



Dave Yost • Auditor of State

**CITY OF COSHOCTON
COSHOCTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITORS' REPORT

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coshocton, Coshocton County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire, and Street Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015

CITY OF COSHOCTON, OHIO

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

The management's discussion and analysis of the City of Coshocton's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The total net position of the City decreased \$72,503 from the 2013 net position. Net position of governmental activities decreased \$581,434 or 5.96% over 2013 and net position of business-type activities increased \$508,931 or 6.57% over the 2013 balance.
- General revenues accounted for \$5,850,963 or 72.35% of total governmental activities revenue. Program specific revenues accounted for \$2,236,604 or 27.65% of total governmental activities revenue.
- The City had \$8,669,001 in expenses related to governmental activities; \$2,236,604 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$6,432,397 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$5,850,963. General revenues were not adequate to cover expenses for 2014.
- The general fund had revenues and other financing sources of \$3,642,826 in 2014 and total expenditures of \$3,784,186 in 2014. The net decrease in fund balance for the general fund was \$141,360 or 54.13%.
- The fire fund had revenues of \$1,124,474 in 2014 and total expenditures of \$1,060,595 in 2014. The net increase in fund balance for the fire fund was \$63,879.
- The street fund had revenues of \$999,976 in 2014 with total expenditures of \$1,026,596 in 2014. The net decrease in fund balance for the street fund was \$26,620.
- Net position for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, increased in 2014 by \$508,931 over the 2013 balance.
- The water fund, a major enterprise fund, had operating revenues of \$3,702,407, operating and nonoperating expenses of \$3,432,800 and capital contributions of \$100,000 in 2014. The net position of the water fund increased \$369,607 or 6.49% from the 2013 net position balance.
- The sewer fund, a major enterprise fund, had operating revenues of \$1,738,543 and operating and nonoperating expenses of \$1,654,933 in 2014. The net position of the sewer fund increased \$83,610 or 5.53% from the 2013 net position balance.
- The solid waste fund, a nonmajor enterprise fund, had operating revenues of \$684,490 in 2014 and operating expenses of \$643,665 in 2014. The net position of the solid waste fund increased \$40,825 or 6.96% from the 2013 net position balance.
- In the general fund, the actual revenues came in \$78,452 lower than they were in the final budget and actual expenditures were \$41,196 less than the amount in the final budget. Budgeted revenues increased \$170,249 from the original to the final budget due primarily to an increase in projected income taxes and intergovernmental revenue. Budgeted expenditures increased \$479,347 from the original to the final budget due primarily to an increase in the estimated cost of security of persons and property expenditures.

CITY OF COSHOCTON, OHIO

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

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, and solid waste operations are reported here.

The City's statement of net position and statement of activities can be found on pages 19-21 of this report.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

CITY OF COSHOCTON, OHIO

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 11.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the fire fund and the street fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 22-28 of this report.

Proprietary Funds

The City maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and solid waste management functions. The City's water and sewer enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insurance. The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. A private-purpose trust and agency funds are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 35-66 of this report.

CITY OF COSHOCTON, OHIO

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

Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net position for 2014 and 2013.

	Governmental Activities <u>2014</u>	Business-type Activities <u>2014</u>	Governmental Activities <u>2013</u>	Business-type Activities <u>2013</u>	2014 Total	2013 Total
<u>Assets</u>						
Current and other assets	\$ 5,280,824	\$ 5,211,587	\$ 5,342,416	\$ 4,244,455	\$ 10,492,411	\$ 9,586,871
Capital assets	<u>6,406,564</u>	<u>17,483,843</u>	<u>6,417,536</u>	<u>18,308,843</u>	<u>23,890,407</u>	<u>24,726,379</u>
Total assets	<u>11,687,388</u>	<u>22,695,430</u>	<u>11,759,952</u>	<u>22,553,298</u>	<u>34,382,818</u>	<u>34,313,250</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	1,070,588	14,269,929	931,243	14,624,915	15,340,517	15,556,158
Other liabilities	<u>590,258</u>	<u>167,606</u>	<u>631,409</u>	<u>179,419</u>	<u>757,864</u>	<u>810,828</u>
Total liabilities	<u>1,660,846</u>	<u>14,437,535</u>	<u>1,562,652</u>	<u>14,804,334</u>	<u>16,098,381</u>	<u>16,366,986</u>
Deferred inflows	<u>847,497</u>	-	<u>436,821</u>	-	<u>847,497</u>	<u>436,821</u>
<u>Net Position</u>						
Net investment in capital assets	6,047,560	3,510,689	6,040,214	3,951,931	9,558,249	9,992,145
Restricted	2,980,872	-	3,351,761	-	2,980,872	3,351,761
Unrestricted	<u>150,613</u>	<u>4,747,206</u>	<u>368,504</u>	<u>3,797,033</u>	<u>4,897,819</u>	<u>4,165,537</u>
Total net position	<u>\$ 9,179,045</u>	<u>\$ 8,257,895</u>	<u>\$ 9,760,479</u>	<u>\$ 7,748,964</u>	<u>\$ 17,436,940</u>	<u>\$ 17,509,443</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2014, the City's assets exceeded liabilities and deferred inflows by \$17,436,940. At year-end, net position was \$9,179,045 and \$8,257,895, for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 69.48% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investments in capital assets at December 31, 2014, were \$6,047,560 and \$3,510,689 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$2,980,872, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$150,613 may be used to meet the government's ongoing obligations to citizens and creditors.

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

CITY OF COSHOCTON, OHIO

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

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2014	2013
	Activities	Activities	Activities	Activities		
	2014	2014	2013	2013	Total	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,359,862	\$ 6,081,421	\$ 1,284,795	\$ 5,894,718	\$ 7,441,283	\$ 7,179,513
Operating grants and contributions	772,437	-	1,013,914	-	772,437	1,013,914
Capital grants and contributions	104,305	100,000	837,452	44,590	204,305	882,042
Total program revenues	<u>2,236,604</u>	<u>6,181,421</u>	<u>3,136,161</u>	<u>5,939,308</u>	<u>8,418,025</u>	<u>9,075,469</u>
General revenues:						
Property taxes	430,395	-	430,603	-	430,395	430,603
Income taxes	4,474,240	-	4,283,133	-	4,474,240	4,283,133
Lodging tax	82,766	-	91,823	-	82,766	91,823
JEDD revenue	236,317	-	216,215	-	236,317	216,215
Unrestricted grants and entitlements	520,826	-	647,098	-	520,826	647,098
Investment earnings	11,825	-	8,041	-	11,825	8,041
Miscellaneous	94,594	44,019	62,898	39,624	138,613	102,522
Total general revenues	<u>5,850,963</u>	<u>44,019</u>	<u>5,739,811</u>	<u>39,624</u>	<u>5,894,982</u>	<u>5,779,435</u>
Total revenues	<u>8,087,567</u>	<u>6,225,440</u>	<u>8,875,972</u>	<u>5,978,932</u>	<u>14,313,007</u>	<u>14,854,904</u>
Expenses:						
General government	1,998,549	-	1,808,072	-	1,998,549	1,808,072
Security of persons and property	3,282,061	-	3,300,310	-	3,282,061	3,300,310
Public health and welfare	1,248,468	-	1,280,535	-	1,248,468	1,280,535
Transportation	1,663,688	-	1,063,080	-	1,663,688	1,063,080
Community environment	16,402	-	13,755	-	16,402	13,755
Leisure time activity	206,939	-	186,937	-	206,939	186,937
Urban redevelopment and housing	252,220	-	384,003	-	252,220	384,003
Interest and fiscal charges	674	-	240	-	674	240
Water	-	3,421,972	-	3,588,659	3,421,972	3,588,659
Sewer	-	1,650,872	-	1,630,869	1,650,872	1,630,869
Solid waste	-	643,665	-	620,241	643,665	620,241
Total expenses	<u>8,669,001</u>	<u>5,716,509</u>	<u>8,036,932</u>	<u>5,839,769</u>	<u>14,385,510</u>	<u>13,876,701</u>
Change in net position	(581,434)	508,931	839,040	139,163	(72,503)	978,203
Net position at beginning of year	<u>9,760,479</u>	<u>7,748,964</u>	<u>8,921,439</u>	<u>7,609,801</u>	<u>17,509,443</u>	<u>16,531,240</u>
Net position at end of year	<u>\$ 9,179,045</u>	<u>\$ 8,257,895</u>	<u>\$ 9,760,479</u>	<u>\$ 7,748,964</u>	<u>\$ 17,436,940</u>	<u>\$ 17,509,443</u>

CITY OF COSHOCTON, OHIO

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

Governmental Activities

Governmental activities net position decreased \$581,434 in 2014. This decrease is primarily due to a reduction in operating grants and contributions

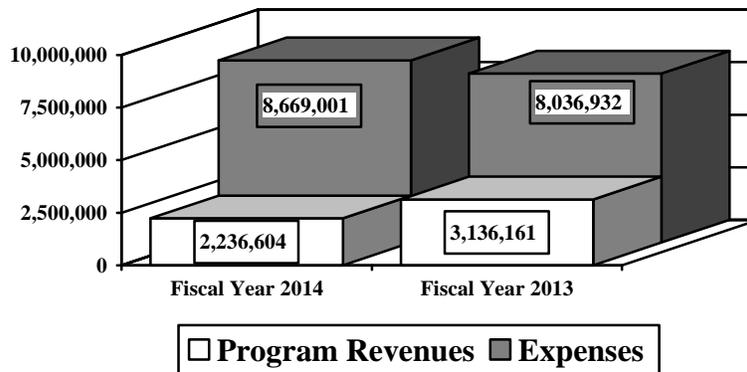
Security of persons and property, which primarily supports the sheriff's contracts accounted for \$3,282,061 of the total expenses of the City. General government expenses totaled \$1,998,549. General government expenses were partially funded by \$372,150 in direct charges to users of the services. Transportation expenses were \$1,663,688.

The state and federal government contributed to the City a total of \$772,437 in operating grants and contributions and \$104,305 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of these total grants and contributions, \$579,718 subsidized transportation programs and \$145,825 subsidized urban redevelopment and housing activities.

General revenues totaled \$5,850,963 and amounted to 72.35% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$4,904,635. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$520,826.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities as program revenues are not sufficient to cover total governmental expenses for 2014.

Governmental Activities – Program Revenues vs. Total Expenses



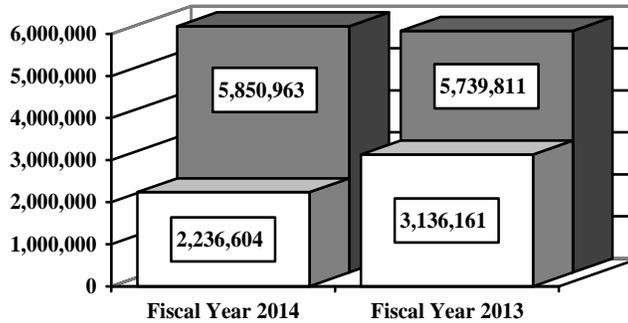
CITY OF COSHOCTON, OHIO

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

	Governmental Activities			
	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>
Program Expenses:				
General government	\$ 1,998,549	\$ 1,590,028	\$ 1,808,072	\$ 1,427,518
Security of persons and property	3,282,061	3,282,061	3,300,310	3,300,310
Public health and welfare	1,248,468	271,580	1,280,535	337,145
Transportation	1,663,688	979,619	1,063,080	(274,628)
Community environment	16,402	15,627	13,755	12,980
Leisure time activity	206,939	186,413	186,937	166,414
Urban redevelopment and housing	252,220	106,395	384,003	(69,208)
Interest and fiscal charges	674	674	240	240
Total	<u>\$ 8,669,001</u>	<u>\$ 6,432,397</u>	<u>\$ 8,036,932</u>	<u>\$ 4,900,771</u>

The dependence upon general revenues for governmental activities is apparent, with 67.49% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2014 and 2013.

Governmental Activities – General and Program Revenues



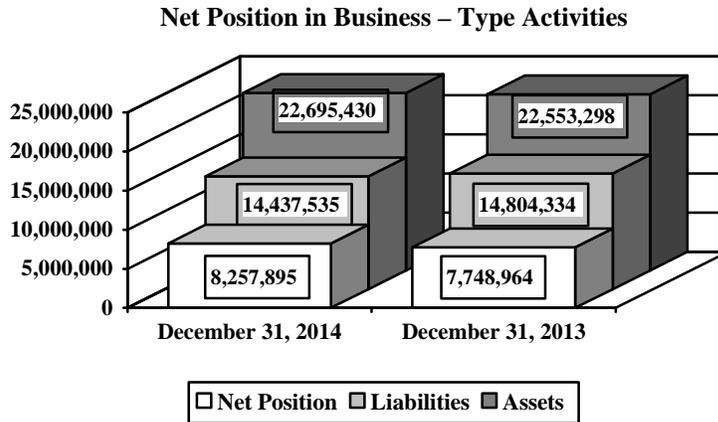
□ Program Revenues ■ General Revenues

CITY OF COSHOCTON, OHIO

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

Business-type Activities

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$6,081,421 and expenses of \$5,716,509 for 2014. The graph below shows the business-type activities assets, liabilities and net position at year-end.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$2,911,938 which is \$476,594 below last year's total of \$3,388,532.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2014 and 2013 for all major and nonmajor governmental funds.

	Fund Balances 12/31/14	Fund Balances 12/31/13	Increase/ (Decrease)
Major funds:			
General	\$ 119,812	\$ 261,172	\$ (141,360)
Fire	294,220	230,341	63,879
Street	374,036	400,656	(26,620)
Other nonmajor governmental funds	<u>2,123,870</u>	<u>2,496,363</u>	<u>(372,493)</u>
Total	<u>\$ 2,911,938</u>	<u>\$ 3,388,532</u>	<u>\$ (476,594)</u>

CITY OF COSHOCTON, OHIO

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

General Fund

The City's general fund balance decreased \$141,360. The table that follows assists in illustrating the revenues of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 2,666,124	\$ 2,570,575	3.72 %
Charges for services	300,732	277,970	8.19 %
Licenses and permits	136,482	139,712	(2.31) %
Fines and forfeitures	409	2,116	(80.67) %
Investment income	5,069	8,041	(36.96) %
Intergovernmental	412,174	668,933	(38.38) %
JEDD revenue	54,041	54,353	(0.57) %
Other	<u>54,577</u>	<u>29,388</u>	85.71 %
Total	<u>\$ 3,629,608</u>	<u>\$ 3,751,088</u>	(3.24) %

Tax revenue represents 73.45% of all general fund revenue. The decrease in investment income is due to the decrease in the amount of City deposits and the amount of interest on the City's various accounts. The decrease in intergovernmental revenues is due to the decrease in the collection of revenues from the State and the County Auditor. Other revenues increased primarily due to the increase in refund and reimbursement revenue.

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

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 1,443,468	\$ 1,415,126	2.00 %
Security of persons and property	1,862,585	1,980,731	(5.96) %
Public health and welfare	330,396	400,521	(17.51) %
Community environment	13,367	13,755	(2.82) %
Leisure time activity	117,673	133,223	(11.67) %
Capital outlay	8,919	-	N/A
Debt service	<u>7,778</u>	<u>1,432</u>	443.16 %
Total	<u>\$ 3,784,186</u>	<u>\$ 3,944,788</u>	(4.07) %

The City decreased total expenditures during 2014 by \$160,602. The decrease in security of persons and property expenditures related to costs associated with the sheriff contract service. Leisure time activity expenditures decreased due to a decrease in related personal services that included salaries and benefits.

Fire Fund

The fire fund had revenues of \$1,124,474 in 2014. The expenditures of the fire fund, totaled \$1,060,595 in 2014. The net increase in fund balance for the fire fund was \$63,879.

CITY OF COSHOCTON, OHIO

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

Street Fund

The street fund had revenues of \$999,976 in 2014. The expenditures of the street fund, totaled \$1,026,596 in 2014. The net decrease in fund balance for the street fund was \$26,620.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, the fire fund and the street fund. In the general fund, one of the most significant changes was between the original and final budgeted amount in the area of revenues, which increased \$170,249 from \$3,555,986 to \$3,726,235. Actual revenues of \$3,647,783 were less than final budgeted revenues by \$78,452. The other significant change was between the final budgeted expenditures and original budgeted expenditures. Original budgeted expenditures came in \$479,347 lower than the final budgeted amounts. Actual expenditures of \$3,775,398 were less than final budgeted expenditures by \$41,196.

Proprietary Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

The City's enterprise funds (as presented on the statement of net position on page 29) reported a combined net position of \$8,286,852. The schedule below indicates the net position and the total change in net position as of December 31, 2014 for all enterprise funds.

	<u>Net Position</u> <u>12/31/14</u>	<u>Net Position</u> <u>12/31/13</u>	<u>Increase</u>
Major funds:			
Water	\$ 6,062,956	\$ 5,693,349	\$ 369,607
Sewer	1,596,785	1,513,175	83,610
Nonmajor fund:			
Solid waste	<u>627,111</u>	<u>586,286</u>	<u>40,825</u>
Total	<u>\$ 8,286,852</u>	<u>\$ 7,792,810</u>	<u>\$ 494,042</u>

CITY OF COSHOCTON, OHIO

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

Water Fund

The City's Water fund net position increased \$369,607 due mainly to the slightly decreasing revenues exceeding the increasing expenses. The following tables illustrate the revenues and expenses of the water fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 3,665,596	\$ 3,499,446	4.75 %
Special assessment revenue	282	889	(68.28) %
Other	<u>36,529</u>	<u>33,825</u>	7.99 %
Total	<u>\$ 3,702,407</u>	<u>\$ 3,534,160</u>	4.76 %
<u>Operating Expenses</u>			
Personal services	\$ 1,081,115	\$ 993,265	8.84 %
Contractual services	282,001	263,742	6.92 %
Materials and supplies	1,219,945	1,372,349	(11.11) %
Depreciation	664,791	657,113	1.17 %
Other	<u>2,929</u>	<u>1,898</u>	54.32 %
Total	<u>\$ 3,250,781</u>	<u>\$ 3,288,367</u>	(1.14) %
	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Expenses</u>			
Interest expense and fiscal charges	<u>(182,019)</u>	<u>(251,670)</u>	(27.68) %
Total	<u>\$ (182,019)</u>	<u>\$ (251,670)</u>	(27.68) %
<u>Capital Contributions</u>			
Capital contributions	<u>\$ 100,000</u>	<u>\$ 44,590</u>	124.27 %
Total	<u>\$ 100,000</u>	<u>\$ 44,590</u>	124.27 %

CITY OF COSHOCTON, OHIO

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

Sewer Fund

The City's sewer fund net position increased \$83,610 due mainly to the increase in revenues received from charges for services. The following tables illustrate the revenues and expenses of the sewer fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 1,731,053	\$ 1,702,147	1.70 %
Other	<u>7,490</u>	<u>5,799</u>	29.16 %
Total	<u>\$ 1,738,543</u>	<u>\$ 1,707,946</u>	1.79 %
<u>Operating Expenses</u>			
Personal services	\$ 561,552	\$ 541,983	3.61 %
Contractual services	141,351	134,502	5.09 %
Materials and supplies	368,556	356,861	3.28 %
Depreciation	<u>358,687</u>	<u>354,503</u>	1.18 %
Total	<u>\$ 1,430,146</u>	<u>\$ 1,387,849</u>	3.05 %
<u>Nonoperating Expenses</u>			
Interest expense and fiscal charges	<u>\$ (224,787)</u>	<u>\$ (224,787)</u>	- %
Total	<u>\$ (224,787)</u>	<u>\$ (224,787)</u>	- %

Solid Waste Fund

The City's Solid Waste fund net position increased \$40,825 due mainly to the decrease in contractual services expenses.

The following tables illustrate the revenues and expenses of the solid waste fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	<u>\$ 684,490</u>	<u>\$ 692,236</u>	(1.12) %
Total	<u>\$ 684,490</u>	<u>\$ 692,236</u>	(1.12) %
<u>Operating Expenses</u>			
Contractual services	\$ 598,707	\$ 596,533	0.36 %
Materials and supplies	<u>44,958</u>	<u>23,708</u>	89.63 %
Total	<u>\$ 643,665</u>	<u>\$ 620,241</u>	3.78 %

CITY OF COSHOCTON, OHIO

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

Capital Assets and Debt Administration

Capital Assets

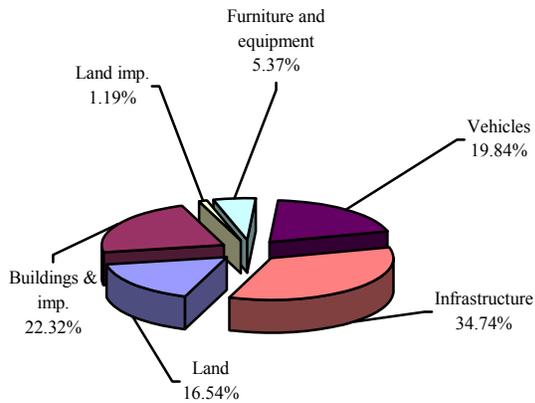
At the end of 2014, the City had \$23,890,407 (net of accumulated depreciation) invested in land, buildings and improvements, land improvements, furniture and equipment, vehicles and infrastructure. Of this total, \$6,406,564 was reported in governmental activities and \$17,483,843 was reported in business-type activities. See Note 10 for further description of capital assets. The following table shows 2014 balances compared to 2013:

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

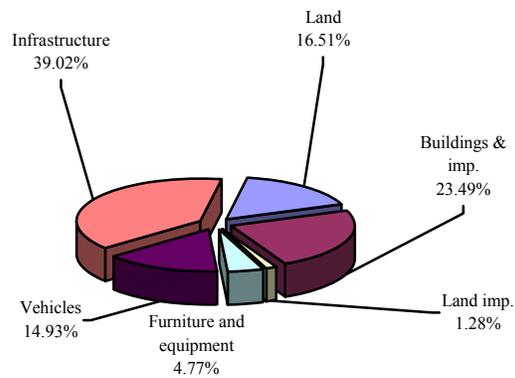
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 1,059,518	\$ 1,059,518	\$ 591,950	\$ 591,950	\$ 1,651,468	\$ 1,651,468
Land improvements	76,094	82,104	8,160	9,793	84,254	91,897
Buildings and improvements	1,430,345	1,507,714	5,615,552	5,859,358	7,045,897	7,367,072
Furniture and equipment	343,742	305,850	4,913,642	5,089,064	5,257,384	5,394,914
Vehicles	1,271,223	958,135	236,526	192,778	1,507,749	1,150,913
Infrastructure	2,225,642	2,504,215	-	-	2,225,642	2,504,215
Water and sewer lines	-	-	6,118,013	6,565,900	6,118,013	6,565,900
Totals	\$ 6,406,564	\$ 6,417,536	\$ 17,483,843	\$ 18,308,843	\$ 23,890,407	\$ 24,726,379

The following graphs show the breakdown of governmental capital assets by category for 2014 and 2013.

Capital Assets - Governmental Activities 2014



Capital Assets - Governmental Activities 2013



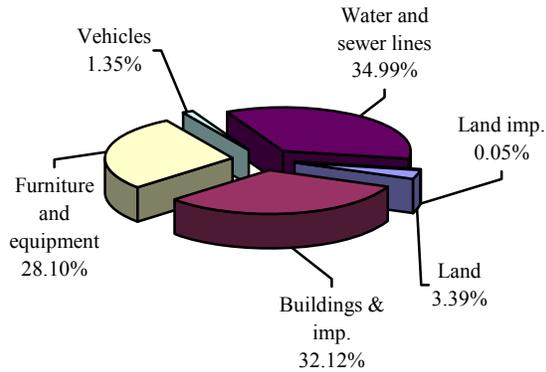
The City's largest governmental capital asset categories are infrastructure and buildings and improvements. The net book value of these categories (cost less accumulated depreciation) represents approximately 57.06% of the City's total governmental capital assets.

CITY OF COSHOCTON, OHIO

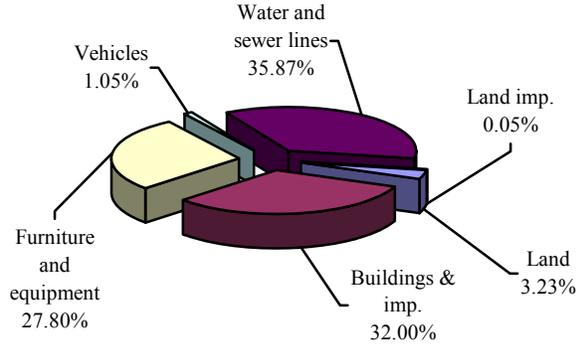
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

The following graphs show the breakdown of business-type capital assets by category for 2014 and 2013.

Capital Assets - Business-Type Activities 2014



Capital Assets - Business-Type Activities 2013



The City's largest business-type capital asset category is water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's water and sewer lines (cost less accumulated depreciation) represents approximately 35.87% of the City's total business-type capital assets.

Debt Administration

The City had the following debt outstanding at December 31, 2014 and 2013:

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
OPWC loans	\$ 146,591	\$ 171,023
Loan payable	202,000	202,000
Capital lease obligation	<u>10,413</u>	<u>4,299</u>
Total long-term obligations	<u>\$ 359,004</u>	<u>\$ 377,322</u>
	Business-type Activities	
	<u>2014</u>	<u>2013</u>
OWDA loans	\$ 13,770,654	\$ 14,143,162
OPWC loans	<u>202,500</u>	<u>213,750</u>
Total long-term obligations	<u>\$ 13,973,154</u>	<u>\$ 14,356,912</u>

Further detail on the City's long-term obligations can be found in Note 13 to the financial statements.

CITY OF COSHOCTON, OHIO

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

Economic Conditions and Outlook

The City's administration considers the impact of various economic factors when establishing the 2015 budget. The continued challenges resulting from regional loss of employment, stagnant economic development, and the general national recession, have yielded significant influence on the objectives established in the 2015 budget. The primary objectives include continued improvement to constituent service delivery as well as long-term fiscal stability.

Despite the uncertainty surrounding the economy, the City continues to carefully monitor two primary sources of revenue – local income taxes and shared intergovernmental (State) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, City Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2015 budget, the City emphasized various efforts to continue to contain costs while pursuing new sources of revenue. A ½% incomes tax increase was passed in May 2005 specifically for the operational expenses and capital improvements of the fire department. A 2.4 mil levy for Streets was placed on the May 2014 primary ballot and passed. A new Fund #225 Street Levy Fund was created for the revenues, estimated at \$421,000, which will be received in 2015. A Job Creation Grant Agreement was signed with Kraft Foods where it is anticipated that 300 new jobs will be created by December 31, 2017 and is expected to result in approximately \$8,736,000 of additional annual payroll. Due to the nature of the agreement, the City will not realize any additional revenue from this agreement for 10 years, but the ground work is established for future revenue.

In May, 2015 the City passed a ½% increase for Safety Services and Law Enforcement protection. The levy is estimated to generate \$1.4 million.

The average unemployment rate for Coshocton County in 2014 was 7.0%, compared to State of Ohio's average rate of 6.5%. With the continuation of conservative budgeting practices, the City's overall financial position is anticipated to remain stable in the future years, except as noted above.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Sherry Kirkpatrick, City Auditor, City of Coshocton, City Hall, 760 Chestnut Street, Coshocton, OH 43812.

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CITY OF COSHOCTON, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 2,674,159	\$ 4,310,961	\$ 6,985,120
Receivables:			
Income taxes.	1,161,680	-	1,161,680
Property and other local taxes.	880,259	-	880,259
Accounts.	46,288	768,716	815,004
Accrued interest	16	-	16
Special assessments	1,242	331	1,573
Internal balances	28,957	(28,957)	-
Due from other governments	411,694	100,000	511,694
Materials and supplies inventory.	76,529	60,536	137,065
Capital assets:			
Land	1,059,518	591,950	1,651,468
Depreciable capital assets, net.	5,347,046	16,891,893	22,238,939
Total capital assets, net.	6,406,564	17,483,843	23,890,407
Total assets	11,687,388	22,695,430	34,382,818
Liabilities:			
Accounts payable.	24,708	67,562	92,270
Contracts payable.	5,093	-	5,093
Accrued wages and benefits payable	56,321	29,155	85,476
Due to other governments	197,599	70,889	268,488
Claims payable	306,537	-	306,537
Long-term liabilities:			
Due within one year	144,537	915,822	1,060,359
Due in more than one year.	926,051	13,354,107	14,280,158
Total liabilities	1,660,846	14,437,535	16,098,381
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	847,497	-	847,497
Total deferred inflows of resources	847,497	-	847,497
Total liabilities and deferred inflows of resources.	2,508,343	14,437,535	16,945,878
Net position:			
Net investment in capital assets.	6,047,560	3,510,689	9,558,249
Restricted for:			
Capital projects	638,809	-	638,809
Perpetual care:			
Expendable.	177,353	-	177,353
Nonexpendable.	250,000	-	250,000
Transportation projects	706,537	-	706,537
Public health and welfare programs.	533,631	-	533,631
Public safety programs.	467,234	-	467,234
Other purposes.	207,308	-	207,308
Unrestricted.	150,613	4,747,206	4,897,819
Total net position	\$ 9,179,045	\$ 8,257,895	\$ 17,436,940

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government	\$ 1,998,549	\$ 372,150	\$ 36,371	\$ -
Security of persons and property	3,282,061	-	-	-
Public health and welfare	1,248,468	966,365	10,523	-
Transportation	1,663,688	46	579,718	104,305
Community environment	16,402	775	-	-
Leisure time activity	206,939	20,526	-	-
Urban redevelopment and housing	252,220	-	145,825	-
Interest and fiscal charges	674	-	-	-
Total governmental activities	<u>8,669,001</u>	<u>1,359,862</u>	<u>772,437</u>	<u>104,305</u>
Business-type activities:				
Water	3,421,972	3,665,878	-	100,000
Sewer	1,650,872	1,731,053	-	-
Solid waste	643,665	684,490	-	-
Total business-type activities	<u>5,716,509</u>	<u>6,081,421</u>	<u>-</u>	<u>100,000</u>
Total primary government	<u>\$ 14,385,510</u>	<u>\$ 7,441,283</u>	<u>\$ 772,437</u>	<u>\$ 204,305</u>

General revenues:

- Property taxes levied for:
 - General purposes
 - Street Levy Fund
 - Fire pension fund
- Income taxes levied for:
 - General purposes
 - Fire fund
 - Retirement fund
 - Street fund
 - Street debt fund
 - Capital project fund
- JEDD revenue levied for:
 - General purposes
 - Special revenue
- Lodging tax levied for
 - General purposes
 - Special revenue
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,590,028)	\$ -	\$ (1,590,028)
(3,282,061)	-	(3,282,061)
(271,580)	-	(271,580)
(979,619)	-	(979,619)
(15,627)	-	(15,627)
(186,413)	-	(186,413)
(106,395)	-	(106,395)
(674)	-	(674)
<u>(6,432,397)</u>	<u>-</u>	<u>(6,432,397)</u>
-	343,906	343,906
-	80,181	80,181
-	40,825	40,825
<u>-</u>	<u>464,912</u>	<u>464,912</u>
<u>(6,432,397)</u>	<u>464,912</u>	<u>(5,967,485)</u>
372,108	-	372,108
13,501	-	13,501
44,786	-	44,786
2,324,471	-	2,324,471
1,117,820	-	1,117,820
45,957	-	45,957
438,940	-	438,940
25,304	-	25,304
521,748	-	521,748
54,041	-	54,041
182,276	-	182,276
13,693	-	13,693
69,073	-	69,073
520,826	-	520,826
11,825	-	11,825
94,594	44,019	138,613
<u>5,850,963</u>	<u>44,019</u>	<u>5,894,982</u>
(581,434)	508,931	(72,503)
<u>9,760,479</u>	<u>7,748,964</u>	<u>17,509,443</u>
<u>\$ 9,179,045</u>	<u>\$ 8,257,895</u>	<u>\$ 17,436,940</u>

CITY OF COSHOCTON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Fire	Street	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents . . .	\$ 5,724	\$ 263,510	\$ 261,840	\$ 2,134,736	\$ 2,665,810
Receivables:					
Income taxes	583,207	278,698	109,358	190,417	1,161,680
Property and other local taxes	405,505	-	-	474,754	880,259
Accounts	43,143	-	-	3,145	46,288
Accrued interest	-	-	-	16	16
Special assessments	-	-	1,242	-	1,242
Due from other funds	12,851	27,473	-	-	40,324
Due from other governments	124,639	-	225,500	61,555	411,694
Materials and supplies inventory	1,651	-	74,878	-	76,529
Total assets	<u>\$ 1,176,720</u>	<u>\$ 569,681</u>	<u>\$ 672,818</u>	<u>\$ 2,864,623</u>	<u>\$ 5,283,842</u>
Liabilities:					
Accounts payable	\$ 4,518	\$ 2,520	\$ 4,660	\$ 13,010	\$ 24,708
Contracts payable	-	-	-	5,093	5,093
Accrued wages and benefits payable	16,468	22,146	10,601	7,106	56,321
Due to other funds	22,308	-	-	18,016	40,324
Due to other governments	72,636	60,382	20,217	44,364	197,599
Total liabilities	<u>115,930</u>	<u>85,048</u>	<u>35,478</u>	<u>87,589</u>	<u>324,045</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year . . .	392,513	-	-	454,984	847,497
Delinquent property tax revenue not available . .	12,992	-	-	15,059	28,051
Special assessments revenue not available . . .	-	-	1,242	-	1,242
Miscellaneous revenue not available	31,828	-	-	-	31,828
Income tax revenue not available	398,461	190,413	74,716	130,097	793,687
Other nonexchange transactions not available . .	105,184	-	187,346	53,024	345,554
Total deferred inflows of resources	<u>940,978</u>	<u>190,413</u>	<u>263,304</u>	<u>653,164</u>	<u>2,047,859</u>
Total liabilities and deferred inflows of resources.	<u>1,056,908</u>	<u>275,461</u>	<u>298,782</u>	<u>740,753</u>	<u>2,371,904</u>
Fund balances:					
Nonspendable	7,375	-	74,878	250,000	332,253
Restricted	-	294,220	299,158	1,578,731	2,172,109
Committed	-	-	-	295,139	295,139
Assigned	162	-	-	-	162
Unassigned	112,275	-	-	-	112,275
Total fund balances	<u>119,812</u>	<u>294,220</u>	<u>374,036</u>	<u>2,123,870</u>	<u>2,911,938</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,176,720</u>	<u>\$ 569,681</u>	<u>\$ 672,818</u>	<u>\$ 2,864,623</u>	<u>\$ 5,283,842</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

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

Total governmental fund balances	\$	2,911,938
 <i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,406,564
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	793,687	
Property taxes receivable	28,051	
Miscellaneous receivable	31,828	
Intergovernmental receivable	345,554	
Special assessments receivable	1,242	
Total	1,242	1,200,362
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net position of the internal service fund, including internal balances of \$28,957, is:		(269,231)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Capital lease payable	(10,413)	
Loan payable	(202,000)	
OPWC loan	(146,591)	
Compensated absences	(711,584)	
Total	(1,070,588)	(1,070,588)
Net position of governmental activities	\$	9,179,045

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Fire	Street	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income taxes	\$ 2,256,906	\$ 1,085,222	\$ 424,280	\$ 574,300	\$ 4,340,708
Property and other taxes.	409,218	-	-	116,670	525,888
Charges for services.	300,732	-	-	775,333	1,076,065
Licenses and permits	136,482	-	-	31,610	168,092
Fines and forfeitures	409	-	-	73,288	73,697
Intergovernmental.	412,174	-	559,871	393,231	1,365,276
Special assessments	-	-	46	-	46
Investment income.	5,069	-	236	12,248	17,553
JEDD revenue.	54,041	15,378	-	158,683	228,102
Other	54,577	23,874	15,543	10,734	104,728
Total revenues	3,629,608	1,124,474	999,976	2,146,097	7,900,155
Expenditures:					
Current:					
General government	1,443,468	-	-	364,575	1,808,043
Security of persons and property	1,862,585	1,060,595	-	54,315	2,977,495
Public health and welfare.	330,396	-	-	871,968	1,202,364
Transportation	-	-	922,291	93,500	1,015,791
Community environment	13,367	-	-	3,035	16,402
Leisure time activity	117,673	-	-	15,450	133,123
Urban redevelopment and housing	-	-	-	252,220	252,220
Capital outlay	8,919	-	104,305	839,095	952,319
Debt service:					
Principal retirement.	7,104	-	-	24,432	31,536
Interest and fiscal charges	674	-	-	-	674
Total expenditures	3,784,186	1,060,595	1,026,596	2,518,590	8,389,967
Excess (deficiency) of revenues over (under) expenditures.	(154,578)	63,879	(26,620)	(372,493)	(489,812)
Other financing sources:					
Capital lease transaction.	13,218	-	-	-	13,218
Total other financing sources	13,218	-	-	-	13,218
Net change in fund balances	(141,360)	63,879	(26,620)	(372,493)	(476,594)
Fund balances at beginning of year	261,172	230,341	400,656	2,496,363	3,388,532
Fund balances at end of year	\$ 119,812	\$ 294,220	\$ 374,036	\$ 2,123,870	\$ 2,911,938

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Net change in fund balances - total governmental funds	\$	(476,594)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 666,503	
Current year depreciation	<u>(673,667)</u>	
Total		(7,164)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to increase net position.		
		(3,808)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	141,747	
Property taxes	(12,727)	
Miscellaneous	31,828	
Intergovernmental revenues	27,761	
Special assessments	<u>(1,197)</u>	
Total		187,412
Repayment of note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		31,536
Proceeds of capital leases are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position		
		(13,218)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(185,990)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance activity of \$28,957, is allocated among the governmental activities.		
		<u>(113,608)</u>
Change in net position of governmental activities	\$	<u>(581,434)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	2,180,000	2,350,000	\$ 2,252,577	\$ (97,423)
Property and other taxes.	409,500	409,500	409,153	(347)
Charges for services.	346,150	346,150	299,799	(46,351)
Licenses and permits	10,900	10,900	136,482	125,582
Fines and forfeitures	900	900	409	(491)
Intergovernmental.	386,036	386,285	426,480	40,195
Investment income.	600	600	5,656	5,056
JEDD revenue.	40,000	40,000	62,650	22,650
Other	181,900	181,900	54,577	(127,323)
Total revenues	<u>3,555,986</u>	<u>3,726,235</u>	<u>3,647,783</u>	<u>(78,452)</u>
Expenditures:				
Current:				
General government	1,485,727	1,467,102	1,449,151	17,951
Security of persons and property	1,285,020	1,871,812	1,871,094	718
Public health and welfare.	407,860	344,360	325,488	18,872
Community environment	19,230	13,910	13,367	543
Leisure time activity	139,410	119,410	116,298	3,112
Total expenditures	<u>3,337,247</u>	<u>3,816,594</u>	<u>3,775,398</u>	<u>41,196</u>
Net change in fund balances	218,739	(90,359)	(127,615)	(37,256)
Fund balances at beginning of year	104,651	104,651	104,651	-
Prior year encumbrances appropriated	656	656	656	-
Fund balance (deficit) at end of year.	<u>\$ 324,046</u>	<u>\$ 14,948</u>	<u>\$ (22,308)</u>	<u>\$ (37,256)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,082,984	\$ (17,016)
JEDD revenue.	-	-	19,263	19,263
Other	-	-	23,874	23,874
Total revenues	1,100,000	1,100,000	1,126,121	26,121
Expenditures:				
Current:				
Security of persons and property	1,019,500	1,136,300	1,062,973	73,327
Total expenditures	1,019,500	1,136,300	1,062,973	73,327
Net change in fund balances	80,500	(36,300)	63,148	99,448
Fund balances at beginning of year	222,670	222,670	222,670	-
Fund balance at end of year	\$ 303,170	\$ 186,370	\$ 285,818	\$ 99,448

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 360,000	\$ 360,000	\$ 422,383	\$ 62,383
Intergovernmental.	499,200	603,505	558,159	(45,346)
Investment income.	500	500	265	(235)
Other	40,300	40,300	15,589	(24,711)
Total revenues	<u>900,000</u>	<u>1,004,305</u>	<u>996,396</u>	<u>(7,909)</u>
Expenditures:				
Current:				
Transportation	961,650	1,052,295	940,391	111,904
Capital outlay	-	104,305	104,305	-
Total expenditures	<u>961,650</u>	<u>1,156,600</u>	<u>1,044,696</u>	<u>111,904</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(61,650)</u>	<u>(152,295)</u>	<u>(48,300)</u>	<u>103,995</u>
Fund balances at beginning of year	304,140	304,140	304,140	-
Prior year encumbrances appropriated	6,000	6,000	6,000	-
Fund balance at end of year	<u>\$ 248,490</u>	<u>\$ 157,845</u>	<u>\$ 261,840</u>	<u>\$ 103,995</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Enterprise Fund	Total	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents . . .	\$ 2,598,326	\$ 1,213,152	\$ 499,483	\$ 4,310,961	\$ 8,349
Receivables:					
Accounts	373,824	267,264	127,628	768,716	-
Special assessments	331	-	-	331	-
Due from other governments	100,000	-	-	100,000	-
Materials and supplies inventory	60,536	-	-	60,536	-
Total current assets	<u>3,133,017</u>	<u>1,480,416</u>	<u>627,111</u>	<u>5,240,544</u>	<u>8,349</u>
Noncurrent assets:					
Capital assets:					
Land	591,950	-	-	591,950	-
Depreciable capital assets, net	9,137,342	7,754,551	-	16,891,893	-
Total capital assets, net	<u>9,729,292</u>	<u>7,754,551</u>	<u>-</u>	<u>17,483,843</u>	<u>-</u>
Total noncurrent assets	<u>9,729,292</u>	<u>7,754,551</u>	<u>-</u>	<u>17,483,843</u>	<u>-</u>
Total assets	<u>12,862,309</u>	<u>9,234,967</u>	<u>627,111</u>	<u>22,724,387</u>	<u>8,349</u>
Liabilities:					
Current liabilities:					
Accounts payable	52,724	14,838	-	67,562	-
Accrued wages and benefits payable	12,278	16,877	-	29,155	-
Compensated absences payable - current	20,389	7,212	-	27,601	-
Due to other governments	54,245	16,644	-	70,889	-
Claims payable	-	-	-	-	306,537
OWDA loans payable	224,040	652,931	-	876,971	-
OPWC loans payable	11,250	-	-	11,250	-
Total current liabilities	<u>374,926</u>	<u>708,502</u>	<u>-</u>	<u>1,083,428</u>	<u>306,537</u>
Long-term liabilities:					
Compensated absences payable	179,448	89,726	-	269,174	-
OWDA loans payable	6,053,729	6,839,954	-	12,893,683	-
OPWC loans payable	191,250	-	-	191,250	-
Total long-term liabilities	<u>6,424,427</u>	<u>6,929,680</u>	<u>-</u>	<u>13,354,107</u>	<u>-</u>
Total liabilities	<u>6,799,353</u>	<u>7,638,182</u>	<u>-</u>	<u>14,437,535</u>	<u>306,537</u>
Net position:					
Net investment in capital assets	3,249,023	261,666	-	3,510,689	-
Unrestricted (deficit)	2,813,933	1,335,119	627,111	4,776,163	(298,188)
Total net position (deficit)	<u>\$ 6,062,956</u>	<u>\$ 1,596,785</u>	<u>\$ 627,111</u>	<u>8,286,852</u>	<u>\$ (298,188)</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(28,957)	
Net position of business-type activities				<u>\$ 8,257,895</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Enterprise Fund	Total	
Operating revenues:					
Charges for services	\$ 3,665,596	\$ 1,731,053	\$ 684,490	\$ 6,081,139	\$ 1,055,894
Special assessments	282	-	-	282	-
Other	36,529	7,490	-	44,019	367,704
Total operating revenues.	3,702,407	1,738,543	684,490	6,125,440	1,423,598
Operating expenses:					
Personal services	1,081,115	561,552	-	1,642,667	-
Contract services.	282,001	141,351	598,707	1,022,059	251,623
Materials and supplies.	1,219,945	368,556	44,958	1,633,459	1,801
Claims	-	-	-	-	1,268,893
Other	2,929	-	-	2,929	-
Depreciation.	664,791	358,687	-	1,023,478	-
Total operating expenses.	3,250,781	1,430,146	643,665	5,324,592	1,522,317
Operating income (loss)	451,626	308,397	40,825	800,848	(98,719)
Nonoperating expenses:					
Interest and fiscal charges	(182,019)	(224,787)	-	(406,806)	-
Total nonoperating expenses.	(182,019)	(224,787)	-	(406,806)	-
Income (loss) before contributions.	269,607	83,610	40,825	394,042	(98,719)
Capital contributions.	100,000	-	-	100,000	-
Change in net position	369,607	83,610	40,825	494,042	(98,719)
Net position (deficit) at beginning of year	5,693,349	1,513,175	586,286		(199,469)
Net position (deficit) at end of year	\$ 6,062,956	\$ 1,596,785	\$ 627,111		\$ (298,188)
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				14,889	
Change in net position of business-type activities				\$ 508,931	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Enterprise Fund	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 3,649,563	\$ 1,728,901	\$ 692,351	\$ 6,070,815	\$ -
Cash received from interfund services	-	-	-	-	1,055,894
Cash received from other operations	36,529	7,490	-	44,019	367,704
Cash received from special assessments	282	-	-	282	-
Cash payments for personal services	(1,050,698)	(552,534)	(598,707)	(2,201,939)	-
Cash payments for contract services	(289,024)	(144,546)	(44,958)	(478,528)	(251,623)
Cash payments for materials and supplies	(1,217,760)	(370,743)	-	(1,588,503)	(1,801)
Cash payments for claims.	-	-	-	-	(1,192,206)
Cash payments for other expenses	(3,554)	-	-	(3,554)	-
Net cash provided by (used in) operating activities. . .	<u>1,125,338</u>	<u>668,568</u>	<u>48,686</u>	<u>1,842,592</u>	<u>(22,032)</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(156,643)	(41,835)	-	(198,478)	-
Capital contributions	-	-	-	-	-
Principal retirement on loans.	(383,758)	-	-	(383,758)	-
Interest and fiscal charges.	(182,019)	(224,787)	-	(406,806)	-
Net cash used in capital and related financing activities. .	<u>(722,420)</u>	<u>(266,622)</u>	<u>-</u>	<u>(989,042)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . . .	402,918	401,946	48,686	853,550	(22,032)
Cash and cash equivalents at beginning of year	<u>2,195,408</u>	<u>811,206</u>	<u>450,797</u>	<u>3,457,411</u>	<u>30,381</u>
Cash and cash equivalents at end of year	<u>\$ 2,598,326</u>	<u>\$ 1,213,152</u>	<u>\$ 499,483</u>	<u>\$ 4,310,961</u>	<u>\$ 8,349</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 451,626	\$ 308,397	\$ 40,825	\$ 800,848	\$ (98,719)
Adjustments:					
Depreciation.	664,791	358,687	-	1,023,478	-
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable.	(16,087)	(2,152)	7,861	(10,378)	-
Decrease in special assessments.	54	-	-	54	-
Decrease in materials and supplies inventory	11,631	-	-	11,631	-
Decrease in accounts payable	(23,147)	(5,382)	-	(28,529)	-
Increase in accrued wages and benefits.	2,127	3,222	-	5,349	-
Increase in intergovernmental payable	10,072	1,295	-	11,367	-
Increase in compensated absences payable.	24,271	4,501	-	28,772	-
Increase in claims payable	-	-	-	-	76,687
Net cash provided by (used in) operating activities. . .	<u>\$ 1,125,338</u>	<u>\$ 668,568</u>	<u>\$ 48,686</u>	<u>\$ 1,842,592</u>	<u>\$ (22,032)</u>

Non-cash transactions:

A receivable in the amount of \$100,000 was recorded for a capital grant in 2014 in the water fund

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Private-Purpose Trust	Agency
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 227,338	\$ 11,937
Cash in segregated accounts	-	44,182
Total assets	227,338	\$ 56,119
Liabilities:		
Due to others	-	\$ 11,937
Undistributed monies	-	44,182
Total liabilities	-	\$ 56,119
Net position:		
Held in trust	227,338	
Total net position	\$ 227,338	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COSHOCTON, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2014

	Private-Purpose Trust
	<hr/>
Additions:	
Investment income	\$ 229
Total additions	<hr/> 229 <hr/>
Deductions:	
Benefits	<hr/> 678
Total deductions	<hr/> 678 <hr/>
Change in net position	(449)
Net position at beginning of year	<hr/> 227,787
Net position at end of year	<hr/> \$ 227,338 <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF COSHOCTON, OHIO

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

NOTE 1 - DESCRIPTION OF THE CITY

The City of Coshocton (the "City"), established in 1811, is a statutory municipal corporation established and operated under the laws of the State of Ohio. The City is organized as a Mayor-council form of government. Eight council members are each elected for staggered two-year terms. The Mayor is elected for a four year term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City's significant accounting policies are described below.

A. Reporting Entity

The City's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

The City provides various services including fire protection and prevention, water and sewer services, street maintenance and repairs, parks and recreation, refuse collection and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the City has no component units. The basic financial statements of the reporting entity include only those of the City (the primary government).

CITY OF COSHOCTON, OHIO

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

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

The following organizations are described due to their relationship to the City:

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Governments Association (OMEGA) - The City is associated with the Ohio Mid-Eastern Governments Association, which is a ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a twenty-one member Executive Board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of Coshocton serves as the City's representative on the Board. The Board has total control over budgeting, personnel and financial matters. Each member currently pays a per capita membership fee based on the most recent United States census. During 2014, OMEGA received \$1,649 from the City of Coshocton for an annual fee. OMEGA has no outstanding debt. Information can be obtained from 326 Highland Avenue, P.O. Box 130, Cambridge, Ohio 43725.

Coshocton - Franklin Joint Economic Development District (District) - The City of Coshocton has entered into a contractual agreement effective January 10, 2005 with Franklin Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, Coshocton County, the City, the Township and the District. The District is administered by a three to five member Board of Directors consisting of one member representing the City, one member representing the Township and appointed by the Township Trustees, one member who is a business owner in the District representing the business owners in the District, one member who is a person employed within the District and one member selected by unanimous vote of all members appointed at the time. The City nor the Township have any fixed financial obligation set aside for administrative costs and expenses of the Board. The City is responsible for basic administrative costs of the Board. The Board of Directors has entered into an agreement to administer, collect and enforce the income tax on behalf of the District with the City of Coshocton and the City Income Tax Commissioner. Upon termination of the contractual agreement, any property, assets and obligations of the District shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party.

Coshocton - Tuscarawas Joint Economic Development District (District) - The City of Coshocton has entered into a contractual agreement effective January 12, 2005 with Tuscarawas Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, Coshocton County, the City, the Township and the District. The District is administered by a three to five member Board of Directors consisting of one member representing the City, one member representing the Township, one member who is a business owner in the District representing the business owners in the District, one member who is a person employed within the District, and one member selected by unanimous vote of all members appointed at the time. The City nor the Township have any fixed financial obligation set aside for administrative costs and expenses of the Board. The City is responsible for basic administrative costs of the Board. The Board of Directors has entered into an agreement to administer, collect and enforce the income tax on behalf of the District with the City of Coshocton and City Income Tax Commissioner. Upon termination of the contractual agreement, any property, assets and obligations of the District shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party.

CITY OF COSHOCTON, OHIO

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

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

PUBLIC ENTITY RISK POOL

The City participates in the Ohio Government Risk Management Plan (OGRMP), an insurance purchasing pool for commercial insurance, as established under Section 2744.08 of the Ohio Revised Code. The Board of Directors is responsible for collecting premiums, making payments to insurance agents, making payments to insurance companies, depositing appropriate amounts into OGRMP accounts and reimbursing Board members for their expenses. The Board of Directors consists of eleven members elected from the participants.

B. Basis of Presentation - Fund Accounting

The City's BFS consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service fund are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City 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 City 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. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise fund include personnel and other expenses related to sewer, water and refuse operations and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

CITY OF COSHOCTON, OHIO

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

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

C. Fund Accounting

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

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

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

Fire fund - The fire fund accounts for income tax monies collected and used for general fire operations.

Street fund - The street fund accounts for all transactions relating to street maintenance and construction.

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

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

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

CITY OF COSHOCTON, OHIO

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private-purpose trust which accounts for the Bachert Trust. The City's agency funds account for monies held for other governments and undistributed assets. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds that are used to account for state patrol, bid bonds and court activity.

D. Measurement Focus and Basis of Accounting

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

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

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

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

CITY OF COSHOCTON, OHIO

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

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 8). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

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

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

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

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

CITY OF COSHOCTON, OHIO

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

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

F. Budgetary Data

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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance 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, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the Mayor presents the following year's annual operating budget to City Council for consideration and passage. The adopted budget 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 determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or before December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing 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 appropriations measure. On or about January 1, the certificate of estimated resources is amended to include encumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2014.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted by Council.

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. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

CITY OF COSHOCTON, OHIO

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

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

G. Cash and Cash Equivalents

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

During 2014, investments were limited to non-negotiable certificates of deposit which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2014 amounted to \$5,069 which includes \$4,952 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account for Municipal Court agency fund. These non-interest bearing depository accounts are presented in the financial statements as "cash in segregated accounts" since they are not required to be deposited into the City treasury.

For purposes of the statement of cash flows and for presentation on the statement of net position, all investments are considered to be cash equivalents.

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

H. Inventories of Materials and Supplies

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used.

For all funds, cost is determined on a first-in, first-out basis. Consistent with prior years, the inventory in the governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types. Inventories of the proprietary funds are expensed when used.

I. Capital Assets

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

CITY OF COSHOCTON, OHIO

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	10 - 20 years	10 - 20 years
Buildings and improvements	10 - 50 years	10 - 50 years
Furniture and equipment	5 - 20 years	5 - 20 years
Vehicles	8 - 10 years	8 - 10 years
Infrastructure	20 years	10 - 20 years

J. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

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

CITY OF COSHOCTON, OHIO

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

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. On fund financial statements, long-term interfund loans are classified as “due to/from other funds” on the financial statements and are equally offset by a non-spendable fund balance which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The internal balance reported on the financial statements relates to the consolidation of the internal service fund with governmental activities.

M. Fund Balance

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

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

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

CITY OF COSHOCTON, OHIO

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

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

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

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

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

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

N. Estimates

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

O. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consists primarily of permissive motor vehicle license tax, municipal court special projects and the joint economic development district.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. As of December 31, 2014, net position restricted by enabling legislation was \$4,711 on the statement of net position.

CITY OF COSHOCTON, OHIO

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2014.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

B. Deficit Net Position

The internal service fund has a deficit net position of \$298,188 at December 31, 2014, resulting from accrued liabilities. The deficit balance will be eliminated by resources not recognized at fiscal year-end.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit or by savings or deposit accounts including passbook accounts.

CITY OF COSHOCTON, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Cash on Hand

At December 31, 2014, the City had \$506 of undeposited cash on hand which is included in "equity in pooled cash and cash equivalents".

CITY OF COSHOCTON, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash in Segregated Accounts

At December 31, 2014, \$44,182 was deposited in a segregated account for the City's Municipal Court. This amount is excluded from the internal cash pool and is reported on the statement of fiduciary net position as "cash in segregated accounts".

C. Deposits with Financial Institutions

At December 31, 2014, the carrying amount of all City deposits was \$7,223,889. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, \$6,394,805 of the City's bank balance of \$7,302,883 was exposed to custodial risk as discussed below, while \$908,078 was covered by the FDIC.

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

D. Investments

The City had no investments at December 31, 2014.

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,223,889
Cash in segregated accounts	44,182
Cash on hand	<u>506</u>
Total	<u>\$ 7,268,577</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,674,159
Business-type activities	4,310,961
Private-purpose trust fund	227,338
Agency funds	<u>56,119</u>
Total	<u>\$ 7,268,577</u>

CITY OF COSHOCTON, OHIO

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

NOTE 5 - INTERFUND ACTIVITY

Due from/to other funds consisted of the following at December 31, 2014, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 12,851
Fire fund	Nonmajor governmental funds	5,165
Fire fund	General Fund	<u>22,308</u>
Total		<u>\$ 40,324</u>

Amounts due from/to other funds between governmental funds are eliminated on the government-wide financial statements. The amount from the fire fund to the general fund is to cover a negative cash balance in the general fund at December 31, 2014.

NOTE 6 - PROPERTY TAXES

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

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

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

CITY OF COSHOCTON, OHIO

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

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2014 was \$2.80 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2014 property tax receipts were based are as follows:

Real property tax	\$ 168,284,300
Public utility tangible personal property	<u>7,221,620</u>
Total assessed value	<u><u>\$ 175,505,920</u></u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2014, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2014.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Income taxes	\$ 1,161,680
Real and other local taxes	880,259
Accounts	46,288
Accrued interest	16
Special assessments	1,242
Due from other governments	411,694

Business-type activities:

Accounts	768,716
Special assessments	331
Due from other governments	100,000

Receivables have been disaggregated on the face of the BFS. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment. The amount of delinquent special assessments at December 31, 2014 was \$1,242.

CITY OF COSHOCTON, OHIO

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

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies a municipal income tax of one and a half percent on all net profits and all salaries, wages commissions and other compensation earned within the City as well as on incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and to remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax revenues are received by the general fund, fire fund, street fund and the following nonmajor governmental funds: JEDD fund, fire capital projects fund, capital improvement fund, street debt fund and the retirement payouts fund.

NOTE 9 - LODGING TAX

On February 27, 2006 City Council passed a 3% lodging tax. This allows the City to tax all transactions by which lodging in a hotel, motel, rooming house and other lodging accommodations are furnished to transit guests. 80% of the revenues from this tax are restricted to the Coshocton County Convention and Visitors Bureau while the remaining 20% of collections remains in the general fund.

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CITY OF COSHOCTON, OHIO

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

NOTE 10 - CAPITAL ASSETS

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

<u>Governmental activities:</u>	Balance <u>12/31/13</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/14</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,059,518	\$ -	\$ -	\$ 1,059,518
Total capital assets, not being depreciated	<u>1,059,518</u>	<u>-</u>	<u>-</u>	<u>1,059,518</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	112,738	-	-	112,738
Buildings and improvements	3,206,679	5,300	-	3,211,979
Furniture and equipment	1,121,902	84,604	(6,348)	1,200,158
Vehicles	2,820,906	576,599	-	3,397,505
Infrastructure	<u>9,100,095</u>	<u>-</u>	<u>-</u>	<u>9,100,095</u>
Total capital assets, being depreciated	<u>16,362,320</u>	<u>666,503</u>	<u>(6,348)</u>	<u>17,022,475</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(30,634)	(6,010)	-	(36,644)
Buildings and improvements	(1,698,965)	(82,669)	-	(1,781,634)
Furniture and equipment	(816,052)	(42,904)	2,540	(856,416)
Vehicles	(1,862,771)	(263,511)	-	(2,126,282)
Infrastructure	<u>(6,595,880)</u>	<u>(278,573)</u>	<u>-</u>	<u>(6,874,453)</u>
Total accumulated depreciation	<u>(11,004,302)</u>	<u>(673,667)</u>	<u>2,540</u>	<u>(11,675,429)</u>
Total capital assets, being depreciated, net	<u>5,358,018</u>	<u>(7,164)</u>	<u>(3,808)</u>	<u>5,347,046</u>
Governmental activities capital assets, net	<u>\$ 6,417,536</u>	<u>\$ (7,164)</u>	<u>\$ (3,808)</u>	<u>\$ 6,406,564</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
General government	\$ 25,423
Security of persons and property	249,447
Public health and welfare	9,243
Transportation	315,738
Leisure time activity	<u>73,816</u>
Total depreciation expense	<u>\$ 673,667</u>

CITY OF COSHOCTON, OHIO

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

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the year ended December 31, 2014, was as follows:

<u>Business-type activities:</u>	Balance <u>12/31/13</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/14</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 591,950	\$ -	\$ -	\$ 591,950
Total capital assets, not being depreciated	<u>591,950</u>	<u>-</u>	<u>-</u>	<u>591,950</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	63,177	-	-	63,177
Buildings and improvements	10,290,847	-	-	10,290,847
Furniture and equipment	9,699,173	114,808	(303,610)	9,510,371
Vehicles	590,004	83,670	-	673,674
Infrastructure	<u>18,994,236</u>	<u>-</u>	<u>(16,412)</u>	<u>18,977,824</u>
Total capital assets, being depreciated	<u>39,637,437</u>	<u>198,478</u>	<u>(320,022)</u>	<u>39,515,893</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(53,384)	(1,633)	-	(55,017)
Buildings and improvements	(4,431,489)	(243,806)	-	(4,675,295)
Furniture and equipment	(4,610,109)	(290,230)	303,610	(4,596,729)
Vehicles	(397,226)	(39,922)	-	(437,148)
Infrastructure	<u>(12,428,336)</u>	<u>(447,887)</u>	<u>16,412</u>	<u>(12,859,811)</u>
Total accumulated depreciation	<u>(21,920,544)</u>	<u>(1,023,478)</u>	<u>320,022</u>	<u>(22,624,000)</u>
Total capital assets, being depreciated, net	<u>17,716,893</u>	<u>(825,000)</u>	<u>-</u>	<u>16,891,893</u>
Business-type activities capital assets, net	<u>\$ 18,308,843</u>	<u>\$ (825,000)</u>	<u>\$ -</u>	<u>\$ 17,483,843</u>

Depreciation expense was charged to the enterprise funds as follows:

Business-type activities:

Water	\$ 664,791
Sewer	<u>358,687</u>
Total depreciation expense	<u>\$ 1,023,478</u>

CITY OF COSHOCTON, OHIO

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

NOTE 11 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours, 720 hours or 480 hours of accumulated, unused sick leave depending on the policy or union agreement the employee is under. As of December 31, 2014, the liability for unpaid compensated absences was \$887,411 for the entire City, which is reported as a fund liability and/or on the government-wide financial statements as applicable.

NOTE 12 - CAPITAL LEASE - LESSEE DISCLOSURE

In 2014, the City entered into a capital lease agreement for a copier. This replaces a lease from a prior year. The remaining principal balance of \$4,299 was paid by the general fund. At inception, capital lease transactions are accounted for as capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of furniture and equipment have been capitalized in the amount of \$13,218. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2014 was \$2,644, leaving a current book value of \$10,574. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments in 2014 totaled \$3,479 paid by the general fund.

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

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental</u> <u>Activities</u>
2015	\$ 2,982
2016	2,982
2017	2,982
2018	<u>2,485</u>
Total future minimum lease payments	11,431
Less: amount representing interest	<u>(1,018)</u>
Present value of net minimum lease payments	<u><u>\$ 10,413</u></u>

CITY OF COSHOCTON, OHIO

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

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Activities

During 2014, the following changes occurred in long-term obligations for governmental activities:

<u>Governmental activities:</u>	Balance 12/31/13	Additions	Reductions	Balance 12/31/14	Amounts Due in One Year
Loan payable	\$ 202,000	\$ -	\$ -	\$ 202,000	\$ 8,998
OPWC - South Second Street					
Roadway improvements - 0%	171,023	-	(24,432)	146,591	24,432
Capital lease	4,299	13,218	(7,104)	10,413	2,533
Compensated absences	<u>553,921</u>	<u>226,517</u>	<u>(68,854)</u>	<u>711,584</u>	<u>108,574</u>
Total governmental activities					
long-term obligations	<u>\$ 931,243</u>	<u>\$ 239,735</u>	<u>\$ (100,390)</u>	<u>\$ 1,070,588</u>	<u>\$ 144,537</u>

Loan payable

During 2013, the City entered into a State Infrastructure Bank Loan (the "Loan") in the amount of \$202,000 with the State of Ohio, Ohio Department of Transportation ("ODOT") to help finance the Chestnut Street Repaving Project. Under the terms of the loan agreement, no interest is assessed on the Loan from the date of closing through the last day of the 12th month. From the first day of the 13th month after closing through final maturity, the interest rate will be 3%. From month 13 through 24, interest due on the loan will accrue and be added to the principal of the loan. The accrued interest amount for this period is estimated to be \$6,060 and will be added to the loan balance on July 1, 2015. As of December 31, 2014, only the amount actually borrowed is reported as a liability. The amortization schedule presented on the next page reflects repayment of the amount actually borrowed (\$202,000) plus the interest accrued from month 13 through 24 as stated above (estimated at \$6,060). The first payment on the Loan is due January 1, 2016 and the final maturity date is July 1, 2025.

OPWC loan

Improvements to the City's South Second Street were financed by an Ohio Public Works Commission (OPWC) loan. This loan has a 0% interest rate and matures July 1, 2020. The loan is payable in semi-annual installments. During the 2014, principal payments were made from the 7 ½ state route fund and the motor vehicle license fund (both are nonmajor governmental funds).

Capital lease

See Note 12 for more information on the City's capital lease obligations.

Compensated absences

Compensated absences are reported in the statement of net position and will be paid from the fund from which the employee's salaries are paid which will primarily be the general fund, the street fund, and the home health fund (a nonmajor governmental fund).

CITY OF COSHOCTON, OHIO

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

At December 31, 2014, the City's future annual principal payments were as follows:

Year Ending December 31,	OPWC			State Infrastructure Bank Loan Payable		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 24,432	\$ -	\$ 24,432	\$ 8,998	\$ 3,121	\$ 12,119
2016	24,432	-	24,432	18,402	5,835	24,237
2017	24,432	-	24,432	18,959	5,279	24,238
2018	24,432	-	24,432	19,532	4,706	24,238
2019	24,432	-	24,432	20,122	4,115	24,237
2020 - 2024	24,431	-	24,431	110,108	11,078	121,186
2025	-	-	-	11,939	178	12,117
Total	\$ 146,591	\$ -	\$ 146,591	\$ 208,060	\$ 34,312	\$ 242,372

B. Business-Type Activities

During 2014, the following changes occurred in long-term obligations for business-type activities:

	Balance 12/31/13	Additions	Reductions	Balance 12/31/14	Amounts Due in One Year
<u>Business-type activities:</u>					
<u>OWDA loans</u>					
OWDA loan - 3.5%	\$ 6,650,277	\$ -	\$ (372,508)	\$ 6,277,769	\$ 224,040
OWDA loan - 3.0%	7,492,885	-	-	7,492,885	652,931
Total OWDA loans	14,143,162	-	(372,508)	13,770,654	876,971
<u>OPWC loans</u>					
OPWC loan - 0%	213,750	-	(11,250)	202,500	11,250
Total OPWC loans	213,750	-	(11,250)	202,500	11,250
<u>Other long-term obligations</u>					
Compensated absences	268,003	37,922	(9,150)	296,775	27,601
Total other long-term obligations	268,003	37,922	(9,150)	296,775	27,601
Total business-type activities long-term obligations	\$ 14,624,915	\$ 37,922	\$ (392,908)	\$ 14,269,929	\$ 915,822

CITY OF COSHOCTON, OHIO

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

OWDA loans

In 2004, the City entered into a debt financing arrangement through the OWDA to fund water treatment plant improvements. The amounts due to the OWDA are payable solely from water fund revenues. The loan agreement functions similar to a line-of-credit agreement. At December 31, 2014, the City has outstanding borrowings of \$6,277,769. The City has pledged future water fund revenues, net of certain operating expenses, to repay this loan. The loan is payable solely from water fund net revenues. Annual principal and interest payments on the loan are expected to require 54.59 percent of water fund net revenues. The total estimated principal and interest remaining to be paid on the loan is \$7,589,740. Principal and interest paid for the current year was \$554,527 and total net revenues were \$1,015,825.

In 2006, the City entered into a debt financing arrangement through the OWDA to fund ethanol plant improvements. The amounts due to the OWDA are payable solely from sewer fund revenues. The loan agreement functions similar to a line-of-credit agreement. At December 31, 2014, the City has outstanding borrowings of \$7,492,885. The City has pledged future sewer fund revenues, net of certain operating expenses, to repay this loan. The loan is payable solely from sewer fund net revenues. Annual principal and interest payments on the loan are expected to require 33.70 percent of sewer fund net revenues. The total estimated principal and interest remaining to be paid on the loan is \$8,728,572. Principal and interest paid for the current year was \$224,787 and total net revenues were \$667,084.

OPWC loan

In 2012, the City entered into a debt financing arrangement through OPWC to fund waterline replacements. The amounts due to the OPWC are payable solely from water fund revenues. The loan is interest free. At December 31, 2014, the City has outstanding borrowings of \$202,500. Principal payments for 2014 amounted to \$11,2500

Compensated absences

Compensated absences are reported in the statement of net position and will be paid from the fund from which the employee's salaries are paid which will primarily be the sewer fund and water fund.

CITY OF COSHOCTON, OHIO

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the City's OPWC and OWDA loans outstanding at December 31, 2014 are as follows.

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Year Ending December 31,	OWDA			OPWC		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 876,971	\$ 329,787	\$ 1,206,758	\$ 11,250	\$ -	\$ 11,250
2016	1,132,578	318,082	1,450,660	11,250	-	11,250
2017	1,169,147	371,513	1,540,660	11,250	-	11,250
2018	1,206,904	333,756	1,540,660	11,250	-	11,250
2019	1,245,888	294,773	1,540,661	11,250	-	11,250
2020 - 2024	6,860,007	843,298	7,703,305	56,250	-	56,250
2025 - 2029	1,279,159	56,449	1,335,608	56,250	-	56,250
2030 - 2032	-	-	-	33,750	-	33,750
Total	<u>\$13,770,654</u>	<u>\$ 2,547,658</u>	<u>\$16,318,312</u>	<u>\$ 202,500</u>	<u>\$ -</u>	<u>\$ 202,500</u>

C. Legal Debt Margin

As of December 31, 2014, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$18,428,122.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2014, the City contracted for various types of insurance as follows:

<u>Company</u>	<u>Type</u>	<u>Coverage</u>
Rinehart, Walters, Danner & Associates	Public Officials Liability (each wrongful act)	\$ 5,000,000
	General Liability (per occurrence)	5,000,000
	Comprehensive Crime	10,000
	Commercial Inland Marine	1,721,447
	Electronic Equipment	165,523
	Employers Liability (Ohio Stop Gap)	5,000,000
	Employee Benefits (each incident)	5,000,000
	Property	68,855,059
	Automobile	5,000,000

Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

CITY OF COSHOCTON, OHIO

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

NOTE 14 - RISK MANAGEMENT - (Continued)

The City, together with other government entities, participates in the Ohio Government Risk Management Plan (Plan), an insurance purchasing pool, for commercial insurance coverage. The City pays an annual premium to the Plan for its general insurance coverage. The agreement for the formation of the Plan provides that the Plan will be self-sustaining through member premiums and will insure through commercial companies to pay claims. The Plan is intended to achieve lower insurance rates for the participants. Under this Plan, the Ohio Government Risk Management’s Board of Directors contracts with Hylant Administrative Services, Inc. to act as the agent and coordinate the pool. Hylant Administrative Services, Inc. then contracts with various insurance companies to cover losses.

The City participates in the Ohio Municipal League Group Rating Plan (OML) for workers’ compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers’ compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers’ compensation premium to the State based on the rate for the OML rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings of the OML. A participant will then either receive money from or be required to contribute to the “equity pooling fund.” This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the OML. Participation in the OML is limited to cities that can meet the OML’s selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

The City manages the hospital/medical, dental and life insurance benefits for its employees on a self-insured basis through an internal service fund. A third party administrator, Aultra Administrative Services, processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$100,000 per employee, per year.

The City’s policy for reporting a claims liability is based on the requirements GASB Statement No. 10, *“Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”*, as amended by GASB Statement No. 30, *“Risk Financing Omnibus”*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. As of December 31, 2014, there were \$306,537 in outstanding claims pending that are reported in the internal service fund at December 31, 2014.

<u>Year Ended</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2014	\$ 229,850	\$ 1,268,893	\$ (1,192,206)	\$ 306,537
2013	80,120	1,050,161	(900,431)	229,850

CITY OF COSHOCTON, OHIO

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

NOTE 15 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.00% for members. The City's contribution rate for 2014 was 14.00% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.00%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$350,977, \$372,408, and \$270,931, respectively; 91.70% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 pension liability has been reported as due to other governments/pension obligation payable on the basic financial statements. Contributions to the Member-Directed Plan for 2014 were \$17,030 made by the City and \$12,164 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

CITY OF COSHOCTON, OHIO

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

NOTE 15 - PENSION PLANS - (Continued)

Funding Policy - From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, the City was required to contribute 24.00% for firefighters. Contribution rates are established by State statute.

For 2014, the portion of the City's contributions to fund pension obligations was 23.50% for firefighters. The City's required contributions for pension obligations to OP&F for firefighters was \$209,429 for the year ended December 31, 2014, \$184,080 for the year ended December 31, 2013, and \$143,984, for the year ended December 31, 2012. 100% has been contributed for 2013 and 2012. 100% has been contributed for firefighters for 2014. The remaining 2014 pension liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

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

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

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

CITY OF COSHOCTON, OHIO

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

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$58,517, \$28,647, and \$109,301, respectively; 91.70% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 post-employment health care benefits liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

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

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

CITY OF COSHOCTON, OHIO

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

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters was \$4,456 for the year ended December 31, 2014, \$32,586 for the year ended December 31, 2013, and \$56,341, for the year ended December 31, 2012. 100% has been contributed for 2013 and 2012. 100% has been contributed for firefighters for 2014. The remaining 2014 post-employment health care benefits liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, fire fund and street fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

CITY OF COSHOCTON, OHIO

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>	<u>Fire fund</u>	<u>Street fund</u>
Budget basis	\$ (127,615)	\$ 63,148	\$ (48,300)
Net adjustment for revenue accruals	(18,175)	(1,647)	107,885
Net adjustment for expenditure accruals	(8,950)	2,378	(172,686)
Net adjustment for other sources/uses	13,218	-	-
Funds budgeted elsewhere	-	-	-
Adjustment for encumbrances	<u>162</u>	<u>-</u>	<u>86,481</u>
GAAP basis	<u>\$ (141,360)</u>	<u>\$ 63,879</u>	<u>\$ (26,620)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund.

NOTE 18 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2014.

B. Litigation

The City is currently involved in litigation as a defendant. However, at December 31, 2014, the outcome of the lawsuit is undetermined.

CITY OF COSHOCTON, OHIO

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

NOTE 19 - OTHER COMMITMENTS

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

<u>Fund</u>	Year-End <u>Encumbrances</u>
General fund	\$ 162
Street fund	86,481
Nonmajor governmental funds	<u>3,830</u>
Total	<u>\$ 90,473</u>

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CITY OF COSHOCTON, OHIO

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

NOTE 20 - FUND BALANCE

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

Fund balance	General	Fire Fund	Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 1,651	\$ -	\$ 74,878	\$ -	\$ 76,529
Perpetual care	-	-	-	250,000	250,000
Unclaimed monies	<u>5,724</u>	-	-	-	<u>5,724</u>
Total nonspendable	<u>7,375</u>	<u>-</u>	<u>74,878</u>	<u>250,000</u>	<u>332,253</u>
Restricted:					
Capital projects	-	-	-	575,140	575,140
Perpetual care	-	-	-	177,353	177,353
Transportation projects	-	-	299,158	59,224	358,382
Public safety programs	-	294,220	-	184	294,404
Public health and welfare programs	-	-	-	573,932	573,932
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,898</u>	<u>192,898</u>
Total restricted	<u>-</u>	<u>294,220</u>	<u>299,158</u>	<u>1,578,731</u>	<u>2,172,109</u>
Committed:					
Capital projects	-	-	-	174,713	174,713
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,426</u>	<u>120,426</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,139</u>	<u>295,139</u>
Assigned:					
Other purposes	<u>162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162</u>
Total assigned	<u>162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162</u>
Unassigned	<u>112,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,275</u>
Total fund balances	<u>\$ 119,812</u>	<u>\$ 294,220</u>	<u>\$ 374,036</u>	<u>\$ 2,123,870</u>	<u>\$ 2,911,938</u>

NOTE 21 - SUBSEQUENT EVENTS

On May 5, 2015, the City passed a 0.50% permanent income tax increase. This increase will help cover expenses related to safety and law enforcement for the city.

The City of Coshocton and Coshocton County entered into an agreement on August 5, 2015, whereas the City is to acquire the County water and sewer lines valued at \$13,000,000 and approximately \$1.8 million of debt. This is contingent on the County paying \$240,892 on the existing debt.



Dave Yost • Auditor of State

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

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coshocton, Coshocton County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 8, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015

**CITY OF COSHOCTON
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

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

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

- Cash Received from Interfund Services in the Internal Service Fund Governmental Activities were reported as Cash Received from Customers totaling \$1,055,894 on the Statement of Cash Flows.
- The Compensated Absences amount of the Long -Term Liabilities - Due in More Than One Year and Due in One Year were incorrectly calculated due to incorrect leave balances being used. This resulted in the vacation amount of the due within one year being understated by \$31,912 and the sick leave amount of the due in more than one year being understated by \$89,036 in the Governmental Type Activities.
- ODOT on-behalf of intergovernmental receipts and capital outlay expenditures of \$104,305 were recorded on the GAAP financial statements but were not recorded by the City on the budget vs actual statements for the Street Fund.
- The General, Fire and Street Fund Budgetary Statements were inaccurately allocated for various line items in the Original and Final columns of the statements. This resulted in various revenue line item adjustments in each fund for the original and final amounts. The General Fund adjustments ranged from \$482 to \$128,696; Fire Fund from \$18,926 to \$42,382; and the Street Fund from \$233 to \$66,128.

These adjustments and reclassifications were agreed to by management and were posted to the financial statements.

Sound financial reporting is the responsibility of the City and is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

To help ensure the financial statements and notes to the financial statements are complete and accurate, the City should adopt policies and procedures to identify and correct errors and omissions.

Officials' Response: The financial statements of the City of Coshocton will be reviewed more closely for accuracy with Julian & Grube prior to the filing of such.

**CITY OF COSHOCTON
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2013-001	Financial Reporting – Various reclassifications and adjustments were required to be made.	No	Not corrected. See Schedule of Findings 2014-001.
2013-002	Cash Management – 24 CFR Part 85.20 Section b, Paragraph 7 requires amounts over \$5,000 to be spent within 15 days.	Finding no longer valid	Finding no longer valid



Dave Yost • Auditor of State

CITY OF COSHOCTON

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 22, 2015**