875</u>	<u>\$ 1,402,898</u>	<u>0</u>	<u>(51,723)</u>	<u>(33,733)</u>
General Receipts							
Taxes							
Property					5,400,968	0	0
Sales					2,581,504	0	0
State Local Government					791,363	0	0
Unrestricted Investment Earnings					226,379	5,025	0
Grants and Contributions not Retriected to Specific Programs					523,589	0	0
Loan Issuance					4,720,033	60,000	0
Miscellaneous					568,172	13,143	7,289
<i>Total General Receipts</i>					<u>14,812,008</u>	<u>78,168</u>	<u>7,289</u>
<i>Increase (Decrease) in Net Assets</i>					<u>(1,781,534)</u>	<u>26,445</u>	<u>(26,444)</u>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>					<u>7,744,610</u>	<u>97,315</u>	<u>262,943</u>
<i>Net Assets End of Year</i>					<u>\$ 5,963,076</u>	<u>\$ 123,760</u>	<u>\$ 236,499</u>

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

Coshocton County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	General	Human Services	MVL & Gas Tax	Hopewell MRDD	Children Services Levy
Assets					
Cash and Cash Equivalents	<u>\$ 904,790</u>	<u>\$ 326,870</u>	<u>\$ 496,210</u>	<u>\$ 560,468</u>	<u>\$ 643,381</u>
Fund Balances					
Reserved for Encumbrances	\$ 347,314	\$ 570,584	\$ 208,115	\$ 88,901	\$ 717,650
Unreserved:					
Undesignated	<u>557,476</u>	<u>(243,714)</u>	<u>288,095</u>	<u>471,567</u>	<u>(74,269)</u>
<i>Total Fund Balances</i>	<u>\$ 904,790</u>	<u>\$ 326,870</u>	<u>\$ 496,210</u>	<u>\$ 560,468</u>	<u>\$ 643,381</u>

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

Emergency Ambulance Levy	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>\$ 1,011,020</u>	<u>\$ 150,952</u>	<u>\$ 1,857,490</u>	<u>\$ 5,951,181</u>
\$ 0	\$ 0	\$ 513,563	\$ 2,446,127
<u>1,011,020</u>	<u>150,952</u>	<u>1,343,927</u>	<u>3,505,054</u>
<u>\$ 1,011,020</u>	<u>\$ 150,952</u>	<u>\$ 1,857,490</u>	<u>\$ 5,951,181</u>

Coshocton County, Ohio
*Statement of Cash Receipts, Disbursements, and Changes in
Cash Basis Fund Balances - Governmental Funds
For the Year Ended December 31, 2004*

	General	Human Services	MVL & Gas Tax	Hopewell MRDD	Children Services Levy
Receipts					
Taxes	\$ 3,910,987	\$ 0	\$ 0	\$ 1,584,832	\$ 454,058
Licenses and Permits	3,137	0	0	0	0
Charges for Services	1,001,051	0	0	0	26,692
Fines and Forfeitures	64,731	0	51,808	0	0
Intergovernmental	1,341,491	4,284,495	3,689,194	2,729,450	789,560
Investment Income	159,773	0	7,789	0	0
Lease and Rental Income	175,171	0	0	0	0
Other	99,564	77,790	54,094	52,791	5,483
<i>Total Receipts</i>	<u>6,755,905</u>	<u>4,362,285</u>	<u>3,802,885</u>	<u>4,367,073</u>	<u>1,275,793</u>
Disbursements					
General Government	1,903,952	0	0	0	0
Judicial	1,391,916	0	0	0	0
Public Safety	2,696,344	0	0	0	0
Public Works	137,356	0	3,877,937	0	0
Health	58,127	0	0	4,631,034	0
Human Services	216,659	5,030,849	0	0	1,302,968
Conservation - Recreation	358,109	0	0	0	0
Miscellaneous	505,728	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	52,513	0	43,400	0	0
Interest and Fiscal Charges	12,297	0	54,238	0	0
<i>Total Disbursements</i>	<u>7,333,001</u>	<u>5,030,849</u>	<u>3,975,575</u>	<u>4,631,034</u>	<u>1,302,968</u>
<i>Excess (Deficiency) of Receipts Over Disbursements</i>	<u>(577,096)</u>	<u>(668,564)</u>	<u>(172,690)</u>	<u>(263,961)</u>	<u>(27,175)</u>
Other Financing Sources (Uses)					
Other Financing Sources	137,819	4,777	2,916	4,381	1,803
Other Financing Uses	(23,216)	0	0	0	0
Proceeds of Note	0	0	0	0	0
Advances In	4,000	0	0	0	0
Advances Out	(8,200)	0	0	0	0
Transfers In	68,000	134,840	0	0	0
Transfers Out	(198,263)	0	0	0	0
<i>Total Other Sources (Uses)</i>	<u>(19,860)</u>	<u>139,617</u>	<u>2,916</u>	<u>4,381</u>	<u>1,803</u>
<i>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</i>	<u>(596,956)</u>	<u>(528,947)</u>	<u>(169,774)</u>	<u>(259,580)</u>	<u>(25,372)</u>
Cash Basis Fund Balance					
<i>Beginning of Year - Restated (See Note 3)</i>	<u>1,501,746</u>	<u>855,817</u>	<u>665,984</u>	<u>820,048</u>	<u>668,753</u>
<i>Cash Basis Fund Balance End of Year</i>	<u>\$ 904,790</u>	<u>\$ 326,870</u>	<u>\$ 496,210</u>	<u>\$ 560,468</u>	<u>\$ 643,381</u>

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

Emergency Ambulance Levy	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,599,170	\$ 172,341	\$ 261,084	\$ 7,982,472
0	0	10,652	13,789
0	187,277	2,366,633	3,581,653
0	0	15,182	131,721
155,310	354,860	2,606,757	15,951,117
0	55,822	2,995	226,379
0	0	0	175,171
0	7,000	64,484	361,206
<u>1,754,480</u>	<u>777,300</u>	<u>5,327,787</u>	<u>28,423,508</u>
0	114,980	563,067	2,581,999
0	0	20,530	1,412,446
0	0	2,133,975	4,830,319
0	0	867,092	4,882,385
0	0	247,283	4,936,444
743,460	0	1,556,231	8,850,167
0	0	0	358,109
0	0	0	505,728
0	0	954,631	954,631
0	5,189,593	26,100	5,311,606
0	168,328	8,035	242,898
<u>743,460</u>	<u>5,472,901</u>	<u>6,376,944</u>	<u>34,866,732</u>
<u>1,011,020</u>	<u>(4,695,601)</u>	<u>(1,049,157)</u>	<u>(6,443,224)</u>
0	0	55,270	206,966
0	0	(51,847)	(75,063)
0	4,662,151	57,882	4,720,033
0	0	8,200	12,200
0	0	(4,000)	(12,200)
0	101,297	13,422	317,559
0	0	(119,296)	(317,559)
<u>0</u>	<u>4,763,448</u>	<u>(40,369)</u>	<u>4,851,936</u>
<u>1,011,020</u>	<u>67,847</u>	<u>(1,089,526)</u>	<u>(1,591,288)</u>
<u>0</u>	<u>83,105</u>	<u>2,947,016</u>	<u>7,542,469</u>
<u>\$ 1,011,020</u>	<u>\$ 150,952</u>	<u>\$ 1,857,490</u>	<u>\$ 5,951,181</u>

Coshocton County, Ohio
Statement of Cash Receipts, Disbursements and Changes
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Taxes	\$ 3,736,335	\$ 3,736,335	\$ 3,910,987	\$ 174,652
Charges for Services	944,860	956,685	1,001,051	44,366
Licenses and Permits	3,520	3,520	3,137	(383)
Fines and Forfeitures	69,500	69,500	64,731	(4,769)
Intergovernmental	1,316,323	1,319,835	1,341,491	21,656
Investment Income	206,000	203,500	159,773	(43,727)
Lease and Rental Income	176,000	176,000	175,171	(829)
Other Revenue	254,870	285,234	425,197	139,963
<i>Total Receipts</i>	6,707,408	6,750,609	7,081,538	330,929
Disbursements				
Current:				
General Government	2,533,446	2,452,618	2,352,546	100,072
Judicial	1,476,307	1,513,168	1,445,901	67,267
Public Safety	2,787,581	2,806,630	2,766,579	40,051
Public Works	129,628	155,229	154,577	652
Health	58,127	58,127	58,127	0
Human Services	236,164	236,164	234,328	1,836
Conservation & Recreation	364,109	362,109	361,109	1,000
Other	630,103	587,350	567,747	19,603
Debt Service:				
Principal Retirement	0	52,513	52,513	0
Interest and Fiscal Charges	0	12,297	12,297	0
<i>Total Disbursements</i>	8,215,465	8,236,205	8,005,724	230,481
<i>Excess of Receipts Under Disbursements</i>	(1,508,057)	(1,485,596)	(924,186)	561,410
Other Financing Sources (Uses)				
Other Financing Sources	202,600	215,691	137,819	(77,872)
Other Financing Uses	(28,517)	(25,671)	(23,441)	2,230
Proceeds of Bonds	0	0	0	0
Advances In	0	0	4,000	4,000
Advances Out	0	0	(8,200)	(8,200)
Transfers In	0	68,200	68,000	(200)
Transfers Out	(153,120)	(247,751)	(198,262)	49,489
<i>Total Other Sources (Uses)</i>	20,963	10,469	(20,084)	(30,553)
<i>Net Change in Fund Balance</i>	(1,487,094)	(1,475,127)	(944,270)	530,857
<i>Fund Balance Beginning of Year</i>	818,828	818,828	818,828	0
Prior Year Encumbrances Appropriated	682,918	682,918	682,918	0
<i>Fund Balance End of Year</i>	\$ 14,652	\$ 26,619	\$ 557,476	\$ 530,857

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

Coshocton County, Ohio
Statement of Cash Receipts, Disbursements and Changes
Fund Balance - Budget (Non-GAAP Basis) and Actual
Human Services Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 5,710,000	\$ 5,596,000	\$ 4,284,495	\$ (1,311,505)
Other Revenue	100,000	254,000	77,790	(176,210)
<i>Total Receipts</i>	5,810,000	5,850,000	4,362,285	(1,487,715)
Disbursements				
Current:				
Human Services	6,739,015	6,566,592	5,601,433	965,159
<i>Excess of Receipts Under Disbursements</i>	(929,015)	(716,592)	(1,239,148)	(522,556)
Other Financing Sources				
Other Financing Sources	10,000	9,000	4,777	(4,223)
Transfers In	125,000	134,840	134,840	0
<i>Total Other Sources</i>	135,000	143,840	139,617	(4,223)
<i>Net Change in Fund Balance</i>	(794,015)	(572,752)	(1,099,531)	(526,779)
<i>Fund Balance Beginning of Year</i>	95,151	95,151	95,151	0
Prior Year Encumbrances Appropriated	760,666	760,666	760,666	0
<i>Fund Balance (Deficit) End of Year</i>	\$ 61,802	\$ 283,065	\$ (243,714)	\$ (526,779)

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

Coshocton County, Ohio
Statement of Cash Receipts, Disbursements and Changes
Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License (MVL) & Gasoline Tax Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines and Forfeitures	\$ 70,000	\$ 70,000	\$ 51,808	\$ (18,192)
Intergovernmental	3,650,250	3,650,250	3,689,194	38,944
Investment Income	12,000	12,000	7,789	(4,211)
Other Revenue	25,000	25,000	54,094	29,094
<i>Total Receipts</i>	<u>3,757,250</u>	<u>3,757,250</u>	<u>3,802,885</u>	<u>45,635</u>
Disbursements				
Current:				
Public Works	4,393,425	4,335,787	4,086,052	249,735
Debt Service:				
Principal Retirement	0	43,400	43,400	0
Interest and Fiscal Charges	0	54,238	54,238	0
<i>Total Disbursements</i>	<u>4,393,425</u>	<u>4,433,425</u>	<u>4,183,690</u>	<u>249,735</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(636,175)</u>	<u>(676,175)</u>	<u>(380,805)</u>	<u>295,370</u>
Other Financing Sources				
Other Financing Sources	18,000	18,000	2,916	(15,084)
<i>Net Change in Fund Balance</i>	<u>(618,175)</u>	<u>(658,175)</u>	<u>(377,889)</u>	<u>280,286</u>
<i>Fund Balance Beginning of Year</i>	442,989	442,989	442,989	0
Prior Year Encumbrances Appropriated	222,995	222,995	222,995	0
<i>Fund Balance End of Year</i>	<u>\$ 47,809</u>	<u>\$ 7,809</u>	<u>\$ 288,095</u>	<u>\$ 280,286</u>

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

Coshocton County, Ohio
Statement of Cash Receipts, Disbursements and Changes
Fund Balance - Budget (Non-GAAP Basis) and Actual
Hopewell MRDD Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Taxes	\$ 1,536,940	\$ 1,536,940	\$ 1,584,832	\$ 47,892
Intergovernmental	2,889,105	2,520,391	2,729,450	209,059
Other Revenue	22,800	40,553	52,791	12,238
<i>Total Receipts</i>	4,448,845	4,097,884	4,367,073	269,189
Disbursements				
Current:				
Human Services	5,142,290	4,912,290	4,719,935	192,355
<i>Excess of Receipts Under Disbursements</i>	(693,445)	(814,406)	(352,862)	461,544
Other Financing Sources				
Other Financing Sources	0	0	4,381	4,381
<i>Net Change in Fund Balance</i>	(693,445)	(814,406)	(348,481)	465,925
<i>Fund Balance Beginning of Year</i>	667,758	667,758	667,758	0
Prior Year Encumbrances Appropriated	152,290	152,290	152,290	0
<i>Fund Balance End of Year</i>	\$ 126,603	\$ 5,642	\$ 471,567	\$ 465,925

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

Coshocton County, Ohio
Statement of Cash Receipts, Disbursements and Changes
Fund Balance - Budget (Non-GAAP Basis) and Actual
Children Services Levy Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Taxes	\$ 434,960	\$ 434,960	\$ 454,058	\$ 19,098
Charges for Services	50,000	10,000	26,692	16,692
Intergovernmental	944,191	985,115	789,560	(195,555)
Other Revenue	2,000	2,000	5,483	3,483
<i>Total Receipts</i>	<u>1,431,151</u>	<u>1,432,075</u>	<u>1,275,793</u>	<u>(156,282)</u>
Disbursements				
Current:				
Human Services	1,972,567	2,051,027	2,020,618	30,409
<i>Excess of Receipts Under Disbursements</i>	<u>(541,416)</u>	<u>(618,952)</u>	<u>(744,825)</u>	<u>(125,873)</u>
Other Financing Sources				
Other Financing Sources	5,100	3,000	1,803	(1,197)
<i>Net Change in Fund Balance</i>	<u>(536,316)</u>	<u>(615,952)</u>	<u>(743,022)</u>	<u>(127,070)</u>
<i>Fund Balance Beginning of Year</i>	29,697	29,697	29,697	0
Prior Year Encumbrances Appropriated	<u>639,056</u>	<u>639,056</u>	<u>639,056</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 132,437</u>	<u>\$ 52,801</u>	<u>\$ (74,269)</u>	<u>\$ (127,070)</u>

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

Coshocton County, Ohio
*Statement of Cash Receipts, Disbursements and Changes
Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency Ambulance Levy Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Taxes	\$ 0	\$ 1,457,956	\$ 1,599,170	\$ 141,214
Intergovernmental	0	274,074	155,310	(118,764)
Other Revenue	0	0	0	0
<i>Total Receipts</i>	0	1,732,030	1,754,480	22,450
Disbursements				
Current:				
Human Services	1,732,030	1,732,030	743,460	988,570
<i>Net Change in Fund Balance</i>	(1,732,030)	0	1,011,020	1,011,020
<i>Fund Balance End of Year</i>	\$ (1,732,030)	\$ 0	\$ 1,011,020	\$ 1,011,020

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

Coshocton County, Ohio
Statement of Fund Net Assets - Cash Basis
Proprietary Fund
December 31, 2004

	<u>Governmental Activities</u>
	<u>Internal Service</u>
Assets	
Cash and Cash Equivalents	<u>\$ 11,895</u>
Net Assets	
Unrestricted	<u>\$ 11,895</u>

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

Coshocton County, Ohio
Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Fund
For the Year Ended December 31, 2004

	Governmental Activities
	Internal Service
Operating Receipts	
Charges for Services	\$ 2,076,512
Other Operating Revenues	1,333
<i>Total Operating Receipts</i>	2,077,845
Operating Disbursements	
Personal Services	14,908
Contractual Services	275,830
Claims and Judgments	1,971,228
Other	6,125
<i>Total Operating Disbursements</i>	2,268,091
<i>Change in Net Assets</i>	(190,246)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	202,141
<i>Net Assets End of Year</i>	\$ 11,895

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

Coshocton County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2004

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	<u>\$ 1,823,458</u>
Net Assets	
Unrestricted	<u>\$ 1,823,458</u>

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

Coshocton County, Ohio
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2004

	Agency
Additions	
Other Non-operating Revenues	\$ 68,663,913
Deductions	
Other Non-operating Disbursements	68,294,200
<i>Change in Net Assets</i>	369,713
<i>Net Assets Beginning of Year</i>	1,453,745
<i>Net Assets End of Year</i>	\$ 1,823,458

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

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

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

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

Reporting Entity

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

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

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

The county has the following component units:

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

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

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

The following entities are not component units because the County is not financially accountable for these organizations nor does the County approve the budgets, issuances of debt, or levying of taxes for these entities.

Coshocton County Public Library and Museum is statutorily created as a distinct political subdivision of the State of Ohio governed by a board of trustees. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority of the Library, this is strictly a ministerial function. Once the Board of Library trustees has determined that a new levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may not issue debt. The County may provide facilities for the Library through the issuance of debt if the voters agree. The Library's operations are not included as part of the County's basic financial statements.

Coshocton County Board of Education is separately elected by the voters of Coshocton County and controls its own operations and budget. The Board of Education is legally separate and the County is not financially accountable to the Board. The Board of Education is responsible for reporting its financial activity to the Ohio Department of Education and the Auditor of State of Ohio. The Board's operations are not included as part of the County's basic financial statements.

Coshocton County Memorial Hospital Association is a legally separate, not-for-profit organization. The County officials appoint the Association's Board, however, the County cannot impose its will on the Board. Although the County does serve as the taxing authority for the Association, tax levies approved or rejected in the past would not significantly affect operations of the Association. The Association's operations are not included as part of the County's basic financial statements.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Coshocton County Convention and Visitors Bureau is a legally separate, not-for-profit corporation. The Bureau was created to promote, develop and encourage interest in tourist attractions in Coshocton County and to promote and encourage the County as a location for meetings and conventions of various organizations throughout the Ohio area. The Bureau is governed by a twelve-member board which is appointed by the Coshocton County Commissioners. The Board hires and fires personnel and approves their own budget. The Bureau is not fiscally dependent on the County. The Bureau's operations are not included as part of the County's basic financial statements.

As the custodian of public funds, the County Treasurer invests all 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 but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Coshocton County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Coshocton County General Health District is governed by the Board of Health. The board adopts its own budget, hires and fires its own staff, and operates autonomously from the County. The Board has sole budgetary authority and controls surpluses and deficits. The County cannot significantly influence the Health District's operations, nor is it obligated for the Health District's Debt.

Coshocton County Law Library is operated by a nonprofit association organized under State Statute. State Statutes require the County Commissioners to pay the salary of the Law Librarian and provide adequate, suitable facilities at County expense for use as a county law library. The County Commissioners are not involved in the selection of trustees or management of the Law Library. The County exercises no oversight responsibility. The County Auditor maintains the Law Library Agency Fund and collects monies paid by the courts for payment to the board of trustees of the law library association.

Coshocton City and County Park District is a legally separate organization created pursuant to section 1545.01, Revised Code. The County cannot impose its will on the District and a financial benefit/burden relationship does not exist.

City of Coshocton/Coshocton County Port Authority is a legally separate organization created pursuant to sections 4582.21 to 4582.59, Revised Code. The County cannot impose its will on the Authority and a financial benefit/burden relationship does not exist.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Coshocton County Regional Planning Commission is a legally separate organization created pursuant to section 713.23, Revised Code. The appointed members of the board adopt their own budget, hire and fire staff, and do not rely on the County to finance deficits.

The County is involved with the following organizations which are defined as jointly governed organizations.

Additional financial information concerning the jointly governed organizations is presented in Note 12.

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

The County is associated with the following organizations which are defined as related organizations. Additional information concerning these related organizations is presented in Note 13.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chose to prepare its financial statements and notes on the basis of cash receipts and disbursements. This basis is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Basis of Presentation - Fund Accounting

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

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the County as a whole. The statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

Fund Financial Statements:

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise 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. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

General Fund	The general fund is used to account for all financial resources of the County except those required to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.
Human Services Fund	This fund accounts for various Federal and State grants as well as transfers from the General fund used to provide public assistance to general relief recipients, medical assistance and certain public social services.
Motor Vehicle License and Gasoline Tax Fund	This fund accounts for motor vehicle and gas taxes to provide public works.
Hopewell MRDD Fund	This fund accounts for a countywide property tax levy, state grants and reimbursements used for care and services for the mentally handicapped and developmentally disabled.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Children Services Levy Fund	This fund accounts for countywide property tax levy, state grants and reimbursements used for County child care programs. State law restricts the expenditure of these resources to programs designed to aid children from troubled families. Major expenditures are for foster homes, emergency shelters, medical costs and counseling and parental training.
Emergency Ambulance Levy Fund	This fund accounts for countywide property tax levy use to provide public human services.
Debt Service Fund	This fund accounts for the accumulation of financial resources for, and the payment of, general and special assessment long-term debt principal, interest and related costs.

Proprietary Fund Types:

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Internal Service Funds are the County's only proprietary fund types. These funds account for the financing of services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis. The County's only internal service fund is Medical Self-Insurance.

Fiduciary Fund Types:

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the County's fiduciary fund types:

Expendable trust fund is accounted for in essentially the same manner as governmental funds.

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, legally are required to be budgeted and appropriated.

The primary level of budgetary control is at the object level within each fund, program, and department. Budgetary modifications may only be made by resolution of the County Commissioners. Segregated cash accounts are not included in the budgetary presentation because they are not controlled by the County Commissioners and separate budgets are not adopted.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County did not budget for the Children's Services Bequest Funds, which are expendable trust funds, due to the County not anticipating any financial activity. Budgetary information for Coshocton County Airport Authority and Hopewell Industries (component units) is not reported because it is not included in the entity for which "the appropriated budget" is adopted.

Tax Budget:

A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources:

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of the previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

Appropriations:

A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, program, department, and object levels. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the budget and actual basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

D. Cash and Cash Equivalents

Cash balances of the County's funds are pooled and invested in short-term investments in order to provide improved cash management. Under existing Ohio statutes, all investment earnings accrue to the general fund unless statutorily required to be credited to a specific fund. Interest income earned in 2004 totaled \$226,379 for the primary government and \$6,100 for the component units. The types of investments made in the name of Coshocton County during 2004 are as follows: Repurchase Agreements, Star\ Ohio, Certificates of Deposit, Federal National Mortgage Discount Note and US Treasury Note.

E. Property, Plant, Equipment and Depreciation

Acquisition of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the County.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

COSHOCTON COUNTY

**NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004**

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

For fiscal year 2004, the County changed the fund structure of the Safety Program Fund from an internal service fund to the general fund, changed the Sheriff Rotary Fund from an internal service fund to a special revenue fund, and brought on the Sheriff's Commissary activity as a special revenue fund. In addition, the County changed from cash basis presentation to OCBOA – GASB 34 cash basis presentation. The implementation of these changes had the following effects on fund balances of the County as they were previously reported.

	<u>General</u>	<u>Human Services</u>	<u>MVL & Gas Tax</u>	<u>Hopewell MRDD</u>	<u>Children Services Levy</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Fund Balances,								
December 31, 2003	\$ 1,455,433	\$ 855,817	\$ 665,984	\$ 820,048	\$ 668,753	\$ 83,105	\$ 2,790,907	\$ 7,340,047
Fund Structure	<u>46,313</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>156,109</u>	<u>202,422</u>
<i>Restated Fund Balances, January 1, 2004</i>	<u><u>\$ 1,501,746</u></u>	<u><u>\$ 855,817</u></u>	<u><u>\$ 665,984</u></u>	<u><u>\$ 820,048</u></u>	<u><u>\$ 668,753</u></u>	<u><u>\$ 83,105</u></u>	<u><u>\$ 2,947,016</u></u>	<u><u>7,542,469</u></u>
OCBOA Adjustments:								
Internal Service Fund*								202,141
<i>Governmental Activities Net Assets, January 1, 2004</i>								<u><u>\$ 7,744,610</u></u>

*The internal service fund beginning balance reflects negative adjustments of \$188,428, that were the result of the changes in fund structure described above. The Safety Program Fund and the Sheriff Rotary Fund had fund balances of \$46,313 and \$142,115, respectively.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

1. Interfund reimbursements for the allocation of indirect costs are treated as receipts in the reimbursed fund and disbursements in the reimbursing fund on the budget basis. On the cash basis, such transactions are treated as a decrease in disbursements in the reimbursed fund and disbursements in the reimbursing fund.
2. Encumbrances are treated as expenditures (budget) rather than a reservation of fund balance (cash).

COSHOCTON COUNTY

**NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	Net Change in Fund Balance					
	General	Human Services	MVL & Gas Tax	Hopewell MRDD	Children Services Levy	Emergency Ambulance Levy
Budget Basis	\$ (944,270)	\$ (1,099,531)	\$ (377,889)	\$ (348,481)	\$ (743,022)	\$ 1,011,020
Receipts	(325,633)	0	0	0	0	0
Disbursements	325,633	0	0	0	0	0
Encumbrances	347,314	570,584	208,115	88,901	717,650	0
Cash Basis	<u>\$ (596,956)</u>	<u>\$ (528,947)</u>	<u>\$ (169,774)</u>	<u>\$ (259,580)</u>	<u>\$ (25,372)</u>	<u>\$ 1,011,020</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

A. Primary Government Legal Requirements

Statutes require the classification of County monies into two categories.

The first classification consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for current demands upon the County treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

The second classification consists of "inactive" monies. Inactive monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, including, but not limited to, federal national mortgage association debentures and discount notes, or by the Export-Import bank of Washington, whether or not they are guaranteed by the United States;
3. Repurchase agreements in the securities enumerated above;
4. Time certificates of deposit, savings or deposit accounts;
5. Bonds and other obligations of the State of Ohio, its political subdivision, or other units or agencies of the State or its political subdivisions; and,
6. The State Treasurer's investment pool (STAR Ohio).

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Statutory provisions require that the County Treasurer hold all securities acquired by the County or deposit them with a qualified trustee pursuant to Section 135.18, Revised Code. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counter party is a designated depository of the County for the current period of designation of depositories, in which case the securities may be held in trust by the depository. At the end of each day, the County Treasurer withdraws surplus funds from the account and invests the monies in an overnight repurchase agreement. The County does not purchase any specific security in this manner, but the investment is collateralized by pledged securities held by a third party in the name of the bank.

New legislation, effective September 27, 1996, now permits inactive monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
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 division (1) or (2) 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 (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed 10 percent of the County's total average portfolio.

COSHOCTON COUNTY

**NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2004. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2004.

Protection of the County's cash and investments is provided by the Federal Deposit Insurance Corporation, Securities Investors Protection Corporation, as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Deposits:

At December 31, 2004, the carrying amount of the County's deposits was \$ 4,571,415, and the bank balance was \$ 5,734,225. Of the bank balance:

1. \$501,072 was covered by Federal Depository Insurance;
2. \$5,233,153 was uninsured and uncollateralized. However, the \$5,233,153 was covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with the specific depository institution. The \$5,233,153 is considered to be uncollateralized as defined in GASB Statement No. 3, as the collateral is held by the counter party's agent and is not in the County's name. This pooling of collateral approach is specifically authorized by state statute.

Investments:

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end.

Category 1 includes investments that are insured or registered for which the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held in the counter party's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the County's name.

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Market Value
U.S. Government Notes/Bills	\$ 2,035,089	\$ 2,035,089	\$ 2,019,487
Repurchase Agreements	812,000	812,000	812,000
Investment in State Treasurer's Investment Pool	<u>0</u>	<u>368,030</u>	<u>368,030</u>
Total Investments	<u>\$ 2,847,089</u>	<u>\$ 3,215,119</u>	<u>\$ 3,199,517</u>

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied on assessed values 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 revalued every six years. The last valuation was completed in 2003. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. The listing percentage for inventory has been reduced to 23% on the 2004 tax return. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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 property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

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. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the General Fund. Sales tax revenue in 2004 amounted to \$2,581,504 with the entire amount credited to the General Fund.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 8 - RISK MANAGEMENT

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. By contracting with the County Risk Sharing Authority (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 fifty-eight members.

Under the CORSA program for general liability, auto liability, and law enforcement liability, the County has \$1,000,000 of total liability coverage for each occurrence with no annual aggregate and with a \$2,500 deductible per occurrence. Public Officials liability has \$1,000,000 of liability coverage with \$1,000,000 annual aggregate. Property damage is on a replacement cost basis. The County has not exceeded this commercial coverage in the past three years. Replacement cost coverage is maintained in the amount of \$1,000,000 each on valuable papers and extra expenses. Contractors' equipment and miscellaneous equipment are covered in the amounts of actual cash value. Flood and earthquake damage are both covered to full limits.

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

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

The County has elected to provide employees' major medical and hospitalization through a self-insured program. The County maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a major medical plan with a \$500 individual and \$750 family deductible and a Preferred Provider Network (PPO) with a \$100 individual and a \$200 family deductible. A third party administrator, Cardinal Administrative Services, located in Canton, OH, reviews all claims which are then paid by the County. The County purchases stop-loss coverage of \$75,000 per employee per year and an aggregate annual limit of \$1,000,000. The County provides \$815 family coverage, \$326 single coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary for the employee and is based on historic cost information.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 9 - RETIREMENT PLANS

Ohio Public Employees Retirement System (OPERS):

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
1. The Traditional Pension Plan - a cost-sharing multiple-employer defined benefit pension plan.
 2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 3. The Combined Plan - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or 800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The 2004 member contribution rates were 8.5%, for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1%. Public safety division members contributed at 9%.

The 2004 employer contribution rate for state employers was 13.31% of covered payroll. For local government employer units the rate was 13.55% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2004 was 16.7%

- F. The County's contributions for pension obligations to OPERS for the years ended December 31, 2004, 2003, and 2002 were \$1,100,086, \$996,596, and \$1,021,324, respectively.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 9 – RETIREMENT PLANS (Continued)

State Teachers Retirement System (STRS):

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

During 2004 plan members were required to contribute 10.0% of their annual covered salary. The County is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 2004, 2003, and 2002 were \$71,546, \$68,829, and \$48,792, respectively.

NOTE 10 - POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

- A. 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 provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety with separate employee contribution rates and benefits. The 2004 employer contribution rate for state employers was 13.31% of covered payroll, of which 4.00% was used to fund health care for the year. For local government employer units, the rate was 13.55% of covered payroll, and 4.00% was used to fund health care for the year. For both the public safety and law enforcement divisions, the 2004 employer rate was 16.70%, and 4.00% was used to fund health care.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10 - POST-EMPLOYMENT BENEFITS (Continued)

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

C. Summary of Assumptions:

Actuarial Review. The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2003.

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

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

Investment Return. The investment assumption rate for 2003 was 8.00%.

Active Employee Total Payroll. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate)

D. OPEBs are advance-funded on an actuarially determined basis. The following disclosures are required:

1. At year-end 2004, the number of active contributing participants in the Traditional Pension and Combined Plans totaled 369,885.
2. The rates stated in Section A, above, are the actuarially determined contribution requirements for OPERS. The County's actual contribution for 2004 used to fund OPEB was \$436,292.
3. The amount of \$10.5 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2003.
4. The actuarially accrued liability and the unfunded actuarially accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

E. OPERS Retirement Board adopts a Health Care Preservation Plan.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 10 - POST-EMPLOYMENT BENEFITS (Continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

State Teachers Retirement System (STRS)

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. During 2004, the board allocated 1% of employer contributions to the Health Care Reserve Fund.

For the County this amount equaled \$5,504 during 2004.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.1 billion at June 30, 2004. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000. There were 111,853 eligible benefit recipients.

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 acquired at least one year of service with the County. Accumulated, unused sick leave and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy.

COSHOCTON COUNTY

**NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 11 - LONG-TERM OBLIGATIONS

The County's long-term obligations at year end 2004 consist of the following:

	<u>Outstanding 12/31/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2004</u>
Governmental Activities:				
Series 12/1990, 7.3%, Human Services Bldg. Bond	\$ 495,000	\$ 0	\$ (40,000)	\$ 455,000
Series 1/1996, 6.4%, Water Line Bond	160,000	0	(10,000)	150,000
Series 4/1996, 5.7%, Hopewell Heating/Cooling Note	33,300	0	(11,100)	22,200
Series 10/1999, 6.3%, County Garage Bond	875,000	0	(35,000)	840,000
Energy Management System	345,944	0	(52,514)	293,430
Series 09/2001, 0%, OPWC Note	65,357	0	(3,734)	61,623
Series 09/2002, 0%, OPWC Bridge Program Note	71,400	0	(8,400)	63,000
Series 09/2002, 2.65%, Juv/ Probate Court-Phone Bonds	1,230,000	0	(135,000)	1,095,000
Series 03/2003, 5.5%, 20 Year Hopewell Roof Note	150,000	0	(15,000)	135,000
Series 04/2003 1 Year, N. Corridor Water Line Note	2,500,000	0	(2,500,000)	0
Series 02/2004, N Corridor Water Line Note	0	2,500,000	(2,500,000)	0
Series 05/2004, OPWC Note	0	17,151	(858)	16,293
Series 12/2004, N. Corridor/ Various Purpose Bonds	0	2,145,000	0	2,145,000
Fresno Water and Sewer Note	0	57,882	0	57,882
Total Governmental Activities	\$ 5,926,001	\$ 4,720,033	\$ (5,311,606)	\$ 5,334,428

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2004 are as follows:

Years Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 431,446	\$ 246,037	\$ 677,483
2006	385,595	232,918	618,513
2007	386,601	218,975	605,576
2008	273,785	204,844	478,629
2009	286,052	193,177	479,229
2010-2014	1,138,960	794,244	1,933,204
2015-2019	1,102,965	501,435	1,604,400
2020-2024	679,024	248,025	927,049
2025-2029	650,000	93,000	743,000
Total	\$ 5,334,428	\$ 2,732,655	\$ 8,067,083

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 11 - LONG-TERM OBLIGATIONS (Continued)

Payment for bonds issued for construction of the Human Services Building will be completed in December 2016. Payment for bonds issued for construction of the South Tuscarawas Water Line will be completed in December 2013. Payment for notes issued for updating the heating and cooling system at Hopewell School will be completed in April 2006. Payment for bonds issued for construction of the County Engineer's Garage will be completed in December 2019. Payment for notes issued for updating energy saving equipment will be completed in September 2009. Various purpose bond anticipation notes were rolled over in February 2004. In December, the note was converted to bonds, these bonds will be completed in 2029. Payment for bonds issued for renovation of the Juvenile Court and county phone system will be completed in 2022. Payment for note issued from Ohio Public Works Commission will be completed in 2021. Payment for the Ohio Public Works Commission note for Airport Sewer Line will be completed in 2023. Payment for the Ohio Public Works Commission note for Bridge Program will be completed in 2012.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2004, are an overall debt margin of \$9,306,660; and an unvoted debt margin of \$1,212,579.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

A. Solid Waste District

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

The District is governed and operated through three groups. A twelve-member board of directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. No contributions were made by the County in 2004 and no future contributions by the County are anticipated. A twenty-nine-member policy committee, consisting of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

During 2004, Coshocton County contributed \$440,701 from levy proceeds. Additional revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's participation and no equity interest exists. The Board has no outstanding debt.

C. County Risk Sharing Authority (CORSA)

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have any equity interest in CORSA. The County's payment for insurance to CORSA in 2004 was \$212,902.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Ohio Mideastern Governments Association (OMEGA)

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

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

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

E. Area Office on Aging

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

NOTE 13 - RELATED ORGANIZATIONS

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

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

COSHOCTON COUNTY

**NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 14 - RELATED PARTY TRANSACTIONS

Hopewell Industries, Inc., is a component unit of Coshocton County. Hopewell Industries, Inc. received contributions in the amount of \$37,247 during 2004, from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. The Coshocton County Board of Mental Retardation and Developmental Disabilities expended \$34,952 in the operation of Hopewell Industries Inc. during 2004.

Coshocton County Airport Authority is a component unit of Coshocton County. During 2004, the County Airport Authority received an operating transfer from the County in the amount of \$62,051.

NOTE 15 - CONTINGENT LIABILITIES

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

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

NOTE 16 - CONTRACTUAL COMMITMENTS

As of December 31, 2004, the County had three material purchase commitments.

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Richland Engineering	Bridge Replacement	\$ 37,964
William Albert Construction	Water Line	34,226
Luburgh, Inc.	Airport Construction	52,223

NOTE 17 – COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY

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.

COSHOCTON COUNTY

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 17 – COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY (Continued)

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chose to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Since the Airport is a component unit of Coshocton County the same basis of accounting has been chosen to be used for presentation purposes.

C. Deposits and Investments

At year end the carrying amount of the Airport's deposits were \$123,760 and the bank balance was \$126,371. Of this bank balance, \$100,000 was covered by Federal depository insurance and \$26,371 was uncollateralized. The Airport has no investments.

D. Debt

The Airport received a loan from the Coshocton Port Authority in June 2004, for \$60,000 to cover the costs of the initial stages of the reclamation project at the Airport. This loan will be repaid when grant money for the project is received. Principal is due at maturity on June 16, 2005. Interest payments are due quarterly. One interest payment has been made on this obligation in the amount of \$529. The loan bears a 3.5% interest rate.

NOTE 18 – HOPEWELL INDUSTRIES, INC.

A. Reporting Entity

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

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chose to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Since Hopewell Industries, Inc. is a component unit of Coshocton County the same basis of accounting has been chosen to be used for presentation purposes.

COSHOCTON COUNTY

**NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 18 – HOPEWELL INDUSTRIES, INC. (Continued)

C. Deposits and Investments

At year end the carrying amount of Hopewell Industries deposits were \$91,912 and the bank balance was \$97,333. Of this bank balance, \$61,041 was covered by Federal depository insurance and \$36,292 was uncollateralized. In addition, Hopewell Industries had other investments with carrying value of \$144,587 and market value of \$149,238.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

July 28, 2005

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

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

We have audited the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Coshocton County (the "County") as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County in a separate letter dated July 28, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2004-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated July 28, 2005.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

July 28, 2005

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

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

Compliance

We have audited the compliance of Coshocton County (the "County") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2004. However, we noted certain immaterial instances of noncompliance that we have reported to management of Coshocton County in a separate letter dated July 28, 2005.

Internal Control Over Compliance

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

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

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

We have audited the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Coshocton County, as of and for the year ended December 31, 2004, and have issued our report thereon dated July 28, 2005. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for 2004 is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Hea & Associates, Inc.

COSHOCTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Passed through State Department of Development)			
Community Development Block Grant	14.228	B-F-01-016-1	\$ 66,500
		B-F-02-016-1	105,267
		B-F-03-016-1	56,890
		B-C-02-016-1	109,850
			<u>338,507</u>
HOME Investment Partnerships Program	14.239	B-C-01-016-2	5,979
		B-C-02-016-2	153,130
			<u>159,109</u>
Total U.S. Department of Housing and Urban Development			497,616
U.S. DEPARTMENT OF LABOR: (Passed through Ohio Department of JFS/Area 7 Montgomery County)			
Workforce Investment Act Cluster:			
Workforce Investment Act Cluster: Adult	17.258		86,915
Workforce Investment Act Cluster: Adult Administration			3,079
Total Workforce Investment Act - Adult			<u>89,994</u>
Workforce Improvement Act Cluster: Youth	17.259		77,100
Workforce Investment Act Cluster: Youth Administration			2,703
Total Workforce Investment Act - Youth			<u>79,803</u>
Workforce Improvement Act Cluster: Dislocated Worker	17.260		48,748
Workforce Investment Act Cluster: Dislocated Worker Administration			1,727
Total Workforce Investment Act - Dislocated Worker			<u>50,475</u>
Workforce Improvement Act Cluster: Rapid Response	17.260		135,221
Total Workforce Investment Act - CFDA #17.260			<u>185,696</u>
Total U.S. Department of Labor			<u>405,968</u>
U.S. DEPARTMENT OF COMMERCE:			
Direct Award			
Economic Development Administration	11.300	06-01-04533	316,944
Total U.S. Department of Commerce			<u>316,944</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Direct Award			
Airport Improvement Program	20.106	3-39-0028-0802	895,628
		3-39-0028-0903	81,547
		3-39-0028-10004	80,514
Total U.S. Department of Transportation			<u>1,057,689</u>

COSHOCTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
U.S. DEPARTMENT OF JUSTICE			
<i>(Passed through Ohio Department of Youth Services)</i>			
Juvenile Justice - Intensive Probation	16.540	2002-JB-007-A301	14,903
Juvenile Justice - Drug Court		2003-JJDA-10003	33,198
Total Juvenile Justice			<u>48,101</u>
 <i>(Passed through Ohio Department of Justice)</i>			
VOCA	16.575	2004VAGENE001	12,349
		2005VAGENE001	4,062
Total VOCA			<u>16,411</u>
Total U.S. Department of Justice			<u>64,512</u>
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>(Passed through State Department of Mental Retardation and Development Disabilities)</i>			
Title XIX Medical Assistance Program - CAFS	93.778		642,262
Targeted Case Management			139,366
Waiver Administration			2,132
EFMAP (Enhanced Federal Reimbursement)			28,096
			<u>811,856</u>
State Children's Insurance Program	93.767		5,047
Title XX - Social Services Block Grant	93.667		39,743
Total U.S. Department of Health and Human Service			<u>856,646</u>
 U.S. DEPARTMENT OF EDUCATION:			
<i>(Passed through Ohio Department of Education)</i>			
Special Education Cluster			
Title VI-B	84.027	065938-6BSF-2004	20,351
		065938-6BSF-2005	11,126
			<u>31,477</u>
Early Childhood Special Education	84.173	065938-PGS1-2004	6,928
		065938-PSG1-2005	3,608
			<u>10,536</u>
Child Progress Indicator	84.173A		<u>6,450</u>
Total Special Education Cluster			48,463
Title V	84.298	065938-C2S1-2004	502
		065938-C2S1-2005	23
			<u>525</u>
Adult Education State Grant Program	84.002	139744-ABS1-2004	62,533
		139744-ABS1-2005	27,642
			<u>90,175</u>
Total U.S. Department of Education			139,163

COSHOCTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
FEDERAL EMERGENCY MANAGEMENT:			
(Passed through Ohio Emergency Management Agency)			
Hazard Mitigation Plan Grant	83.557		10,390
Total Federal Emergency Management			<u>10,390</u>
 CORPORATION FOR COMMUNITY AND NATIONAL SERVICE:			
(Passed through Ohio Dept. of Youth Services)			
Ameri-Corps	94.006		85
Total Corporations for Community and National Service			<u>85</u>
 U.S. DEPARTMENT OF DEFENSE:			
Direct from U.S. Army Corp of Engineers			
Ohio Section 594 Program	N/A		4,697
Total U.S. Department of Defense			<u>4,697</u>
 U.S. DEPARTMENT OF HOMELAND SECURITY:			
(Passed through Ohio Emergency Management Agency)			
State Homeland Security Grant Program - Planning & Admin	97.004	2003-TE-TX-0199	9,000
State Homeland Security Grant Program - Equipment		2003-TE-TX-0199	20,115
State Homeland Security Grant Program - Planning & Admin - Part II		2003-MUP-30015	78,000
State Homeland Security Grant Program - Equipment - Part II		2003-MUP-30015	109,137
State Homeland Security Program		2004-GE-T4-0025	53,455
Total State Homeland Security Grant Program			<u>269,707</u>
Emergency Management Performance Grant	97.042	EMC-2004-GR-7007	28,786
Citizen Corp Program Grant	97.053	2004-GC-T4-0025	2,437
Community Emergency Response Team Grant	97.054	EMC-2003-GR-7066	2,700
Total Homeland Security			<u>303,630</u>
 GENERAL SERVICES ADMINISTRATION:			
(Direct on behalf of Election Assistance Commission)			
The Help America Vote Act of 2002	39.011	04SOSHA16	6,000
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u><u>\$ 3,663,340</u></u>

COSHOCTON COUNTY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2004**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

COSHOCOTON COUNTY
 SCHEDULE OF FINDINGS
 DECEMBER 31, 2004

SUMMARY OF AUDITOR'S RESULTS

A-133 Ref.
 .505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any reportable conditions reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list):	Community Development Block Grant Program CFDA # 14.228 Airport Improvement Program CFDA #20.106 Workforce Investment Act Cluster CFDA #s 17.258, 17.259 and 17.260
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

COSHOCTON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2004
(continued)

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

FINDING NUMBER	2004 – 001
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Ohio Administrative Code 117-2-03(B) and ORC 117.38 require the County's financial statements to be prepared in accordance with generally accepted accounting principles unless a proper waiver has been obtained. The County has not obtained such a waiver.

We recommend the County file its financial statements in accordance with generally accepted accounting principles in the future.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE.

COSHOCTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	A noncompliance citation was issued under 24 CFR Section 85.21(b), Cash Management, stating draw downs should be limited to amounts that will enable the County to disburse the funds below \$5,000 within 15 days.	No	Not Corrected - non-compliance was noted for CDBG grants in 2004 and the citation was moved to the management letter.
2003-002	Ohio Administrative Code Section 117-2-03B and ORC 117.38 – noncompliance finding for not having financial statements on a GAAP basis.	No	Not corrected - financial statements prepared utilizing OCBOA cash basis GASB 34 presentation in 2004.
2003-003	A noncompliance citation for the Economic Development Authority Grant, CFDA #11.300, for not filing the proper reports.	No	Finding no longer valid as grant is completed and no additional reports are necessary.



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

FINANCIAL CONDITION

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 13, 2005**