

COSHOCTON COUNTY
ANNUAL REPORT
YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of Coshocton County prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2003 to December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 13, 2004

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**FINANCIAL CONDITION
COSHOCKTON COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Coshocton County as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-2-03 and ORC 117.38 requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the County prepares its financial statements on the cash basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equity, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash and cash equivalents and combined fund cash balances of Coshocton County as of December 31, 2003, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and its combined budgeted and actual disbursements and encumbrances for the year then ended on the basis of accounting described in note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2004, on our consideration of Coshocton County's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 22, 2004

COSHOCTON COUNTY

COMBINED STATEMENT OF CASH AND CASH EQUIVALENTS, INVESTMENTS
AND FUND CASH BALANCES - ALL FUND TYPES

For the Year Ended December 31, 2003

Cash and Cash Equivalents	\$ 6,486,693
Investments	3,057,928
	<u>9,544,621</u>

Cash Balances by Fund Type

Governmental Fund Types:

General Fund	1,455,433
Special Revenue Funds	4,881,899
Debt Service Funds	104,015
Capital Projects	898,700

Proprietary Fund Types:

Internal Service Funds	390,569
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Fiduciary Fund Types

Expendable Trust Funds	-
Agency Funds	1,453,747
	<u>1,453,747</u>

Total - Primary Government

9,184,363

Component Units:

Regional Airport Authority	97,315
Hopewell Industries, Inc.	262,943
	<u>262,943</u>

Total Component Units

360,258

Total Reporting Entity

\$ 9,544,621

See notes to financial statements.

COSHOCTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
For the Year Ended December 31, 2003**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Taxes	\$ 3,866,357	\$ 2,216,425	\$ 165,465	\$ -	\$ 6,248,247
Licenses and Permits	4,044	10,342	-	-	14,386
Charges for Services	957,946	1,061,797	91,635	19,664	2,131,042
Fines and Forfeitures	68,334	75,932	-	-	144,266
Intergovernmental	1,351,547	16,018,923	36,840	291,890	17,699,200
Investment Income	209,072	11,017	-	1,061	221,150
Lease and Rental Income	243,125	-	-	-	243,125
Other	307,410	369,190	-	23,063	699,663
Total Cash Receipts	<u>7,007,835</u>	<u>19,763,626</u>	<u>293,940</u>	<u>335,678</u>	<u>27,401,079</u>
Cash Disbursements:					
General Government	2,230,160	679,068	14,000	2,640	2,925,868
Judicial	1,396,978	15,200	-	-	1,412,178
Public Safety	2,535,923	540,093	-	-	3,076,016
Public Works	107,611	5,153,058	-	-	5,260,669
Health	66,927	5,089,862	-	-	5,156,789
Human Services	216,436	8,521,602	-	-	8,738,038
Conservation- Recreation	376,199	-	-	-	376,199
Miscellaneous	442,827	-	-	-	442,827
Capital Outlay	-	-	-	1,363,486	1,363,486
Debt Service					
Principal Retirement	46,290	38,400	3,405,835	-	3,490,525
Interest and Fiscal Charges	20,838	55,813	190,994	-	267,645
Total Cash Disbursements	<u>7,440,189</u>	<u>20,093,096</u>	<u>3,610,829</u>	<u>1,366,126</u>	<u>32,510,240</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	(432,354)	(329,470)	(3,316,889)	(1,030,448)	(5,109,161)
Other Financing Sources (Uses):					
Other Financing Sources	192,166	54,372	6,000	-	252,538
Other Financing Uses	(23,300)	-	-	-	(23,300)
Proceeds of Notes	350,000	-	1,800,000	500,000	2,650,000
Advances - In	-	-	-	-	-
Advances - Out	-	-	-	-	-
Operating Transfers - In	-	200,686	1,421,000	-	1,621,686
Operating Transfers - Out	(143,460)	(97,226)	-	(1,421,000)	(1,661,686)
Total Other Financing Sources (Uses)	<u>375,406</u>	<u>157,832</u>	<u>3,227,000</u>	<u>(921,000)</u>	<u>2,839,238</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Uses	(56,948)	(171,638)	(89,889)	(1,951,448)	(2,269,923)
Fund Cash Balance - January 1	<u>1,512,381</u>	<u>5,053,537</u>	<u>193,904</u>	<u>2,850,148</u>	<u>9,609,970</u>
Fund Cash Balances - December 31	<u>\$ 1,455,433</u>	<u>\$ 4,881,899</u>	<u>\$ 104,015</u>	<u>\$ 898,700</u>	<u>7,340,047</u>

See notes to financial statements.

COSHOCTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY AND FIDUCIARY FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended December 31 2003**

	Proprietary Fund Type	Fiduciary Fund Type
	Internal Service	Agency
Cash Receipts:		
Charges for Services	\$ 2,103,491	\$ -
Intergovernmental	1,424,980	-
Other Operating Revenues	51,166	-
Total Cash Receipts	3,579,637	-
Cash Disbursements:		
Personal Services	1,374,387	-
Contractual Services	329,262	-
Claims and Judgements	1,603,940	-
Materials and Supplies	56,964	-
Other	20,652	-
Total Cash Disbursements	3,385,205	-
Excess of Cash Receipts Over (Under) Cash Disbursements	194,432	-
Other Financing Receipts(Disbursements)		
Other Non-Operating Receipts	-	63,681,929
Other Non-Operating Disbursements	-	(64,345,334)
Total Other Non-Operating Receipts(Disbursements)	-	(663,405)
Excess of Cash Receipts and Other Financing Receipts Over(Under) Cash Disbursements and Other Financing Disbursements	194,432	(663,405)
Fund Cash Balance - January 1	196,137	2,117,152
Fund Cash Balance - December 31	\$ 390,569	\$ 1,453,747

See notes to financial statements.

Totals (Memorandum Only)	Component Units		Totals (Memorandum Only)
	Regional Airport Authority	Hopewell Industries, Inc.	
Primary Gov't			
\$ 2,103,491	\$ 92,851	\$ 279,535	\$ 2,475,877
1,424,980	302,341	58,339	1,785,660
51,166	50,965	16,379	118,510
<u>3,579,637</u>	<u>446,157</u>	<u>354,253</u>	<u>4,380,047</u>
1,374,387	12,124	229,014	1,615,525
329,262	39,214	43,237	411,713
1,603,940	-	-	1,603,940
56,964	335,882	96,895	489,741
20,652	20,356	14,935	55,943
<u>3,385,205</u>	<u>407,576</u>	<u>384,081</u>	<u>4,176,862</u>
194,432	38,581	(29,828)	203,185
63,681,929	1,787,939	-	65,469,868
(64,345,334)	(1,833,571)	-	(66,178,905)
<u>(663,405)</u>	<u>(45,632)</u>	<u>-</u>	<u>(709,037)</u>
(468,973)	(7,051)	(29,828)	(505,852)
<u>2,313,289</u>	<u>104,366</u>	<u>292,771</u>	<u>2,710,426</u>
<u>\$ 1,844,316</u>	<u>\$ 97,315</u>	<u>\$ 262,943</u>	<u>\$ 2,204,574</u>

See notes to financial statements.

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COSHOCTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS
BUDGET AND ACTUAL COMPARISONS
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY TYPE FUNDS
For the Year Ended December 31, 2003**

	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types:			
General Fund	\$ 7,139,411	\$ 7,550,001	\$ 410,590
Special Revenue Funds	20,162,581	20,018,684	(143,897)
Debt Service Funds	3,437,220	3,520,940	83,720
Capital Projects Funds	812,890	835,678	22,788
 Proprietary Fund Types:			
Internal Service Funds	3,540,352	3,579,637	39,285
 Total (Memorandum Only)	\$ 35,092,454	\$ 35,504,940	\$ 412,486

See notes to financial statements.

COSHOCTON COUNTY

**COMBINED STATEMENT OF CASH DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY TYPE FUNDS
For the Year Ended December 31, 2003**

	<u>Prior Year Carryover Appropriations</u>	<u>2003 Appropriations</u>	<u>Total</u>
Governmental Fund Types:			
General Fund	\$ 298,327	\$ 8,346,443	\$ 8,644,770
Special Revenue Funds	3,055,549	21,042,935	24,098,484
Debt Service Funds	14,000	3,612,842	3,626,842
Capital Projects Funds	773,458	3,241,838	4,015,296
Proprietary Fund Types:			
Internal Service Funds	51,534	3,664,021	3,715,555
Fiduciary Fund Types:			
Expendable Trust Funds	-	-	-
Total (Memorandum Only)	<u>\$ 4,192,868</u>	<u>\$ 39,908,079</u>	<u>\$ 44,100,947</u>

See notes to financial statements.

Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
\$ 7,606,949	\$ 680,072	\$ 8,287,021	\$ 357,749
20,190,322	2,479,412	22,669,734	1,428,750
3,610,829	-	3,610,829	16,013
3,287,126	123,253	3,410,379	604,917
3,385,205	77,957	3,463,162	252,393
-	-	-	-
<u>\$ 38,080,431</u>	<u>\$ 3,360,694</u>	<u>\$ 41,441,125</u>	<u>\$ 2,659,822</u>

See notes to financial statements.

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

A. Reporting Entity:

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

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

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

The county has the following component units:

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

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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

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

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

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

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

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

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

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

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

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

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

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

The County is involved with the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 12.

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

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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

Coshocton Metropolitan Housing Authority
Coshocton City and County Park District

B. Basis of Accounting

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

C. Fund Accounting:

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources are accounted for through governmental funds. The following are the County's governmental fund types:

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

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

**FINANCIAL CONDITION
COSHOCKTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

The debt service fund is used to account for the accumulation of financial resources for, and the payment of, general and special assessment long-term debt principal, interest and related costs.

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Types:

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Internal Service Funds are the County's only proprietary fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis.

Fiduciary Fund Types:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgetary Process:

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

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

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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

Tax Budget:

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

Estimated Resources:

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of the previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

Appropriations:

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

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

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Encumbrances:

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

Lapsing of Appropriations:

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

B. Cash and Cash Equivalents:

Cash balances of the County's funds are pooled and invested in short-term investments in order to provide improved cash management. Under existing Ohio statutes, all investment earnings accrue to the general fund unless statutorily required to be credited to a specific fund. Interest income earned in 2003 totaled \$221,150 for the primary government and \$15,961 for the component units. The types of investments made in the name of Coshocoton County during 2003 are as follows: Repurchase Agreements, Star Ohio, Certificates of Deposit, Federal National Mortgage Discount Note and US Treasury Note.

C. Property, Plant, Equipment and Depreciation:

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

D. Unpaid Vacation and Sick Leave

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

E. Total Columns on Financial Statements:

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

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NOTE 3- DEPOSITS AND INVESTMENTS

A. Primary Government Legal Requirements:

Statutes require the classification of County monies into two categories.

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

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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. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed 10 percent of the County's total average portfolio;

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2003. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a& of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2003.

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

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trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Deposits:

At December 31, 2003, the carrying amount of the County's deposits was \$ 6,153,516, and the bank balance was \$ 6,320,980. Of the bank balance:

1. \$ 611,621 was covered by Federal Depository Insurance;
2. \$ 5,541,895 was uninsured and uncollateralized. However, the \$5,541,895, was covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with the specific depository institution. The \$5,541,895 is considered to be uncollateralized as defined in GASB Statement No. 3, as the collateral is held by the counter party's agent and is not in the County's name. This pooling of collateral approach is specifically authorized by state statute.

Investments:

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

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

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

	<u>1</u>	Category <u>2</u>	<u>3</u>	Carrying <u>Value</u>	Market <u>Value</u>
U.S. Government					
Notes/Bills			\$ 999,609	\$ 999,609	\$ 999,691
Repurchase Agreements					
Investment in State					
Treasurer's					
Investment Pool				<u>2,031,238</u>	<u>2,031,238</u>
Total Investments			<u>\$ 999,609</u>	<u>\$ 3,030,847</u>	<u>\$3,030,929</u>

B. Component Units:

At year end, the carrying amount of deposits for Hopewell Industries was \$235,862 and the Airport Authority was \$97,315. The bank balance for Hopewell Industries was \$243,511 and the Airport Authority was \$108,196. In addition, Hopewell Industries owned corporate bond with carrying value of \$27,081 and market value of \$28,402.

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NOTE 4- PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last valuation was completed in 2003. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. The listing percentage for inventory has been reduced to 23% on the 2003 return. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Public utility property taxed are payable on the same dates as real property taxes described previously.

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

NOTE 5- PERMISSIVE SALES AND USE TAX

In 1971, the County Commissioners by resolution imposed a one-half percent tax on all retail sales made in the County. In 1984, the County Commissioners by resolution imposed an additional one-half percent tax on all retail sales made in the County. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the General Fund. Sales tax revenue in 2003 amounted to \$2,632,631 with the entire amount credited to the General Fund.

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NOTE 6- RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, property, and crime insurance, the County has addressed these various types of risk. CORSA, a nonprofit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime coverage for its members. CORSA was established May 12, 1987, and has grown to fifty-eight members.

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

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

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

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

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NOTE 7- RETIREMENT PLANS

A. Ohio Public Employees Retirement System (OPERS):

1. Ohio Public Employees Retirement System is a cost-sharing multiple-employer defined benefit pension plan.
2. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.
3. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.
4. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).
5. The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division and continued to contribute at 9%.

The 2003 employer contribution rate for state employers was 13.31% of covered payroll. For local government employer units the rate was 13.55% of covered payroll. The 2003 employer contribution rate for both the law enforcement and public safety divisions was 16.7% of covered payroll.

The County's contributions for pension obligations to OPERS for the years ended December 31, 2003, 2002, and 2001 were \$996,596, \$1,021,324, and \$1,051,856 respectively.

B. State Teachers Retirement System (STRS):

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

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Plan members are required to contribute 9.3 percent of their annual covered salary (January through June), and 10% (July through December) and the County is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 2003, 2002, and 2001 were \$68,829, \$48,792, and \$43,397 respectively.

NOTE 8- POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (OPERS):

2. Ohio Public Employees Retirement System provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2003 employer contribution rate for state employers was 13.31% of covered payroll; 5.0% was the portion used to fund health care for the year. For local government employer units the rate was 13.55% of covered payroll; 5.0% was the portion used to fund health care for the year. The 2003 employer rate was 16.7% and 5.0% was used to fund health care for both the law enforcement and public safety divisions.
2. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.
3. Summary of Assumptions:

Actuarial Review. The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2002.

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

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

Investment Return. The investment assumption rate for 2002 was 8.0%.

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Active Employee Total Payroll. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%.

Health Care. Health care costs were assumed to increase 4.0% annually.

4. OPEBs are advance-funded on an actuarially determined basis. The following disclosures are required:
 - a. The number of active contributing participants was 364,881.
 - b. The rates stated in A, 1 are the actuarially determined contribution requirements for OPERS. The County's actual contributions for 2003 which were used to fund OPEB were \$552,182.
 - c. \$10.0 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2002.
 - d. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.
5. OPERS Board adopts new health care plan.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly-hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

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B. State Teachers Retirement System (STRS)

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

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. During 2003, the board allocated 1% of employer contributions equal to the Health Care Reserve Fund as follows:

For the County this amount equaled \$5,295 during 2003.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.797 billion at June 30, 2003. For the year ended June 30, 2003, net health care costs paid by STRS were \$456,247,000. There were 108,294 eligible benefit recipients.

NOTE 9- OTHER EMPLOYER BENEFITS

Compensated Absences:

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has acquired at least one year of service with the County. Accumulated, unused sick leave and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy.

NOTE 10- LONG-TERM OBLIGATIONS

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

	<u>Outstanding 12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/03</u>
General Long-Term Debt:				
Series 12/1990 7.3% Human Services Bldg. Bond	\$535,000	\$0	\$40,000	\$495,000
Series 1/1996 6.4% Water Line Bond	170,000	0	10,000	160,000
Series 4/1996 5.7% Hopewell Heating/Cooling Bond	44,400	0	11,100	33,300

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	Outstanding <u>12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding <u>12/31/03</u>
Series 10/1999 6.3% Co. Garage Bond	905,000	0	30,000	875,000
Series 10/1999 6.0% Energy Mgmt System	392,234	0	46,290	345,944
Series 09/2001 0.0% OPW Note	69,902	0	3,735	65,357
Series 04/2002 2.8% N Corridor Water Line	3,221,000	0	3,221,000	0
Series 09/2002 0.0% OPWC Bridge Program	79,800	0	8,400	71,400
Series 10/2002 2.65% Juv/Probate Ct-Phone Bonds	1,350,000	0	120,000	1,230,000
Series 03/2003 5.5% Hopewell Roof Note	0	150,000	0	150,000
Series 04/2003 1 yr N. Corridor Water Line Note	0	2,500,000	0	2,500,000
Total General Long-Term Debt	<u>\$6,766,526</u>	<u>\$2,650,000</u>	<u>\$3,490,525</u>	<u>\$5,926,001</u>

In 2002 the Ohio Public Works Commission approved a loan in the amount of \$100,000 for the county North Corridor Water Line Project. A grant of \$150,000 was also received from this agency for this project. The loan commenced after the grant portion was expended and expenditures for 2002 did not exceed the grant amount. This required the restatement of the December 31, 2002 outstanding loan balances by removing that loan from the schedule.

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Amortization schedule for debt obligations, including interest of \$4,743,254:

<u>Years Ended December 31</u>	
2004	631,449
2005	632,451
2006	627,612
2007	616,051
2008	490,480
Thereafter	<u>7,671,212</u>
Total	<u>\$10,669,255</u>

Payment for bonds issued for construction of the Human Services Building will be completed in December 2016. Payment for bonds issued for construction of the South Tuscarawas Water Line will be completed in December 2013. Payment for notes issued for updating the heating and cooling system at Hopewell School will be completed in April 2006. Payment for bonds issued for construction of the County Engineer's Garage will be completed in December 2019. Payment for notes issued for updating energy saving equipment will be completed in September 2009. Various purpose bond anticipation notes were rolled over. One was a twelve month bond anticipation note to be converted to bonds in 2004. The other a six-month note for the Juvenile Court/County Phone system that was converted to bonds in October 2002. Payment for bonds issued for renovation of the Juvenile Court and county phone system will be completed in 2022. Payment for note issued from Ohio Public Works Commission will be completed in 2021. Payment for the Ohio Public Works Commission note for Airport Sewer Line will be completed in 2023. Payment for the Ohio Public Works Commission note for Bridge Program will be completed in 2012.

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

The effects of the debt limitations described above at December 31, 2003, are an overall debt margin of \$7,310,326; and an unvoted debt margin of \$54,043.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

A. Solid Waste District

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

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The District is governed and operated through three groups. A twelve-member board of directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. No contributions were made by the County in 2003 and no future contributions by the County are anticipated. A twenty-nine-member policy committee, consisting of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

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

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

During 2003, Coshocoton County contributed \$428,986 from levy proceeds. Additional revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's participation and no equity interest exists. The Board has no outstanding debt.

C. County Risk Sharing Authority (CORSA):

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The

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certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have any equity interest in CORSA. The County's payment for insurance to CORSA in 2003 was \$203,880.

D. Ohio Mideastern Governments Association (OMEGA)

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

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

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

E. Area Office on Aging

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

NOTE 13- RELATED ORGANIZATIONS

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

Coshocoton City and County Park District is a legally separate organization created pursuant section 1545.01, Revised Code. The County cannot impose its will on the District and a financial benefit/burden relationship does not exist. State Statute provides that the County Auditor and Treasurer are ex-officio members of the Park District Board of Commissioners and designates the County Auditor as fiscal officer

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

of the commission. Neither do the County Commissioners have the ability to significantly influence operations, designate management, approve budgets, nor does the County have responsibility for funding deficits. The County maintains an agency fund for the District's operation since the County Auditor serves as fiscal agent for the District

NOTE 14 - RELATED PARTY TRANSACTIONS

Hopewell Industries, Inc., a component unit of Coshocton County. Hopewell Industries, Inc. received contributions in the amount of \$49,489 during 2003, from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. The Coshocton County Board of Mental Retardation and Developmental Disabilities expended \$58,339 in the operation of Hopewell Industries Inc. during 2003.

Coshocton County Airport Authority is a component unit of Coshocton County. During 2003, the County Airport Authority received an operating transfer from the County in the amount of \$43,389.

NOTE 15 - CONTINGENT LIABILITIES

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

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

NOTE 16 - CONTRACTUAL COMMITMENTS

As of December 31, 2003, the County had one material purchase commitment.

<u>Company</u>	<u>Project</u>	<u>Amount Remaining On Contract</u>
Underground Utilities	Water-Sewer lines	\$57,079

NOTE 17 - LEGAL COMPLIANCE

The County was in violation of Section 5705.41(B), Ohio Revised Code that states that no money is to be expended unless it has been appropriated. The Senior Citizen levy Fund spent more than appropriated by \$2,343.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Coshocton County as of and for the year ended December 31, 2003, and have issued our report thereon dated June 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Coshocton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2003-02. We also noted certain immaterial instances of noncompliance which we have reported to management of Coshocton County in a separate letter dated June 22, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coshocton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving internal control that we have reported to management in a separate letter dated June 22, 2004.

This report is intended for the information of the County's Board of Commissioners, Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 22, 2004

**WOLFE, WILSON, & PHILLIPS, INC
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *OMB CIRCULAR A-133***

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

Compliance

We have audited the compliance of Coshocton County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. Coshocton County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coshocton County management. Our responsibility is to express an opinion on Coshocton County's compliance based on our audit.

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

In our opinion, the Coshocton County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2003-01 and 2003-03.

Internal Control Over Compliance

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

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

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This report is intended for the information of the County's Board of Commissioners, Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 22, 2004

**FINANCIAL CONDITION
COSHOCTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
(Passed through State Department of Development)				
Community Development Block Grant	B-F-02-016-01	14.228	\$ -	\$ 833
	B-C-01-016-01		44,000	44,000
	B-C-02-016-01		126,404	99,329
			<u>170,404</u>	<u>144,162</u>
(Direct from U.S. Department of Housing and Urban Development)				
HOME Investment Partnership Program	B-C-01-016-2	14.239	87,608	94,391
	B-C-02-016-2		-	22,938
			<u>87,608</u>	<u>117,329</u>
Total U.S. Department of Housing and Urban Development			258,012	261,491
<u>U.S. DEPARTMENT OF LABOR:</u>				
Pass through Ohio Department of JFS				
Workforce Improvement Act Cluster: Adult	n/a	17.258	106,736	40,212
Workforce Improvement Act: Adult Admin.	n/a	17.258	-	9,211
Workforce Improvement Act Cluster: Youth	n/a	17.259	52,056	79,994
Workforce Improvement Act: Youth Admin.	n/a	17.259	-	6,754
Workforce Improvement Act Cluster: DW	n/a	17.260	79,857	83,249
Workforce Improvement Act: DW Admin.	n/a	17.260	-	4,503
			<u>-</u>	<u>4,503</u>
Total U.S. Department of Labor			238,649	223,923
<u>U.S. DEPARTMENT OF COMMERCE:</u>				
Direct				
Economic Development Administration	06-01-04533	11.300	921,070	1,083,606
Total U.S. Department of Commerce			921,070	1,083,606
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Pass through Ohio Department of Transportation				
Highway Planning and Construction	PID 20491	20.205	361,230	361,230
Direct from FAA				
Airport Improvement Program	3-39-0028-0802	20.106	1,833,571	1,833,571
Total U.S. Department of Transportation			2,194,801	2,194,801

See notes to Schedule of Federal Awards Expenditures.

**FINANCIAL CONDITION
COSHOCTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
(Passed through Ohio Department of Justice)				
Juvenile Justice	2002JB007A301 2002JJDA10003	16.540	9,900 22,500 <u>32,400</u>	4,318 18,845 <u>23,163</u>
DOJ Equipment Grant	S03JE99160338 J809 K195	16.007	919 224 65,825 <u>66,968</u>	919 224 65,825 <u>66,968</u>
VOCA	2003VAGENE001	16.575	<u>13,343</u>	<u>-</u>
Total U.S. Department of Justice			112,711	90,131
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
(Pass through State Department of Mental Retardation and Development Disabilities)				
Title XIX Medical Assistance Program - CAFS	n/a	93.778	958,699	958,699
Title XX - Social Services Block Grant	n/a	93.667	<u>50,932</u>	<u>50,932</u>
Total U.S. Department of Health and Human Services			1,009,631	1,009,631
<u>U.S. DEPARTMENT OF EDUCATION:</u>				
(Passed through State Department of Education)				
<u>Special Education Cluster</u>				
Title VI-B Flow Thru	065938-GBSF-03P	84.027	28,796	28,796
Preschool Special Education	065938-PGS1-04	84.173	12,331	12,331
Special Education Infants	16103FAN0003	84.181	67,742 <u>108,869</u>	67,742 <u>108,869</u>
Title VI	065938-C2-S1-04	84.298	<u>628</u>	<u>628</u>
Total U.S. Department of Education			<u>109,497</u>	<u>109,497</u>
APPALACHIAN REGION COMMISSION				
ARC	A-00-016-1	23.001	<u>600</u>	<u>5,964</u>
Total Appalachian Region Commission			600	5,964

See notes to Schedule of Federal Awards Expenditures.

**FINANCIAL CONDITION
COSHOCTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Supplemental Planning Grant	K273	83.562	27,498	27,498
Emergency Management Performance Grant	K305	83.552	<u>27,629</u>	<u>27,629</u>
Total Federal Emergency Management Agency			55,127	55,127
CORPORATION FOR COMMUNITY AND NATIONAL SERVICE (Passed through Ohio Dept. of Youth Services)				
Ameri-Corps	YCP-021-02	94.006	<u>5,957</u>	<u>5,957</u>
Total Corporation for Community and National Service			5,957	5,957
U.S. DEPARTMENT OF DEFENSE (Direct from U.S. Army Corp of Engineers)				
Ohio Section 594 Program	n/a	12.000	<u>258,303</u>	<u>268,303</u>
Total U.S. Department of Defense			258,303	268,303
U.S. DEPARTMENT OF HOMELAND SECURITY (Direct)				
EMS Equipment Training	GRPPE120	97.004	<u>2,521</u>	<u>2,521</u>
Total U.S. Department of Homeland Security			2,521	2,521
GENERAL SERVICES ADMINISTRATION (Direct on behalf of the Election Assistance Commission)				
The Help America Vote Act of 2002	04SOSHA16	39.011	<u>6,000</u>	<u>-</u>
Total General Services Administration			6,000	-
Total Federal Awards Expenditures			<u>\$ 5,172,879</u>	<u>\$ 5,310,952</u>

See notes to Schedule of Federal Awards Expenditures.

COSHOCTON COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTES B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the State Grants. It is assumed that federal monies are expended first.

**FINANCIAL CONDITION
COSHOCKTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505
December 31, 2003**

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	YES
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	Highway Planning; CFDA #20.205 EDA Public Works CFDA #11.300 Corp. of Eng. Sect 594, CFDA #12.---
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	Type A: >\$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

Finding 2003-02: Ohio Administrative Code 117-2-03B and ORC 117.38 requires the County's financial statements to be prepared in accordance with generally accepted accounting principles unless a proper waiver has been obtained. The County has not obtained such a waiver. We recommend that the County file its financial statements in accordance with generally accepted accounting principles in the future.

3. Findings and Questioned Costs for Federal Awards

Finding 2003-01, 24 C.F.R. Section 85.21(b), Cash Management. Program: CDBG # 14.228. Drawdowns should be limited to amounts that will enable the County to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of funds. County management needs to implement procedure to assure funds are expended within fifteen days to a balance less than \$5,000.

**FINANCIAL CONDITION
COSHOCOTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505 (CONTINUED)
December 31, 2003**

3. Finding and Questioned Costs for Federal Awards

Finding 2003-3:

Reporting

In regards to the Economic Development Authority Public Works Grant, CFDA #11.300, requires certain reports to be completed and filed. When asked for these reports, they could not be found. This is in violation of reporting requirements at A-102 Common Rule and OMB Circular A-110.

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 SECTION .315(c)**

**FINANCIAL CONDITION
COSHOCTON COUNTY
DECEMBER 31, 2003**

1.) **FINDING:**

2003-1

2.) **PLANNED CORRECTIVE ACTION**

They are reviewing the drawdown process and the time frame in which their contractors request payment. They hope to decrease the number of days in which we have more than \$5,000 on hand for more than two weeks.

3.) **ANTICIPATED COMPLETION DATE**

December 31, 2004

4.) **RESPONSIBLE CONTACT PERSON**

Coshocton County Commissioners Office

5.) **FINDING**

2003-3

6.) **PLANNED CORRECTIVE ACTION**

The County will determine a list of due dates and reports that need filed and will use this as a guide.

7.) **ANTICIPATED COMPLETION DATE**

December 31, 2004

8.) **RESPONSIBLE CONTACT PERSON**

Coshocton County Commissioners

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .315 C**

**FINANCIAL CONDITION
COSHOCKTON COUNTY
December 31, 2003**

FINDING NUMBER 2002-1; CASH MANAGEMENT

FINDING SUMMARY:

Drawdowns should be limited to amounts that will enable the County to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipts of any funds.

FULLY CORRECTED: NO

ACTION TAKEN:

Continued reviewing of the drawdown process.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

COSHOCTON COUNTY FINANCIAL CONDITION

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 27, 2004**