

COSHOCTON COUNTY, OHIO

**BASIC
FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED
DECEMBER 31, 2016*

HONORABLE CHRISTINE R. SYCKS, AUDITOR

COSHOCTON COUNTY

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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Accountants' Compilation Report

To the Honorable Christine R. Sycks, Auditor
Coshocton County, Ohio

We have compiled the basic financial statements, as listed in the table of contents, for Coshocton County (the "County"), as of and for the year ended December 31, 2016. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 5 through 18 and the required supplementary information on pages 97 through 103, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. We have compiled such information without audit or review and, accordingly, we do not express an opinion or provide any assurance on it.

Julian & Grube, Inc.

May 24, 2017

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

The management's discussion and analysis of Coshocton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The total net position of the County increased \$1,766,673 over the 2015 net position of \$27,911,969.
- General revenues accounted for \$17,189,837 or 42.02% of total governmental activities revenue. Program specific revenues accounted for \$23,718,516 or 57.98% of total governmental activities revenue.
- The County had \$39,141,680 in expenses related to governmental activities; \$23,718,516 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,189,837 were adequate to provide for these programs.
- The County has five major governmental funds. The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$11,844,856 in 2016. The general fund, had expenditures and other financing uses of \$11,321,330 in 2016. The general fund balance increased \$523,526 from the 2015 fund balance.
- The human services fund, a County major fund, had revenues and other financing sources of \$3,267,407 and expenditures of \$3,443,494 in 2016. The human services fund balance decreased \$176,087 from 2015 to 2016.
- The motor vehicle license and gasoline tax fund, a County major fund, had revenues of \$5,986,846 and expenditures of \$6,149,588 in 2016. The motor vehicle license and gasoline tax fund balance decreased \$162,742 from 2015 to 2016.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of \$5,480,253 and expenditures of \$4,806,274 in 2016. The county board of DD fund balance increased \$673,979 from 2015 to 2016.
- The emergency ambulance levy fund, a County major fund, had revenues and other financing sources of \$3,569,008 and expenditures of \$3,440,309 in 2016. The emergency ambulance levy fund balance increased \$128,699 from 2015 to 2016.
- In the general fund, the actual revenues and other financing sources came in \$1,802,413 higher than they were originally budgeted and actual expenditures and other financing uses were \$850,689 less than the amount in the original budget. The County uses a conservative budgeting process.

Using the Basic Financial Statements

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

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2016?" These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, human services, motor vehicle license and gasoline tax fund, the County Board of developmental disabilities (DD) fund and emergency ambulance levy fund. The analysis of the County's major governmental funds begins on page 13.

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.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 37-96 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension liability. The required supplementary information can be found on pages 97-103 of this report.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. The table below provides a summary of the County's net position at December 31, 2016 and December 31, 2015.

| | <u>Governmental Activities</u> | |
|--|--------------------------------|---------------|
| | 2016 | 2015 |
| <u>Assets</u> | | |
| Current and other assets | \$ 31,916,718 | \$ 29,851,045 |
| Capital assets, net | 24,394,836 | 24,013,969 |
| Total assets | 56,311,554 | 53,865,014 |
| <u>Deferred outflows of resources</u> | | |
| Unamortized deferred charges on debt refunding | 30,128 | 27,224 |
| Pension | 8,084,066 | 2,665,432 |
| Total deferred outflows | 8,114,194 | 2,692,656 |
| <u>Liabilities</u> | | |
| Long-term liabilities | 24,639,058 | 18,534,435 |
| Other liabilities | 1,737,263 | 1,582,194 |
| Total liabilities | 26,376,321 | 20,116,629 |
| <u>Deferred inflows of resources</u> | | |
| Property taxes levied for the next fiscal year | 7,896,283 | 8,070,903 |
| Pension | 474,502 | 458,169 |
| Total deferred inflows | 8,370,785 | 8,529,072 |
| <u>Net Position</u> | | |
| Net investment in capital assets | 22,994,532 | 22,367,564 |
| Restricted | 8,730,956 | 7,518,638 |
| Unrestricted (deficit) | (2,046,846) | (1,974,233) |
| Total net position | \$ 29,678,642 | \$ 27,911,969 |

During a prior year, the County adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

Under the new standards required by GASB 68, the net pension liability equals the County's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the County's assets and deferred outflows exceeded liabilities and deferred inflows by \$29,678,642. The County's finances remained stable during 2016.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 43.32% of total assets. Capital assets include land, buildings and improvements, machinery and equipment, vehicles, infrastructure and software. Capital assets, net of related debt to acquire the assets at December 31, 2016, were \$22,994,532. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

A portion of the County's net position, \$8,730,956 or 29.42% of total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit unrestricted net position of (\$2,046,846).

The following tables show the changes in net position for 2016 and 2015.

| | <u>Governmental Activities</u> | |
|------------------------------------|--------------------------------|----------------------|
| | <u>2016</u> | <u>2015</u> |
| <u>Revenues</u> | | |
| Program revenues: | | |
| Charges for services and sales | \$ 6,800,770 | \$ 6,975,345 |
| Operating grants and contributions | 14,605,123 | 13,221,204 |
| Capital grants and contributions | 2,312,623 | 1,570,872 |
| General revenues: | | |
| Property taxes | 8,012,562 | 7,671,564 |
| Sales tax | 5,710,783 | 5,995,329 |
| Payment in lieu of taxes | 1,747 | 821 |
| Unrestricted grants | 2,823,975 | 2,334,253 |
| Investment earnings | 219,716 | 197,094 |
| Miscellaneous | 421,054 | 658,104 |
| Total revenues | <u>40,908,353</u> | <u>38,624,586</u> |
| <u>Expenses</u> | | |
| General government | 6,521,474 | 6,167,750 |
| Public safety | 6,999,288 | 6,657,382 |
| Public works | 8,688,336 | 8,704,952 |
| Health | 9,034,748 | 9,723,740 |
| Human services | 7,202,124 | 6,914,194 |
| Conservation and recreation | 3,328 | 3,228 |
| Intergovernmental | 162,800 | 187,800 |
| Other | 448,829 | 392,386 |
| Interest and fiscal charges | 80,753 | 100,422 |
| Total expenses | <u>39,141,680</u> | <u>38,851,854</u> |
| Special item | <u>-</u> | <u>1,556,105</u> |
| Change in net position | 1,766,673 | 1,328,837 |
| Net position at beginning of year | <u>27,911,969</u> | <u>26,583,132</u> |
| Net position at end of year | <u>\$ 29,678,642</u> | <u>\$ 27,911,969</u> |

COSHOCTON COUNTY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT’S COMPILATION REPORT)**

Governmental Activities

Governmental activities net position increased \$1,766,673 or 6.33% during 2016.

Governmental activities capital grants and contributions revenue increased 47.22% from \$1,570,872 in 2015 to \$2,312,623 in 2016.

The State and federal government contributed to the County revenues of \$14,605,123 in the form of operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$6,422,468, or 43.97% subsidized public works. Operating grants and contributions increased 10.47% in 2016 due to an increase in funding for programs related to public works and human services.

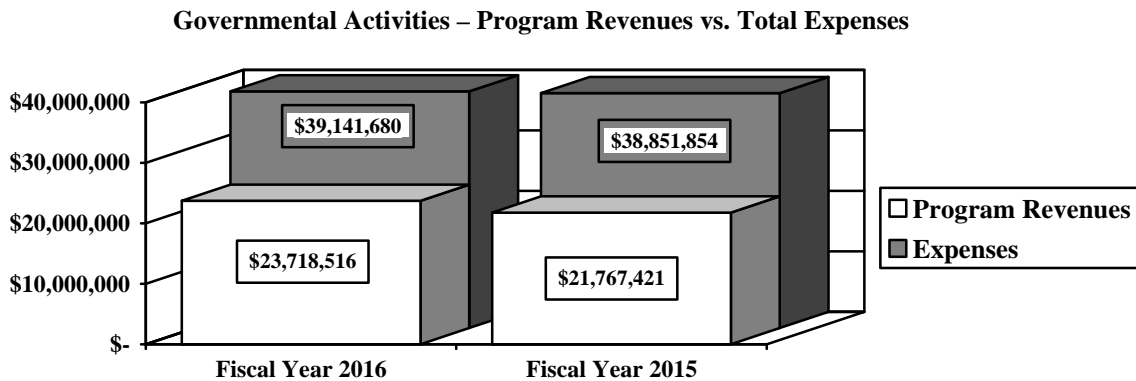
General revenues totaled \$17,189,837, and amounted to 42.02% of total revenues. These revenues primarily consist of property and sales tax revenue of \$13,723,345 or 79.83% of total general revenues in 2016. Property tax revenue increased \$340,998 from 2015 to 2016. The County sales tax revenue decreased \$284,546 from 2015 to 2016. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with local government revenue and property tax reimbursement received from the State making up \$2,823,975, or 16.43% of general revenues.

General government expenses include legislative and executive and judicial programs, totaled \$6,521,474 or 16.66% of total governmental expenses. General government expenses were covered by \$2,319,951 of direct charges to users in 2016.

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

Human services expenses support the operations of public assistance and the children services board, and accounts for \$7,202,124 of expenses, or 18.40% of total governmental expenses of the County. These expenses were funded by \$528,609 in charges to users of services and \$5,461,772 in operating grants and contributions in 2016.

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



COSHOCTON COUNTY, OHIO

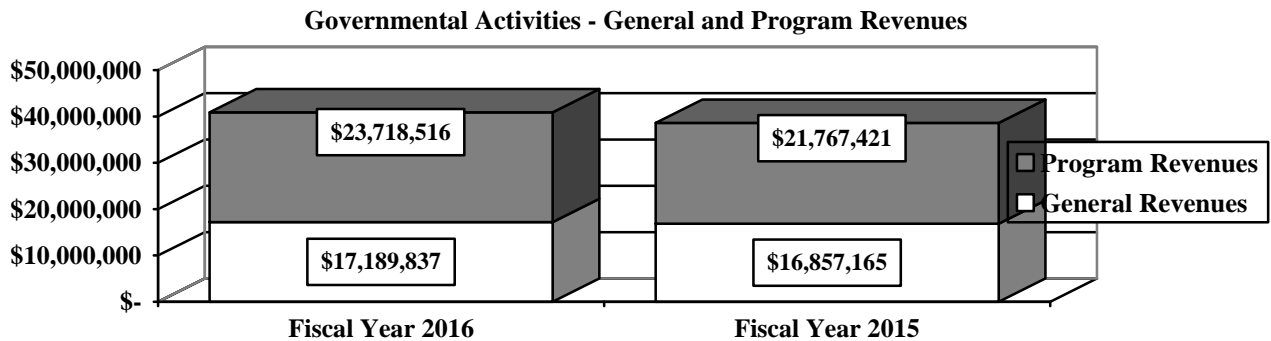
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

The following table shows, for governmental activities, the total cost of services and the net cost of services for 2015 and 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

| | Governmental Activities | | | |
|-----------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| | <u>2016</u> | <u>2016</u> | <u>2015</u> | <u>2015</u> |
| Expenses: | | | | |
| General government | \$ 6,521,474 | \$ 4,189,671 | \$ 6,167,750 | \$ 3,699,250 |
| Public safety | 6,999,288 | 4,504,165 | 6,657,382 | 4,384,000 |
| Public works | 8,688,336 | 715,381 | 8,704,952 | 1,631,920 |
| Health | 9,034,748 | 5,021,494 | 9,723,740 | 5,539,474 |
| Human services | 7,202,124 | 306,743 | 6,914,194 | 1,163,234 |
| Conservation and recreation | 3,328 | 3,328 | 3,228 | 3,228 |
| Intergovernmental | 162,800 | 162,800 | 187,800 | 187,800 |
| Other | 448,829 | 448,829 | 392,386 | 392,386 |
| Interest and fiscal charges | <u>80,753</u> | <u>70,753</u> | <u>100,422</u> | <u>83,141</u> |
| Total expenses | <u>\$ 39,141,680</u> | <u>\$ 15,423,164</u> | <u>\$ 38,851,854</u> | <u>\$ 17,084,433</u> |

The dependence upon general revenues for governmental activities is apparent, with 39.40% and 43.97% of expenses supported through taxes and other general revenues during 2016 and 2015, respectively.

The graph below shows the total general revenues and program revenues of the County for 2015 and 2016.



Financial Analysis of the County's Funds

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

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

Governmental Funds

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

The County's governmental funds reported a combined fund balance of \$16,067,532, which is more than last year's balance of \$15,085,134. The County's governmental funds are presented on the balance sheet on pages 23-24. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2016 for all major and nonmajor governmental funds.

| | <u>Fund Balance</u> <u>December 31, 2016</u> | <u>Fund Balance</u> <u>December 31, 2015</u> | <u>Increase/</u> <u>(Decrease)</u> |
|--|---|---|---------------------------------------|
| Major Funds: | | | |
| General | \$ 4,230,019 | \$ 3,706,493 | \$ 523,526 |
| Human services | (37,033) | 139,054 | (176,087) |
| Motor vehicle license and gasoline tax | 1,758,414 | 1,921,156 | (162,742) |
| County board of DD | 5,776,386 | 5,102,407 | 673,979 |
| Emergency ambulance levy | 1,119,794 | 991,095 | 128,699 |
| Other nonmajor governmental funds | <u>3,219,952</u> | <u>3,224,929</u> | <u>(4,977)</u> |
| Total | <u>\$ 16,067,532</u> | <u>\$ 15,085,134</u> | <u>\$ 982,398</u> |

General Fund

The general fund is the operating fund of the County. At the end of the year, the fund balance of the general fund was \$4,230,019, a 14.12% increase from 2015. The increase of the general fund balance in 2016 was due to the increasing revenues exceeding the decreasing expenditures.

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

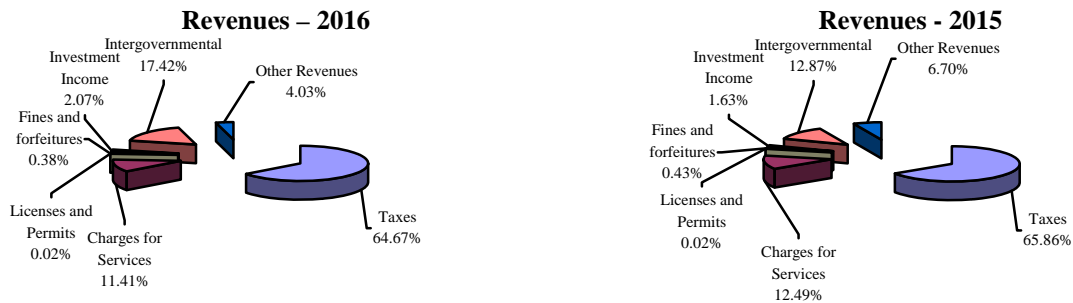
| | <u>2016</u> <u>Amount</u> | <u>2015</u> <u>Amount</u> | <u>Increase/</u> <u>Decrease</u> | <u>Percentage</u> <u>Change</u> |
|-----------------------|------------------------------|------------------------------|-------------------------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ 7,631,625 | \$ 7,337,104 | \$ 294,521 | 4.01 % |
| Charges for services | 1,347,275 | 1,391,894 | (44,619) | (3.21) % |
| Licenses and permits | 2,369 | 2,492 | (123) | (4.94) % |
| Fines and forfeitures | 45,029 | 48,300 | (3,271) | (6.77) % |
| Intergovernmental | 2,056,071 | 1,433,993 | 622,078 | 43.38 % |
| Investment income | 244,373 | 181,604 | 62,769 | 34.56 % |
| Other | <u>476,038</u> | <u>745,973</u> | <u>(269,935)</u> | <u>(36.19) %</u> |
| Total | <u>\$ 11,802,780</u> | <u>\$ 11,141,360</u> | <u>\$ 661,420</u> | 5.94 % |

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

Tax revenue represents 64.67% of all general fund revenue. Tax revenue increased by 4.01% over prior year due to a slight increase in property tax revenue. The increase in investment income is due to the County's increase in investments and the interest earned on those investments. The increase in intergovernmental revenues is primarily due to an increase in state grants and salary subsidy grants. The decrease in other revenues was due mainly to a decrease in rental income and due to a decrease in donations made during the current year. All other revenue remained comparable to 2015.

The graphs below show the breakdown of revenues, by source, for 2016 and 2015.



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

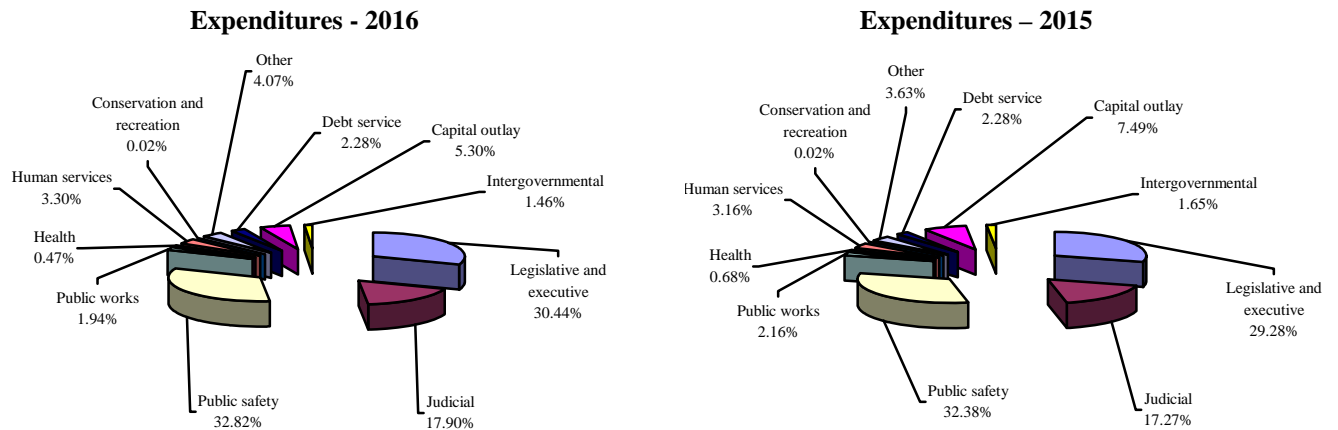
| | <u>2016</u> <u>Amount</u> | <u>2015</u> <u>Amount</u> | <u>Increase/</u> <u>Decrease</u> | <u>Percentage</u> <u>Change</u> |
|-----------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------------|
| <u>Expenditures</u> | | | | |
| General government | | | | |
| Legislative and executive | \$ 3,384,163 | \$ 3,331,556 | \$ 52,607 | 1.58 % |
| Judicial | 1,989,890 | 1,965,389 | 24,501 | 1.25 % |
| Public safety | 3,650,318 | 3,684,289 | (33,971) | (0.92) % |
| Public works | 215,173 | 245,673 | (30,500) | (12.41) % |
| Health | 52,067 | 76,887 | (24,820) | (32.28) % |
| Human services | 366,982 | 359,813 | 7,169 | 1.99 % |
| Conservation and recreation | 2,200 | 2,100 | 100 | 4.76 % |
| Other | 452,781 | 413,545 | 39,236 | 9.49 % |
| Capital outlay | 588,955 | 852,455 | (263,500) | (30.91) % |
| Intergovernmental | 162,800 | 187,800 | (25,000) | (13.31) % |
| Debt service | 253,015 | 259,524 | (6,509) | (2.51) % |
| Total | \$ 11,118,344 | \$ 11,379,031 | \$ (260,687) | (2.29) % |

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

Expenditures related to health decreased due to a decrease in miscellaneous health expenditures. During 2016, capital outlay expenditures decreased due to the completion of the County's courthouse renovation project during 2015. All other expenditures remained comparable to the prior year.

The graphs below show the breakdown of expenditures, by function, for 2016 and 2015.



Human Services Fund

The human services fund, a County major fund, had revenues and other financing sources of \$3,267,407 and expenditures of \$3,443,494 in 2016. The human services fund balance decreased \$176,087 from 2015 to 2016.

Motor Vehicle License and Gasoline Tax Fund

The motor vehicle license and gasoline tax fund, a County major fund, had revenues of \$5,986,846 and expenditures of \$6,149,588 in 2016. The motor vehicle license and gasoline tax fund balance decreased \$162,742 from 2015 to 2016.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues of \$5,480,253 and expenditures of \$4,806,274 in 2016. The county board of DD fund balance increased \$673,979 from 2015 to 2016.

Emergency Ambulance Levy Fund

The emergency ambulance levy fund, a County major fund, had revenues and other financing sources of \$3,569,008 and expenditures of \$3,440,309 in 2016. The emergency ambulance levy fund balance increased \$128,699 from 2015 to 2016.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

Budgeting Highlights - General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly. In the general fund, there were significant changes between the original and final budget. Final budgeted revenues and other financing sources were increased \$1,883,182 from the original budgeted revenues and other financing sources. Actual revenues and other financing sources of \$11,592,524 were \$80,769 less than final budgeted revenues and other financing sources. Final budgeted expenditures and other financing uses were increased \$1,247,831 from the original budgeted expenditures and other financing uses. Actual expenditures and other financing uses of \$11,496,698 were \$2,098,520 less than final budgeted expenditures other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of 2016, the County had \$24,394,836 (net of accumulated depreciation) invested in land, buildings and improvements, machinery and equipment, vehicles, infrastructure and software.

The following table shows 2016 balances compared to the 2015 balances:

Capital Assets at December 31 (Net of Depreciation)

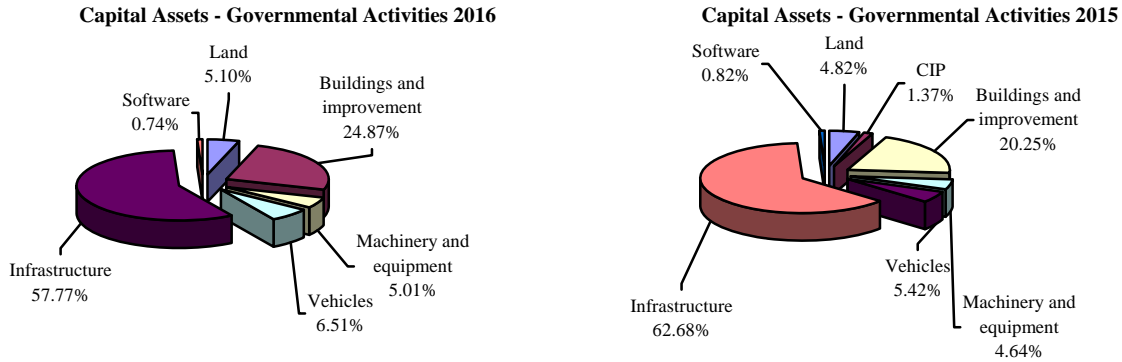
| | <u>Governmental Activities</u> <u>2016</u> | <u>Governmental Activities</u> <u>2015</u> |
|---------------------------|---|---|
| Land | \$ 1,245,042 | \$ 1,156,352 |
| Construction in progress | - | 330,176 |
| Building and improvements | 6,066,724 | 4,864,006 |
| Machinery and equipment | 1,221,415 | 1,113,077 |
| Vehicles | 1,589,066 | 1,301,298 |
| Infrastructure | 14,092,317 | 15,052,755 |
| Software | <u>180,272</u> | <u>196,305</u> |
| Total | <u>\$ 24,394,836</u> | <u>\$ 24,013,969</u> |

See Note 15 to the basic financial statements for detail on governmental activities capital assets.

COSHOCTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

The following graphs show the breakdown of governmental capital assets by category for 2016 and 2015.



The County's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts and waterworks. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately, 57.77% of the County's total governmental capital assets.

Debt Administration

At December 31, 2016, governmental activities had \$925,228 in general obligation bonds, OWDA loans of \$191,893, notes payable of \$373,567, capital leases of \$43,058 and lease purchase agreements of \$579,704 outstanding. Of this total, \$344,960 is due within one year and \$1,768,490 is due in greater than one year. The following table summarizes the debt obligations outstanding.

Outstanding Debt, at Year End

| | Governmental Activities 2016 | Governmental Activities 2015 |
|---------------------------|------------------------------------|------------------------------------|
| Long-Term Obligations | | |
| General obligation bonds | \$ 925,228 | \$ 1,076,357 |
| OWDA loan | 191,893 | 198,934 |
| OPWC loans | - | 10,195 |
| Notes payable | 373,567 | 390,741 |
| Capital leases | 43,058 | 33,878 |
| Lease purchase agreements | 579,704 | 761,288 |
| Total | \$ 2,113,450 | \$ 2,471,393 |

See Note 16 to the basic financial statements for detail on governmental activities outstanding debt.

COSHOCTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

Economic Factors and Next Year's Budgets and Rates

Coshocton County's estimated 2016 population is 36,602, down 0.8% from 2010 according to the U.S. Census Bureau. The U.S. Bureau of Labor Statistics reports County's annual unemployment for 2016 was 6.8%, compared to the state average 4.8% and the national average of 4.7%.

The Coshocton County Commissioners and Auditor are closely watching state revenues in light of small losses during 2016 and the upcoming biennial budget. Most concerning is the loss of sales tax on the MCOs, which was starting to manifest in lower sales tax revenue at the very end of 2016. In 2016, casino tax revenues increased by \$8.3 thousand, but Local Government and sales tax monies decreased by approximately \$23 thousand and \$43 thousand, respectively. The county is hoping that the state legislators will not only make the state whole, as they have already indicated, but will also make the local governments whole in light of the significant sales tax loss due to the MCO change.

Coshocton County has ended 2016 with a \$3.345 million General Fund cash balance, approximately a 21.8% increase. Coshocton County's elected and appointed officials, in partnership with the Board of Commissioners and the Auditor certifying cautious revenue estimates and conservative budgets, work together to preserve the health of the General Fund balance. Also, in light of the forecasted loss in sales tax and a possible loss of assessed public utility value at our coal-fired electric plant, the commissioners have put a hold on a new jail project.

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

Besides continuing past projects, programs, and promotions, the CPA works closely with SBDC/JobsOhio/MCBI in developing new businesses. The following new and major economic development projects occurred during calendar year 2016:

- Able to do creative financing to accomplish another \$800,000+ CR10 resurfacing project.
- Oversee the Community Development Council which has representatives from all sectors of community and began work with Council to create Community wide master plan.
- Successfully completed Phase I and II assessment of abandoned gas station/grocery store in Layland to prepare for EPA remediation of site.
- The CPA continued with the EPA clean up the old Steel Ceilings Facility as well as the surrounding neighborhood ground water and soil testing efforts.
- Continued the marketing efforts of the old GE/SABIC property, and working with Jobs Ohio in the Site Selection Process and to find a replacement company for West Rock.

Contacting the County's Financial Management

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

COSHOCTON COUNTY, OHIO

STATEMENT OF NET POSITION
 DECEMBER 31, 2016
 (SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>Primary Government</u> | <u>Component Unit</u> |
|---|------------------------------------|---|
| | <u>Governmental Activities</u> | <u>Regional Airport Authority</u> |
| Assets: | | |
| Equity in pooled cash and investments | \$ 15,308,404 | \$ 106,918 |
| Cash with fiscal agent | 1,379,048 | - |
| Receivables: | | |
| Sales taxes | 1,490,994 | - |
| Real and other taxes | 8,335,411 | - |
| Accounts | 406,315 | 14,202 |
| Accrued interest | 28,618 | - |
| Due from other governments | 4,472,936 | - |
| Loans receivable | 28,571 | - |
| Prepayments | 62,688 | - |
| Materials and supplies inventory | 363,338 | - |
| Inventory held for resale | - | 36,400 |
| Net pension asset | 40,395 | - |
| Capital assets: | | |
| Land and construction in progress | 1,245,042 | 189,296 |
| Depreciable capital assets, net | 23,149,794 | 3,401,175 |
| Total capital assets, net | <u>24,394,836</u> | <u>3,590,471</u> |
| Total assets | <u>56,311,554</u> | <u>3,747,991</u> |
| Deferred outflows of resources: | | |
| Unamortized deferred charges on debt refundings | 30,128 | - |
| Pension - OPERS | 7,927,651 | 5,606 |
| Pension - STRS | 156,415 | - |
| Total deferred outflows of resources | <u>8,114,194</u> | <u>5,606</u> |
| Liabilities: | | |
| Accounts payable | 470,538 | 29,657 |
| Accrued wages and benefits payable | 356,235 | - |
| Due to other governments | 241,650 | - |
| Accrued interest payable | 11,171 | - |
| Claims payable | 321,478 | - |
| Sales tax payable | - | 9,779 |
| Unearned revenue | 336,191 | - |
| Long-term liabilities: | | |
| Due within one year | 1,277,767 | - |
| Due in more than one year: | | |
| Net pension liability | 21,172,738 | 16,628 |
| Other amounts due in more than one year | 2,188,553 | - |
| Total liabilities | <u>26,376,321</u> | <u>56,064</u> |
| Deferred inflows of resources: | | |
| Property taxes levied for the next fiscal year | 7,896,283 | - |
| Pension - OPERS | 437,191 | 1,116 |
| Pension - STRS | 37,311 | - |
| Total deferred inflows of resources | <u>8,370,785</u> | <u>1,116</u> |
| Net position: | | |
| Net investment in capital assets | 22,994,532 | 3,590,471 |
| Restricted for: | | |
| Capital projects | 128,793 | - |
| Debt service | 141,270 | - |
| Public works projects | 3,087,680 | - |
| Human services programs | 583,272 | - |
| Health programs | 3,650,824 | - |
| General government operations | 601,604 | - |
| Public safety programs | 495,286 | - |
| Other purposes | 42,227 | - |
| Unrestricted (deficit) | <u>(2,046,846)</u> | <u>105,946</u> |
| Total net position | <u>\$ 29,678,642</u> | <u>\$ 3,696,417</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>Expenses</u> | <u>Program Revenues</u> | | |
|---------------------------------------|----------------------|---------------------------------------|---|---|
| | | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Governmental activities: | | | | |
| General government: | | | | |
| Legislative and executive. | \$ 4,376,088 | \$ 2,060,957 | \$ - | \$ 11,096 |
| Judicial. | 2,145,386 | 258,994 | 756 | - |
| Public safety | 6,999,288 | 2,024,529 | 470,594 | - |
| Public works | 8,688,336 | 153,960 | 6,422,468 | 1,396,527 |
| Health. | 9,034,748 | 1,763,721 | 2,249,533 | - |
| Human services | 7,202,124 | 528,609 | 5,461,772 | 905,000 |
| Conservation and recreation | 3,328 | - | - | - |
| Intergovernmental. | 162,800 | - | - | - |
| Other | 448,829 | - | - | - |
| Interest and fiscal charges. | 80,753 | 10,000 | - | - |
| Total primary government | <u>\$ 39,141,680</u> | <u>\$ 6,800,770</u> | <u>\$ 14,605,123</u> | <u>\$ 2,312,623</u> |
| Component units: | | | | |
| Regional Airport Authority. | 760,303 | 324,153 | 80,268 | 75,727 |
| Total component units | <u>\$ 760,303</u> | <u>\$ 324,153</u> | <u>\$ 80,268</u> | <u>\$ 75,727</u> |

General revenues:

Property taxes levied for:

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

Sales taxes levied for:

- General purposes
- Payment in lieu of taxes
- Grants and entitlements not restricted to specific programs
- Unrestricted investment earnings
- Miscellaneous

Total general revenues.

Change in net position

Net position at beginning of year.

Net positon at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

| Primary Government | | Component Unit | |
|------------------------------------|---------------------|---|------------------|
| Governmental Activities | | Regional Airport Authority | |
| \$ | (2,304,035) | \$ | - |
| | (1,885,636) | | - |
| | (4,504,165) | | - |
| | (715,381) | | - |
| | (5,021,494) | | - |
| | (306,743) | | - |
| | (3,328) | | - |
| | (162,800) | | - |
| | (448,829) | | - |
| | (70,753) | | - |
| | <u>(15,423,164)</u> | | <u>-</u> |
| | - | | <u>(280,155)</u> |
| | - | | <u>(280,155)</u> |
| | 1,890,721 | | - |
| | 4,899,040 | | - |
| | 1,115,711 | | - |
| | 107,090 | | - |
| | 5,710,783 | | - |
| | 1,747 | | - |
| | 2,823,975 | | - |
| | 219,716 | | 1 |
| | 421,054 | | 14,737 |
| | <u>17,189,837</u> | | <u>14,738</u> |
| | 1,766,673 | | (265,417) |
| | <u>27,911,969</u> | | <u>3,961,834</u> |
| \$ | <u>29,678,642</u> | \$ | <u>3,696,417</u> |

COSHOCTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>General</u> | <u>Human Services</u> | <u>Motor Vehicle License and Gasoline Tax</u> | <u>County Board of DD</u> |
|---|---------------------|---------------------------|---|-------------------------------|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 3,680,467 | \$ 106,593 | \$ 1,293,212 | \$ 5,218,830 |
| Cash with fiscal agent | - | - | - | 639,598 |
| Receivables: | | | | |
| Sales taxes | 1,490,994 | - | - | - |
| Real and other taxes | 1,907,363 | - | - | 3,075,362 |
| Accounts | 73,829 | 380 | 536 | - |
| Accrued interest | 28,618 | - | - | - |
| Due from other governments | 546,373 | 236,700 | 2,124,500 | 170,818 |
| Interfund loans | 9,883 | - | - | - |
| Due from other funds | 22,125 | 23,492 | - | - |
| Loans receivable | - | - | - | 28,571 |
| Prepayments | 62,688 | - | - | - |
| Materials and supplies inventory | 47,484 | 2,800 | 256,156 | 1,202 |
| Total assets | <u>\$ 7,869,824</u> | <u>\$ 369,965</u> | <u>\$ 3,674,404</u> | <u>\$ 9,134,381</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 77,832 | \$ 28,843 | \$ 69,765 | \$ 11,376 |
| Accrued wages and benefits payable | 124,732 | 40,208 | 26,398 | 51,166 |
| Compensated absences payable | - | - | - | 16,167 |
| Due to other governments | 87,414 | 30,862 | 17,592 | 26,609 |
| Interfund loans payable | - | - | - | - |
| Due to other funds | 35 | 13,712 | - | 4,589 |
| Unearned revenue | - | 281,354 | - | - |
| Early retirement incentive payable | - | - | - | 26,123 |
| Total liabilities | <u>290,013</u> | <u>394,979</u> | <u>113,755</u> | <u>136,030</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year | 1,818,360 | - | - | 2,902,000 |
| Delinquent property tax revenue not available | 88,381 | - | - | 173,362 |
| Accrued interest not available | 19,893 | - | - | - |
| Sales tax revenue not available | 1,046,370 | - | - | - |
| Other nonexchange transactions not available | 376,788 | 12,019 | 1,802,235 | 146,603 |
| Total deferred inflows of resources | <u>3,349,792</u> | <u>12,019</u> | <u>1,802,235</u> | <u>3,221,965</u> |
| Total liabilities and deferred inflows of resources. | <u>3,639,805</u> | <u>406,998</u> | <u>1,915,990</u> | <u>3,357,995</u> |
| Fund balances: | | | | |
| Nonspendable | 222,737 | 2,800 | 256,156 | 1,202 |
| Restricted | - | - | 1,502,258 | 5,775,184 |
| Committed | - | - | - | - |
| Assigned | 2,616,840 | - | - | - |
| Unassigned (deficit) | 1,390,442 | (39,833) | - | - |
| Total fund balances (deficit) | <u>4,230,019</u> | <u>(37,033)</u> | <u>1,758,414</u> | <u>5,776,386</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 7,869,824</u> | <u>\$ 369,965</u> | <u>\$ 3,674,404</u> | <u>\$ 9,134,381</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Emergency Ambulance Levy | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| \$ 921,005 | \$ 3,211,419 | \$ 14,431,526 |
| - | - | 639,598 |
| - | - | 1,490,994 |
| 2,046,978 | 1,305,708 | 8,335,411 |
| 260,787 | 70,783 | 406,315 |
| - | - | 28,618 |
| 104,927 | 1,289,618 | 4,472,936 |
| - | - | 9,883 |
| - | 14,337 | 59,954 |
| - | - | 28,571 |
| - | - | 62,688 |
| 48,408 | 7,288 | 363,338 |
| <u>\$ 3,382,105</u> | <u>\$ 5,899,153</u> | <u>\$ 30,329,832</u> |
| \$ 31,960 | \$ 249,439 | \$ 469,215 |
| 50,306 | 62,411 | 355,221 |
| - | - | 16,167 |
| 28,140 | 50,522 | 241,139 |
| - | 9,883 | 9,883 |
| - | 41,618 | 59,954 |
| - | 54,837 | 336,191 |
| - | - | 26,123 |
| <u>110,406</u> | <u>468,710</u> | <u>1,513,893</u> |
| 1,945,000 | 1,230,923 | 7,896,283 |
| 101,978 | 74,785 | 438,506 |
| - | - | 19,893 |
| - | - | 1,046,370 |
| 104,927 | 904,783 | 3,347,355 |
| <u>2,151,905</u> | <u>2,210,491</u> | <u>12,748,407</u> |
| <u>2,262,311</u> | <u>2,679,201</u> | <u>14,262,300</u> |
| 48,408 | 7,288 | 538,591 |
| - | 2,825,937 | 10,103,379 |
| 1,071,386 | 430,587 | 1,501,973 |
| - | - | 2,616,840 |
| - | (43,860) | 1,306,749 |
| <u>1,119,794</u> | <u>3,219,952</u> | <u>16,067,532</u> |
| <u>\$ 3,382,105</u> | <u>\$ 5,899,153</u> | <u>\$ 30,329,832</u> |

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COSHOCTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | | |
|---|---------------------|----------------------|
| Total governmental fund balances | | \$ 16,067,532 |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 24,394,836 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | | |
| Property taxes receivable | \$ 438,506 | |
| Sales taxes receivable | 1,046,370 | |
| Intergovernmental revenues receivable | 3,347,355 | |
| Accrued interest receivable | 19,893 | |
| Total | <u>4,852,124</u> | 4,852,124 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. | | 1,266,145 |
| On the statement of net position, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is accrued when due. | | (11,171) |
| Unamortized deferred amounts on refundings are not recognized in the governmental funds. | | 30,128 |
| Unamortized premiums on bond issuances are not recognized in the governmental funds. | | (3,415) |
| The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds. | | |
| Net pension asset | 40,313 | |
| Deferred outflows of resources | 8,067,957 | |
| Deferred inflows of resources | (473,613) | |
| Net pension liability | (21,131,579) | |
| Total | <u>(13,496,922)</u> | (13,496,922) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| General obligation bonds | (925,228) | |
| OWDA loan | (191,893) | |
| Compensated absences | (1,307,165) | |
| Capital lease payable | (43,058) | |
| Lease purchase payable | (579,704) | |
| Notes payable | (373,567) | |
| Total | <u>(3,420,615)</u> | (3,420,615) |
| Net position of governmental activities | | <u>\$ 29,678,642</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>General</u> | <u>Human Services</u> | <u>Motor Vehicle License and Gasoline Tax</u> | <u>County Board of DD</u> |
|--|---------------------|---------------------------|---|-------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 1,884,694 | \$ - | \$ - | \$ 2,924,408 |
| Sales taxes | 5,746,931 | - | - | - |
| Payment in lieu of taxes | 1,058 | - | - | 372 |
| Charges for services. | 1,347,275 | - | - | 110,722 |
| Licenses and permits | 2,369 | - | - | - |
| Fines and forfeitures | 45,029 | - | 43,536 | - |
| Intergovernmental. | 2,056,071 | 3,124,168 | 5,841,718 | 2,150,582 |
| Investment income. | 244,373 | - | 4,497 | 4,849 |
| Rental income | 82,422 | - | - | - |
| Contributions and donations. | 103,740 | - | - | 4,257 |
| Other | 288,818 | 35,120 | 97,095 | 285,063 |
| Total revenues | <u>11,802,780</u> | <u>3,159,288</u> | <u>5,986,846</u> | <u>5,480,253</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Legislative and executive | 3,384,163 | - | - | - |
| Judicial. | 1,989,890 | - | - | - |
| Public safety | 3,650,318 | - | - | - |
| Public works | 215,173 | - | 6,058,758 | - |
| Health | 52,067 | - | - | 4,805,693 |
| Human services. | 366,982 | 3,443,494 | - | - |
| Conservation and recreation | 2,200 | - | - | - |
| Other | 452,781 | - | 85 | 581 |
| Capital outlay | 588,955 | - | - | - |
| Intergovernmental. | 162,800 | - | - | - |
| Debt service: | | | | |
| Principal retirement. | 222,997 | - | 80,195 | - |
| Interest and fiscal charges | 30,018 | - | 10,550 | - |
| Bond issuance costs | - | - | - | - |
| Total expenditures | <u>11,118,344</u> | <u>3,443,494</u> | <u>6,149,588</u> | <u>4,806,274</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>684,436</u> | <u>(284,206)</u> | <u>(162,742)</u> | <u>673,979</u> |
| Other financing sources (uses): | | | | |
| Bond issuance. | - | - | - | - |
| Sale of capital assets. | 20,541 | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Capital lease transaction. | 15,710 | - | - | - |
| Transfers in | - | 108,119 | - | - |
| Transfers (out). | (202,986) | - | - | - |
| Insurance proceeds | 5,825 | - | - | - |
| Total other financing sources (uses) | <u>(160,910)</u> | <u>108,119</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 523,526 | (176,087) | (162,742) | 673,979 |
| Fund balances at beginning of year | <u>3,706,493</u> | <u>139,054</u> | <u>1,921,156</u> | <u>5,102,407</u> |
| Fund balances (deficit) at end of year | <u>\$ 4,230,019</u> | <u>\$ (37,033)</u> | <u>\$ 1,758,414</u> | <u>\$ 5,776,386</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Emergency Ambulance Levy | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| \$ 1,955,856 | \$ 1,217,701 | \$ 7,982,659 |
| - | - | 5,746,931 |
| 239 | 154 | 1,823 |
| 1,364,819 | 3,428,079 | 6,250,895 |
| - | 129,082 | 131,451 |
| - | 101,014 | 189,579 |
| 222,481 | 3,830,852 | 17,225,872 |
| - | 762 | 254,481 |
| - | - | 82,422 |
| 935 | 1,004 | 109,936 |
| 22,548 | 320,940 | 1,049,584 |
| <u>3,566,878</u> | <u>9,029,588</u> | <u>39,025,633</u> |

| | | |
|------------------|------------------|-------------------|
| - | 758,158 | 4,142,321 |
| - | 59,965 | 2,049,855 |
| - | 3,108,444 | 6,758,762 |
| - | 1,004,905 | 7,278,836 |
| 3,440,309 | 403,499 | 8,701,568 |
| - | 3,256,457 | 7,066,933 |
| - | - | 2,200 |
| - | - | 453,447 |
| - | 421,749 | 1,010,704 |
| - | - | 162,800 |
| - | 107,762 | 410,954 |
| - | 20,794 | 61,362 |
| - | 16,750 | 16,750 |
| <u>3,440,309</u> | <u>9,158,483</u> | <u>38,116,492</u> |

| | | |
|----------------|------------------|----------------|
| <u>126,569</u> | <u>(128,895)</u> | <u>909,141</u> |
|----------------|------------------|----------------|

| | | |
|--------------|----------------|---------------|
| - | 395,000 | 395,000 |
| 2,130 | - | 22,671 |
| - | (378,250) | (378,250) |
| - | 12,301 | 28,011 |
| - | 94,867 | 202,986 |
| - | - | (202,986) |
| - | - | 5,825 |
| <u>2,130</u> | <u>123,918</u> | <u>73,257</u> |

| | | |
|---------|---------|---------|
| 128,699 | (4,977) | 982,398 |
|---------|---------|---------|

| | | |
|---------------------|---------------------|----------------------|
| <u>991,095</u> | <u>3,224,929</u> | <u>15,085,134</u> |
| <u>\$ 1,119,794</u> | <u>\$ 3,219,952</u> | <u>\$ 16,067,532</u> |

COSHOCTON COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | | |
|---|--------------------|------------------|
| Net change in fund balances - total governmental funds | \$ | 982,398 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense exceeded capital outlays in the current period accordingly. | | |
| Capital asset additions | \$ 2,465,110 | |
| Current year depreciation | <u>(2,049,802)</u> | |
| Total | | 415,308 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. | | (34,441) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property taxes | 29,903 | |
| Sales taxes | (36,148) | |
| Intergovernmental | 980,126 | |
| Investment income | <u>(24,091)</u> | |
| Total | | 949,790 |
| Repayment of bond, note, lease and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. | | 410,954 |
| Proceeds of bonds and capital leases are recognized as other financing sources in the governmental funds, however, in the statement of activities they are not reported as revenues as they increase liabilities on the statement of net assets. | | (423,011) |
| Payment to refunded bond escrow agent for the retirement of bonds is an other use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. | | |
| The following refunding transactions occurred during the year: | | |
| Bonds refunded | 370,000 | |
| Deferred charges on refundings | <u>24,475</u> | |
| Total | | 394,475 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities: | | |
| Increase in accrued interest payable | 1,533 | |
| Amortization of bond premiums | 1,172 | |
| Amortization of deferred charges on refundings | (5,346) | |
| Removal of deferred charges on refundings | <u>(16,225)</u> | |
| Total | | (18,866) |
| Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. | | 1,973,773 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities. | | (2,921,634) |
| Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | (107,935) |
| The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | | <u>145,862</u> |
| Change in net position of governmental activities | \$ | <u>1,766,673</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Property taxes | \$ 1,576,709 | \$ 1,884,694 | \$ 1,886,967 | \$ 2,273 |
| Sales taxes | 4,827,693 | 5,770,700 | 5,770,734 | 34 |
| Payment in lieu of taxes | 753 | 900 | 1,058 | 158 |
| Charges for services | 888,342 | 1,061,864 | 1,066,086 | 4,222 |
| Licenses and permits | 1,682 | 2,010 | 2,369 | 359 |
| Fines and forfeitures | 38,190 | 45,650 | 46,168 | 518 |
| Intergovernmental | 1,809,110 | 2,162,489 | 2,064,538 | (97,951) |
| Investment income | 168,062 | 200,890 | 200,974 | 84 |
| Rental income | 72,740 | 86,948 | 85,131 | (1,817) |
| Contributions and donations | 86,754 | 103,700 | 103,740 | 40 |
| Other | 170,849 | 204,221 | 207,692 | 3,471 |
| Total revenues | <u>9,640,884</u> | <u>11,524,066</u> | <u>11,435,457</u> | <u>(88,609)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Legislative and executive | 3,516,054 | 3,588,761 | 3,143,432 | 445,329 |
| Judicial | 2,441,976 | 2,490,955 | 2,157,138 | 333,817 |
| Public safety | 4,297,989 | 3,979,121 | 3,813,467 | 165,654 |
| Public works | 209,072 | 315,927 | 245,365 | 70,562 |
| Health | 83,273 | 77,398 | 89,088 | (11,690) |
| Human services | 417,455 | 439,649 | 371,727 | 67,922 |
| Conservation and recreation | 2,200 | 2,200 | 2,200 | - |
| Capital outlay | 64,508 | 799,558 | 655,041 | 144,517 |
| Intergovernmental | 202,800 | 162,800 | 162,800 | - |
| Other | 542,715 | 577,669 | 352,952 | 224,717 |
| Debt service: | | | | |
| Principal retirement | 224,899 | 224,899 | 224,899 | - |
| Interest and fiscal charges | 29,340 | 29,340 | 29,340 | - |
| Total expenditures | <u>12,032,281</u> | <u>12,688,277</u> | <u>11,247,449</u> | <u>1,440,828</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,391,397)</u> | <u>(1,164,211)</u> | <u>188,008</u> | <u>1,352,219</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 23,000 | 23,000 | 20,541 | (2,459) |
| Advances in | 46,040 | 46,040 | 46,040 | - |
| Advances (out) | (17,500) | (46,500) | (46,040) | 460 |
| Transfers in | 7,000 | 7,000 | 6,971 | (29) |
| Transfers (out) | (295,525) | (228,320) | (201,119) | 27,201 |
| Proceeds of capital lease transaction | 15,710 | 15,710 | 15,710 | - |
| Insurance proceeds | 5,806 | 5,806 | 5,825 | 19 |
| Other financing sources | 51,671 | 51,671 | 61,980 | 10,309 |
| Other financing uses | (2,081) | (2,121) | (2,090) | 31 |
| Contingencies | - | (630,000) | - | 630,000 |
| Total other financing sources (uses) | <u>(165,879)</u> | <u>(757,714)</u> | <u>(92,182)</u> | <u>665,532</u> |
| Net change in fund balances | (2,557,276) | (1,921,925) | 95,826 | 2,017,751 |
| Fund balances at beginning of year | 2,342,350 | 2,342,350 | 2,342,350 | - |
| Prior year encumbrances appropriated | 410,903 | 410,903 | 410,903 | - |
| Fund balance at end of year | <u>\$ 195,977</u> | <u>\$ 831,328</u> | <u>\$ 2,849,079</u> | <u>\$ 2,017,751</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HUMAN SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental. | \$ 3,296,924 | \$ 3,227,000 | \$ 3,209,504 | \$ (17,496) |
| Other | 36,576 | 35,800 | 35,047 | (753) |
| Total revenues | <u>3,333,500</u> | <u>3,262,800</u> | <u>3,244,551</u> | <u>(18,249)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Human services. | 3,796,291 | 3,854,033 | 3,739,797 | 114,236 |
| Total expenditures | <u>3,796,291</u> | <u>3,854,033</u> | <u>3,739,797</u> | <u>114,236</u> |
| Excess of expenditures over revenues. | <u>(462,791)</u> | <u>(591,233)</u> | <u>(495,246)</u> | <u>95,987</u> |
| Other financing sources: | | | | |
| Transfers in | 108,119 | 108,119 | 108,119 | - |
| Other financing sources | 171,000 | 171,000 | 171,593 | 593 |
| Total other financing sources. | <u>279,119</u> | <u>279,119</u> | <u>279,712</u> | <u>593</u> |
| Net change in fund balances | (183,672) | (312,114) | (215,534) | 96,580 |
| Fund balances at beginning of year | 103,101 | 103,101 | 103,101 | - |
| Prior year encumbrances appropriated . . . | 105,366 | 105,366 | 105,366 | - |
| Fund balance (deficit) at end of year. | <u>\$ 24,795</u> | <u>\$ (103,647)</u> | <u>\$ (7,067)</u> | <u>\$ 96,580</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE LICENSE AND GAS TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 35,423 | \$ 44,500 | \$ 44,500 | \$ - |
| Intergovernmental. | 4,724,114 | 5,934,638 | 5,524,914 | (409,724) |
| Investment income. | 3,184 | 4,000 | 4,033 | 33 |
| Other | 72,279 | 90,800 | 90,512 | (288) |
| Total revenues | <u>4,835,000</u> | <u>6,073,938</u> | <u>5,663,959</u> | <u>(409,979)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 5,893,612 | 7,670,497 | 6,239,148 | 1,431,349 |
| Debt service: | | | | |
| Principal retirement. | 70,000 | 80,195 | 80,195 | - |
| Interest and fiscal charges | 18,548 | 17,098 | 17,793 | (695) |
| Total expenditures | <u>5,982,160</u> | <u>7,767,790</u> | <u>6,337,136</u> | <u>1,430,654</u> |
| Excess of expenditures over revenues. | <u>(1,147,160)</u> | <u>(1,693,852)</u> | <u>(673,177)</u> | <u>1,020,675</u> |
| Other financing sources: | | | | |
| Other financing sources | 6,000 | 6,000 | 6,047 | 47 |
| Total other financing sources | <u>6,000</u> | <u>6,000</u> | <u>6,047</u> | <u>47</u> |
| Net change in fund balances | (1,141,160) | (1,687,852) | (667,130) | 1,020,722 |
| Fund balances at beginning of year | 744,163 | 744,163 | 744,163 | - |
| Prior year encumbrances appropriated | 760,157 | 760,157 | 760,157 | - |
| Fund balance (deficit) at end of year. | <u>\$ 363,160</u> | <u>\$ (183,532)</u> | <u>\$ 837,190</u> | <u>\$ 1,020,722</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Property taxes | \$ 2,772,549 | \$ 2,924,849 | \$ 2,929,322 | \$ 4,473 |
| Payment in lieu of taxes | 948 | 1,000 | 372 | (628) |
| Charges for services. | 114,131 | 120,400 | 103,447 | (16,953) |
| Intergovernmental. | 2,049,086 | 2,161,645 | 2,143,265 | (18,380) |
| Contributions and donations. | 4,740 | 5,000 | 5,032 | 32 |
| Other | 274,046 | 289,100 | 286,492 | (2,608) |
| Total revenues | <u>5,215,500</u> | <u>5,501,994</u> | <u>5,467,930</u> | <u>(34,064)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Health | <u>5,402,774</u> | <u>5,758,622</u> | <u>4,985,497</u> | <u>773,125</u> |
| Total expenditures | <u>5,402,774</u> | <u>5,758,622</u> | <u>4,985,497</u> | <u>773,125</u> |
| Excess (deficiency) of revenues over (under) expenditures. | <u>(187,274)</u> | <u>(256,628)</u> | <u>482,433</u> | <u>739,061</u> |
| Other financing sources: | | | | |
| Other financing sources | <u>-</u> | <u>-</u> | <u>44</u> | <u>44</u> |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>44</u> | <u>44</u> |
| Net change in fund balances | (187,274) | (256,628) | 482,477 | 739,105 |
| Fund balances at beginning of year | 4,311,468 | 4,311,468 | 4,311,468 | - |
| Prior year encumbrances appropriated | 217,044 | 217,044 | 217,044 | - |
| Fund balance at end of year | <u>\$ 4,341,238</u> | <u>\$ 4,271,884</u> | <u>\$ 5,010,989</u> | <u>\$ 739,105</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMERGENCY AMBULANCE LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Property taxes | \$ 1,985,039 | \$ 1,955,579 | \$ 1,958,747 | \$ 3,168 |
| Payment in lieu of taxes | - | - | 239 | 239 |
| Charges for services. | 1,390,639 | 1,370,000 | 1,362,574 | (7,426) |
| Intergovernmental. | 229,207 | 225,805 | 222,481 | (3,324) |
| Contributions and donations. | - | - | 935 | 935 |
| Other | 27,989 | 27,574 | 26,868 | (706) |
| Total revenues | <u>3,632,874</u> | <u>3,578,958</u> | <u>3,571,844</u> | <u>(7,114)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Health | <u>3,813,625</u> | <u>3,790,708</u> | <u>3,499,480</u> | <u>291,228</u> |
| Total expenditures | <u>3,813,625</u> | <u>3,790,708</u> | <u>3,499,480</u> | <u>291,228</u> |
| Excess (deficiency) of revenues over (under) expenditures. | <u>(180,751)</u> | <u>(211,750)</u> | <u>72,364</u> | <u>284,114</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets. | 2,130 | 2,130 | 2,130 | - |
| Transfers (out). | <u>(100,000)</u> | - | - | - |
| Total other financing sources (uses) | <u>(97,870)</u> | <u>2,130</u> | <u>2,130</u> | <u>-</u> |
| Net change in fund balances | (278,621) | (209,620) | 74,494 | 284,114 |
| Fund balances at beginning of year | 660,926 | 660,926 | 660,926 | - |
| Prior year encumbrances appropriated | 84,311 | 84,311 | 84,311 | - |
| Fund balance at end of year | <u>\$ 466,616</u> | <u>\$ 535,617</u> | <u>\$ 819,731</u> | <u>\$ 284,114</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | Governmental Activities - Internal Service Fund |
|---|--|
| Assets: | |
| Current assets: | |
| Equity in pooled cash and investments | \$ 876,878 |
| Cash with fiscal agent | 739,450 |
| Noncurrent assets: | |
| Net pension asset | <u>82</u> |
| Total assets | <u>1,616,410</u> |
| Deferred outflows of resources: | |
| Pension - OPERS | <u>16,109</u> |
| Total deferred outflows of resources | <u>16,109</u> |
| Liabilities: | |
| Current liabilities: | |
| Accounts payable | 1,323 |
| Accrued wages and benefits payable | 1,014 |
| Due to other governments | 511 |
| Claims payable | 321,478 |
| Long-term liabilities: | |
| Net pension liability | <u>41,159</u> |
| Total liabilities | <u>365,485</u> |
| Deferred inflows of resources: | |
| Pension - OPERS | <u>889</u> |
| Total deferred inflows of resources | <u>889</u> |
| Net position: | |
| Unrestricted | <u>1,266,145</u> |
| Total net position | <u>\$ 1,266,145</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | Governmental Activities - Internal Service Fund |
|---|--|
| Operating revenues: | |
| Charges for services | \$ 4,170,644 |
| Other | 95,389 |
| Total operating revenues. | <u>4,266,033</u> |
| Operating expenses: | |
| Personal services | 42,270 |
| Contract services. | 769,416 |
| Claims. | 3,305,701 |
| Other | 2,218 |
| Total operating expenses. | <u>4,119,605</u> |
| Operating income | <u>146,428</u> |
| Nonoperating revenues: | |
| Interest and fiscal charges | (566) |
| Total nonoperating revenues. | <u>(566)</u> |
| Change in net position | 145,862 |
| Net position at beginning of year. | <u>1,120,283</u> |
| Net position at end of year | <u><u>\$ 1,266,145</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (SEE ACCOUNTANT'S COMPILATION REPORT)

| | Governmental Activities - Internal Service Funds |
|---|---|
| Cash flows from operating activities: | |
| Cash received from interfund services | \$ 4,170,644 |
| Cash received from other receipts. | 95,389 |
| Cash payments for personal services | (38,956) |
| Cash payments for contractual services | (769,416) |
| Cash payments for claims | (3,277,357) |
| Cash payments for other expenses. | <u>(2,218)</u> |
| Net cash provided by operating activities | <u>178,086</u> |
| Cash flows from investing activities: | |
| Interest received | <u>(566)</u> |
| Net cash provided by investing activities | <u>(566)</u> |
| Net increase in cash and cash equivalents. | 177,520 |
| Cash and cash equivalents at beginning of year . . . | <u>1,438,808</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 1,616,328</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income. | \$ 146,428 |
| Changes in assets and liabilities: | |
| Increase in net pension asset. | (23) |
| Increase in deferred outflows - pension - OPERS . . . | (11,549) |
| Increase in accounts payable | (2,367) |
| Increase in accrued wages and benefits | 468 |
| Decrease in due to other governments | (176) |
| Increase in claims payable. | 28,344 |
| Increase in net pension liability | 16,523 |
| Increase in deferred inflows - pension - OPERS | <u>438</u> |
| Net cash provided by in operating activities. | <u><u>\$ 178,086</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COSHOCTON COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>Agency</u> |
|---|----------------------|
| Assets: | |
| Equity in pooled cash and investments | \$ 2,252,410 |
| Cash in segregated accounts | 314,386 |
| Receivables: | |
| Real and other taxes | 30,672,416 |
| Due from other governments | <u>1,984,568</u> |
| Total assets | <u>\$ 35,223,780</u> |
| Liabilities: | |
| Accounts payable | \$ 8,073 |
| Due to other governments | 32,682,624 |
| Deposits held and due to others | <u>2,533,083</u> |
| Total liabilities | <u>\$ 35,223,780</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 1 - DESCRIPTION OF THE COUNTY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

DISCRETELY PRESENTED COMPONENT UNIT

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

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

Information related to Coshocton County Regional Airport Authority is presented in Note 25.

EXCLUDED POTENTIAL COMPONENT UNITS

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

The District is governed and operated through three groups. A twelve-member Board of Directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. During 2016, the County paid \$25,836 to the District.

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

During 2016, Coshocton County contributed \$390,619 from levy proceeds. Additional revenues are provided by levies from other member counties, and State and federal grants awarded to the multi-county board. Continued existence of the MH&R is not dependent on the County's participation and no equity interest exists.

Area Office on Aging (the "Council") - The Area Office on Aging is a regional council of governments that assists nine counties, including Coshocton County, in providing services to senior citizens in the Council's service area. The Council is governed by a Board of Directors consisting of one representative appointed by each participating County. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists. The Council has no outstanding debt. During 2016, the County paid \$50 to the Council.

Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves eighteen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and State grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2016, Coshocton County paid \$47,061 to MEORC for residential services.

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

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

The continued existence of OMEGA is not dependent on the County's continued participation and no equity interest exists. OMEGA has no outstanding debt. During 2016, the County contributed \$20 to OMEGA.

Coshocton County Family and Children First Council (Council) - The mission of the Council is to promote and facilitate collaboration among community agencies serving children and their families and to unite the community in promoting the well-being of children and their families through leadership advocacy, and coordination of services. The Board of Trustees is made up of individuals from various organizations including the County. During 2016, the County paid \$57,944 to the Council for services.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

Coshocton Port Authority (Port Authority) - The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide or promote transportation, economic development, education, governmental operations, culture, or research within the County. The Port Authority is governed by a five-member Board of Directors. Two members of the Board are appointed by the Mayor of the City and approved by Council of the City of Coshocton. Two members are appointed by the County Commissioner and the fifth appointment shall be approved by the four current members. The County paid \$50,000 to the Port Authority during 2016.

PUBLIC ENTITY RISK POOL

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2016 was \$190,760.

RELATED ORGANIZATIONS

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

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

JOINT VENTURE WITHOUT EQUITY INTEREST

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

B. Basis of Presentation

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

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

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

C. Fund Accounting

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

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

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

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

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

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

Internal service fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County has two internal service funds, both account for self-insurance programs.

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

D. Measurement Focus

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

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

E. Basis of Accounting

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

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the County, See Note 18 for deferred inflows of resources related to the County's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

F. Budgetary Data

All funds, other than agency funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the County Commissioners may appropriate. The appropriation resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Commissioners. The legal level of control has been established by the County Commissioners at the object level within each department.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

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

G. Cash and Investments

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

During 2016, the County invested in federal agency securities, commercial paper, U.S. Government money markets, negotiable certificates of deposit, the State Treasury Asset Reserve of Ohio (STAR Ohio) and non-negotiable certificates of deposit. The federal agency securities are reported at fair value which is based on quoted market prices. Non-negotiable certificates of deposit are reported at cost.

During 2016, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2016 amounted to \$244,373 which includes \$193,701 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the financial statements sheet as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

The County has monies being held by the Mid East Ohio Regional Council of Governments (MEORC), the Jefferson Health Plan. These funds held at year end are reflected on the financial statements as "cash with fiscal agent".

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

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

H. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

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

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Interfund Transactions

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

N. Fund Balance

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

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

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

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

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

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

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

O. Operating Revenues and Expenses

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

P. Net Position

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

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

Q. Estimates

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

R. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

S. Pensions

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or event that are within the control of the County and that are either unusual in nature or infrequent in occurrence. The County did not have any extraordinary or special items during 2016.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

U. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2016, the County has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the County.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the County.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the County.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the County.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the County.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The County participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The County incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

B. Deficit Fund Balances

Fund balances at December 31, 2016 included the following individual fund deficits:

| <u>Nonmajor funds</u> | <u>Deficit</u> |
|----------------------------------|----------------|
| Human services | \$ 37,033 |
| Jail diversion | 343 |
| Child support enforcement agency | 43,517 |

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of, or guaranteed by, the United States and mature, or be redeemable, within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During 2016, the County and public depositories complied with the provisions of these statutes.

A. Cash with Fiscal Agent

At December 31, 2016, the County had \$639,598 in monies held by MEORC as fiscal agent. These funds are held outside of the County Treasury and are not included in "deposits with financial institutions" below.

At December 31, 2016, the County's internal service fund had a balance of \$739,450 with the Jefferson Health Plan, a claims servicing pool. The money is held by the claims servicing pool in a pooled account.

B. Cash on Hand

At December 31, 2016, the County had \$941 in cash on hand which is reported on the financial statements as part of "equity in pooled cash and cash equivalents".

C. Deposits with Financial Institutions

At December 31, 2016, the carrying amount of all County deposits was \$3,233,285 including cash in segregated accounts. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2016, \$1,369,465 of the County's bank balance of \$3,930,464 was exposed to custodial risk as discussed below, while \$2,560,999 was covered by the FDIC.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2016, the County had the following investments and maturities:

| Measurement/ Investment type | Measurement Amount | Investment Maturities | | | | |
|---------------------------------|-----------------------|-----------------------|---------------------|--------------------|---------------------|---------------------------|
| | | 6 months or less | 7 to 12 months | 13 to 18 months | 19 to 24 months | Greater than 24 months |
| Fair Value: | | | | | | |
| Negotiable CD's | \$ 4,498,987 | \$ - | \$ - | \$ 496,596 | \$ 1,498,703 | \$ 2,503,688 |
| U.S. Government money market | 49,429 | 49,429 | - | - | - | - |
| Commercial paper | 4,043,453 | 3,189,939 | 853,514 | - | - | - |
| FNMA | 743,625 | - | - | - | - | 743,625 |
| FHLMC | 4,139,696 | - | 1,998,220 | - | - | 2,141,476 |
| Amortized Cost: | | | | | | |
| STAR Ohio | <u>1,165,784</u> | <u>1,165,784</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 14,640,974</u> | <u>\$ 4,405,152</u> | <u>\$ 2,851,734</u> | <u>\$ 496,596</u> | <u>\$ 1,498,703</u> | <u>\$ 5,388,789</u> |

The weighted average maturity of investments is 1.73 years.

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

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2016:

| <u>Measurement/ Investment type</u> | <u>Measurement Amount</u> | <u>% of Total</u> |
|---|-------------------------------|-------------------|
| Fair Value: | | |
| Negotiable CD's | \$ 4,498,987 | 30.73 |
| U.S. Government money market | 49,429 | 0.34 |
| Commercial paper | 4,043,453 | 27.62 |
| FNMA | 743,625 | 5.08 |
| FHLMC | 4,139,696 | 28.27 |
| Amortized Cost: | | |
| STAR Ohio | <u>1,165,784</u> | <u>7.96</u> |
| Total | <u>\$ 14,640,974</u> | <u>100.00</u> |

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2016:

| <u>Cash and investments per note</u> | |
|--------------------------------------|----------------------|
| Carrying amount of deposits | \$ 3,233,285 |
| Investments | 14,640,974 |
| Cash on hand | 941 |
| Cash with fiscal agent | <u>1,379,048</u> |
| Total | <u>\$ 19,254,248</u> |

| <u>Cash and investments per statement of net position</u> | |
|---|----------------------|
| Governmental activities | \$ 16,687,452 |
| Agency funds | <u>2,566,796</u> |
| Total | <u>\$ 19,254,248</u> |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following, as reported on the fund financial statements:

| | |
|---------------------------------------|-------------------|
| <u>Transfer from general fund to:</u> | |
| Human services | \$ 108,119 |
| Nonmajor governmental funds | 94,867 |
| Total transfers | <u>\$ 202,986</u> |

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in 2016 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated for reporting on the statement of activities.

B. Due To/From Other Funds

The County had the following amounts due to/from other funds at December 31, 2016:

| <u>Fund</u> | <u>Due from other funds</u> | <u>Due to other funds</u> |
|-----------------------|---------------------------------|-------------------------------|
| General | \$ 22,125 | \$ 35 |
| Human services | 23,492 | 13,712 |
| County Board of DD | - | 4,589 |
| Nonmajor governmental | <u>14,337</u> | <u>41,618</u> |
| Total | <u>\$ 59,954</u> | <u>\$ 59,954</u> |

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

C. Interfund Balances

Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2016, consist of the following individual fund loan receivable and payable as reported on the fund statements:

| <u>Fund</u> | <u>Interfund receivable</u> | <u>Interfund payable</u> |
|-----------------------|---------------------------------|------------------------------|
| General | \$ 9,883 | \$ - |
| Nonmajor governmental | <u>-</u> | <u>9,883</u> |
| Total | <u>\$ 9,883</u> | <u>\$ 9,883</u> |

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing district their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2016 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 2016 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all County operations for the year ended December 31, 2016 was \$14.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

| | |
|----------------------------------|------------------------------|
| Real property | \$ 661,837,440 |
| Public utility personal property | <u>162,884,660</u> |
| Total assessed value | <u><u>\$ 824,722,100</u></u> |

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1971, the County Commissioners, by resolution, imposed a one-half percent tax on all retail sales made in the County. In 1984, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales made in the County. At the end of 2005, the County Commissioners by resolution imposed a one-half percent tax on all retail sales made in the County for specific use in the Justice System to begin January 1, 2006. The State Tax Commissioner certifies to the Ohio Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The Ohio Office of Budget and Management then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the general fund. Sales tax revenue in 2016 amounted to \$5,746,931 with the entire amount credited to the general fund.

NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE

During the current year and during a prior year, the County entered into lease agreements for the acquisition of copiers, server equipment and an energy management system. The assets have been capitalized in governmental capital assets in the amount of \$85,714, the present value of the minimum lease payments at the inception of the lease. Principal and interest payments for the capital lease obligation are made from the general fund and the County agency coordinated transportation fund (a nonmajor governmental fund).

| <u>Year</u> | <u>Amount</u> |
|---|-------------------------|
| 2017 | \$ 17,273 |
| 2018 | 12,470 |
| 2019 | 9,214 |
| 2020 | 6,355 |
| 2021 | <u>1,653</u> |
| Total minimum lease payments | 46,965 |
| Less: amount representing interest | <u>(3,907)</u> |
| Present value of minimum lease payments | <u><u>\$ 43,058</u></u> |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 9 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

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

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the County, a corresponding liability was recorded in the government-wide financial statements. Principal payments in 2016 totaled \$181,584. Principal and interest payments are made from the general fund and the 911 levy fund (a nonmajor governmental fund).

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

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2016:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|--|-------------------|
| 2017 | \$ 96,339 |
| 2018 | 90,123 |
| 2019 | 90,123 |
| 2020 | 90,123 |
| 2021 | 90,123 |
| 2022 - 2023 | <u>180,246</u> |
| Total minimum lease payments | 637,077 |
| Less: amount representing interest | <u>(57,373)</u> |
| Present value of future minimum lease payments | <u>\$ 579,704</u> |

NOTE 10 - OPERATING LEASE - LESSOR DISCLOSURE

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

NOTE 11 - COMPENSATED ABSENCES

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 12 - CONTINGENT LIABILITIES

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

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

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COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 13 - RECEIVABLES

Receivables at December 31, 2016, consisted of taxes, accounts, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenue. Receivables have been recorded to the extent that they are measurable at December 31, 2016. A summary of the principal items due from other governments:

| Fund / Type | Amount |
|--|--------------|
| Major funds: | |
| General fund: | |
| Local government revenue | \$ 191,691 |
| Casino tax | 210,723 |
| Homestead and rollback | 105,750 |
| Miscellaneous reimbursements | 38,209 |
| | 546,373 |
| Human services fund: | |
| Miscellaneous grants and reimbursements | 236,700 |
| | 236,700 |
| Motor vehicle license and gasoline tax fund: | |
| License, gasoline and permissive taxes | 1,975,933 |
| Miscellaneous grants and reimbursements | 148,567 |
| | 2,124,500 |
| County board of DD fund: | |
| Homestead and rollback | 146,603 |
| Miscellaneous grants and reimbursements | 24,215 |
| | 170,818 |
| Emergency ambulance levy fund: | |
| Homestead and rollback | 104,927 |
| | 104,927 |
| Other governmental funds: | |
| Homestead and rollback | 52,386 |
| Miscellaneous grants and reimbursements | 1,237,232 |
| | 1,289,618 |
| Total due from other governments | \$ 4,472,936 |

NOTE 14 - LOAN RECEIVABLE

On October 1, 2014, the Coshocton County Board of Developmental Disabilities (the "Board") agreed to subsidize the Coshocton Community Housing Corporation (the "Corporation") through a \$67,000 grant for the down payment of a newly constructed house. \$30,000 of this grant is to be reimbursed back to the Board through monthly payments. These payments are not to exceed 7 years and are said to begin once the house has full occupancy. At December 31, 2016, the Corporation had made one payment on the loan, and as a result a loan receivable in the amount of \$28,571 has been reported by the County.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 15 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

| <u>Governmental activities:</u> | Balance <u>12/31/15</u> | <u>Additions</u> | <u>Deductions</u> | Balance <u>12/31/16</u> |
|---|----------------------------|---------------------|---------------------|----------------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 1,156,352 | \$ 88,690 | \$ - | \$ 1,245,042 |
| Construction in progress | <u>330,176</u> | <u>288,307</u> | <u>(618,483)</u> | <u>-</u> |
| Total capital assets, not being depreciated | <u>1,486,528</u> | <u>376,997</u> | <u>(618,483)</u> | <u>1,245,042</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Building improvements | 12,897,644 | 1,528,703 | - | 14,426,347 |
| Machinery and equipment | 4,543,848 | 343,359 | (132,639) | 4,754,568 |
| Vehicles | 4,019,066 | 551,078 | (375,959) | 4,194,185 |
| Infrastructure | 30,468,673 | 267,772 | - | 30,736,445 |
| Software | <u>648,183</u> | <u>15,684</u> | <u>(16,390)</u> | <u>647,477</u> |
| Total capital assets, being depreciated | <u>52,577,414</u> | <u>2,706,596</u> | <u>(524,988)</u> | <u>54,759,022</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Building and improvements | (8,033,638) | (325,985) | - | (8,359,623) |
| Machinery and equipment | (3,430,771) | (235,021) | 132,639 | (3,533,153) |
| Vehicles | (2,717,768) | (228,869) | 341,518 | (2,605,119) |
| Infrastructure | (15,415,918) | (1,228,210) | - | (16,644,128) |
| Software | <u>(451,878)</u> | <u>(31,717)</u> | <u>16,390</u> | <u>(467,205)</u> |
| Total accumulated depreciation | <u>(30,049,973)</u> | <u>(2,049,802)</u> | <u>490,547</u> | <u>(31,609,228)</u> |
| Total capital assets, being depreciated net | <u>22,527,441</u> | <u>656,794</u> | <u>(34,441)</u> | <u>23,149,794</u> |
| Governmental activities capital assets, net | <u>\$ 24,013,969</u> | <u>\$ 1,033,791</u> | <u>\$ (652,924)</u> | <u>\$ 24,394,836</u> |

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

| | |
|--|---------------------|
| <u>Governmental activities:</u> | |
| General government: | |
| Legislative and executive | \$ 166,986 |
| Judicial | 68,463 |
| Public safety | 100,825 |
| Public works | 1,416,503 |
| Health | 204,420 |
| Human services | 91,477 |
| Conservation and recreation | <u>1,128</u> |
| Total depreciation expense - governmental activities | <u>\$ 2,049,802</u> |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 16 - LONG-TERM OBLIGATIONS

During 2016, the following changes occurred in governmental activities long-term obligations.

| | Issue | Maturity | Interest | Balance | | | Balance | Amount Due |
|---|-------|-----------|------------|----------------------|---------------------|-----------------------|----------------------|---------------------|
| | Date | Date | Rate | 12/31/15 | Additions | Reductions | 12/31/16 | in One Year |
| Governmental Activities: | | | | | | | | |
| <u>General obligation bonds:</u> | | | | | | | | |
| Human Services Building | 1990 | 12/1/2016 | 5.9-7.3% | \$ 35,000 | \$ - | \$ (35,000) | \$ - | \$ - |
| County Garage Building - Refunding Bonds | 2011 | 12/1/2019 | 1.40-4.00% | 300,000 | - | (70,000) | 230,000 | 75,000 |
| General Obligation Refunding Bonds | 2012 | 12/1/2029 | 1.0-3.4% | 370,000 | - | (370,000) | - | - |
| General Obligation Taxable Refunding Bonds | 2016 | 12/1/2021 | | - | 395,000 | - | 395,000 | 75,000 |
| Information Technology Acquisition Bonds | 2015 | 4/13/2020 | 2.15% | 191,357 | - | (36,652) | 154,705 | 37,452 |
| Property Acquisition Bonds | 2015 | 4/13/2020 | 2.15% | 180,000 | - | (34,477) | 145,523 | 35,229 |
| Total general obligation bonds | | | | <u>1,076,357</u> | <u>395,000</u> | <u>(546,129)</u> | <u>925,228</u> | <u>222,681</u> |
| <u>Notes</u> | | | | | | | | |
| Promissory Note | 2014 | 5/1/2019 | 1.95% | 390,741 | - | (17,174) | 373,567 | 17,536 |
| Total notes | | | | <u>390,741</u> | <u>-</u> | <u>(17,174)</u> | <u>373,567</u> | <u>17,536</u> |
| <u>Loans:</u> | | | | | | | | |
| OPWC - Bridge Program | 2005 | 7/1/2016 | 0.00% | 10,195 | - | (10,195) | - | - |
| OWDA - Fresno/Pearl Sewer Construction | 2010 | 1/1/2041 | 1.00% | 198,934 | - | (7,041) | 191,893 | 7,112 |
| Total Loans | | | | <u>209,129</u> | <u>-</u> | <u>(17,236)</u> | <u>191,893</u> | <u>7,112</u> |
| <u>Other long-term obligations:</u> | | | | | | | | |
| Capital Leases | | | | 33,878 | 28,011 | (18,831) | 43,058 | 15,332 |
| Lease Purchase Agreements | | | | 761,288 | - | (181,584) | 579,704 | 82,299 |
| Net Pension Liability | | | | 14,810,322 | 6,362,416 | - | 21,172,738 | - |
| Compensated Absences | | | | 1,219,461 | 940,062 | (836,191) | 1,323,332 | 906,684 |
| ERI Payable | | | | 28,672 | 26,123 | (28,672) | 26,123 | 26,123 |
| Total Other Long-Term Obligations | | | | <u>16,853,621</u> | <u>7,356,612</u> | <u>(1,065,278)</u> | <u>23,144,955</u> | <u>1,030,438</u> |
| Total general long-term obligations | | | | <u>\$ 18,529,848</u> | <u>\$ 7,751,612</u> | <u>\$ (1,645,817)</u> | 24,635,643 | <u>\$ 1,277,767</u> |
| Add: unamortized premium on bond issuance | | | | | | | 3,415 | |
| Total reported on the statement of net assets | | | | | | | <u>\$ 24,639,058</u> | |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 16 - LONG TERM OBLIGATIONS - (Continued)

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

On April 6, 2016, the County issued \$395,000 in general obligation refunding bonds- Series 2016 for the purpose of refunding general obligation bonds - Series 2016. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding bonds are comprised of terms bonds, par value \$395,000. The bonds bear an interest rate of 2.780%. Principal and interest payments are made from the County debt service fund (a nonmajor governmental fund) and are due on December 1 and June 1 of each year. The bonds mature on December 1, 2021.

The reacquisition price exceeded the net carrying amount of old debt by \$24,475. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

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

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

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

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

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

The Ohio Public Works Commission (OPWC) loans were paid from the motor vehicle license and gasoline tax fund using property tax revenues and gasoline tax revenues.

The County has entered into a contractual agreement for a construction loan from the OWDA. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved projects. OWDA will capitalize administration costs and construction interest and then add them to the total amounts of the final loan. At December 31, 2016, the balance of the County's OWDA loan is \$191,893. The Ohio Water Development Authority (OWDA) loan will be paid from the debt service funds (nonmajor governmental funds) using user fees and property tax revenues.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 16 - LONG TERM OBLIGATIONS - (Continued)

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

Early retirement incentives were paid from the County Board of DD fund.

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

Refer to Note 18 for detail on the net pension liability.

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

| Year Ending December 31, | General Obligation Bonds | | OWDA Loan | |
|-----------------------------|--------------------------|------------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2017 | \$ 222,681 | \$ 25,886 | \$ 7,112 | \$ 1,901 |
| 2018 | 224,243 | 19,988 | 7,183 | 1,830 |
| 2019 | 235,839 | 13,308 | 7,255 | 1,758 |
| 2020 | 157,465 | 6,257 | 7,328 | 1,685 |
| 2021 | 85,000 | 2,363 | 7,402 | 1,612 |
| 2022 - 2026 | - | - | 38,136 | 6,930 |
| 2027 - 2031 | - | - | 40,086 | 4,980 |
| 2032 - 2036 | - | - | 42,136 | 2,930 |
| 2037 - 2040 | - | - | 35,255 | 798 |
| Total | <u>\$ 925,228</u> | <u>\$ 67,802</u> | <u>\$ 191,893</u> | <u>\$ 24,424</u> |

| Year Ending December 31, | Notes Payable | | Total | |
|-----------------------------|-------------------|------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2017 | \$ 17,536 | \$ 7,271 | \$ 247,329 | \$ 35,058 |
| 2018 | 17,865 | 6,942 | 249,291 | 28,760 |
| 2019 | 338,166 | 6,596 | 581,260 | 21,662 |
| 2020 | - | - | 164,793 | 7,942 |
| 2021 | - | - | 92,402 | 3,975 |
| 2022 - 2026 | - | - | 38,136 | 6,930 |
| 2027 - 2031 | - | - | 40,086 | 4,980 |
| 2032 - 2036 | - | - | 42,136 | 2,930 |
| 2037 - 2040 | - | - | 35,255 | 798 |
| Total | <u>\$ 373,567</u> | <u>\$ 20,809</u> | <u>\$ 1,490,688</u> | <u>\$ 113,035</u> |

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 16 - LONG TERM OBLIGATIONS - (Continued)

Legal Debt Margin

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

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$18,337,276 at December 31, 2016 and the unvoted legal debt margin was \$8,247,221 at December 31, 2016.

NOTE 17 - RISK MANAGEMENT

A. General Insurance

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 - RISK MANAGEMENT - (Continued)

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

| | |
|--|--------------|
| General liability | \$ 1,000,000 |
| Law enforcement liability | 1,000,000 |
| Errors and omissions liability: | |
| Per occurrence | 1,000,000 |
| Annual aggregate | 1,000,000 |
| Back Wages- per occurrence | 100,000 |
| Cyber liability and expense | 1,000,000 |
| Automobile liability | 1,000,000 |
| Uninsured/underinsured motorists liability | 250,000 |
| Excess liability | 5,000,000 |
| Stop gap liability | 1,000,000 |
| Medical professional liability | 6,000,000 |
| Foster parents | 6,000,000 |
| Accounts receivable | 5,000,000 |
| Property - total covered value | 88,448,542 |
| Other property insurance: | |
| Extra expense/business income | 1,000,000 |
| Electronic Data Processing (EDP) | 250,000 |
| Media -per occurrence | 250,000 |
| Extra Expense - per occurrence | 25,000 |
| Sewer line coverage | 2,539,620 |
| Underground fiber optic lines | 10,000 |
| Law enforcement canines | 14,000 |
| Equipment breakdown | 100,000,000 |
| Crime insurance | 1,000,000 |
| Other coverage | |
| Attorney Disciplinary Proceedings | 25,000 |
| Dog Warden Blanket Bond | 2,000 |

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

B. Workers' Compensation

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 - RISK MANAGEMENT - (Continued)

C. Health Care Self-Insurance

The County maintains a Self-Insurance Internal Service Fund to account for, and finance, its uninsured risks of loss in this program. Effective January 1, 2016 a Third Party Administrator, Mutual Health Services, a division of Medical Mutual and located in Akron, Ohio began reviewing all claims which are then paid by the County. For January 1, 2016, the plan provided 3 different options for coverage for eligible County employees. The first option being Plan A – Buyup a major medical with a \$1,000 individual and \$2,000 family deductible and a Preferred Provider Network (PPO) with a \$500 individual and a \$1,000 family deductible. The second option being Plan B - Core a major medical with a \$2,000 individual deductible and a \$4,000 family deductible and a Preferred Provider Network (PPO) with a \$1,000 individual and a \$2,000 family deductible. The third option being a Plan C - Health Savings Account (HSA) major medical with a \$5,000 individual deductible and a \$10,000 family deductible and a Preferred Provider Network (PPO) with a \$2,600 deductible and a \$5,000 family deductible. The County purchases stop-loss coverage of \$90,000 per employee per year and an aggregate annual limit of \$1,000,000. For the period January 1, 2015 through December 31, 2015 the County provided three options for employees to choose from. Plan A- Buyup - \$2,080 family coverage, \$708 single, Employee + Spouse \$1,513 and Employee + child/children \$1,253. For Plan B – Core - \$1,901 family coverage, \$647 single coverage, \$1,386 Employee + spouse and \$1,149 employee + child/children. Plan C – HSA - \$1,875 family coverage, \$638 single, \$1,365 employee + spouse and \$1,135 employee + child/children coverage which represents the entire premium required.

The claims liability of \$269,199 reported in the fund at December 31, 2016, was estimated by a third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported, claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include allocated or unallocated claims adjustment expenses.

Changes in the fund's claims liability amount for 2016 and 2015 were:

| | Balance at | | Current | | Claim | | Balance at |
|------|--------------------------|----|--------------------|----|-----------------|----|--------------------|
| | <u>Beginning of Year</u> | | <u>Year Claims</u> | | <u>Payments</u> | | <u>End of Year</u> |
| 2016 | \$ 279,765 | \$ | 2,763,148 | \$ | (2,773,714) | \$ | 269,199 |
| 2015 | 261,441 | | 2,756,652 | | (2,738,328) | | 279,765 |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 - RISK MANAGEMENT - (Continued)

D. County Board of Developmental Disabilities Self-Insurance

The Board of DD is self-insured for its medical, prescription drug, vision and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. The Board of DD is a member of the Jefferson Health Plan, a claims servicing pool, consisting of ninety members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Board of DD’s behalf. This plan provides a dental plan with a \$80.77 family and single premium, a medical plan with a \$1,458.95 family and \$725.34 single premium, a prescription drug plan with a \$313.68 family and \$143.83 single premium and a vision plan with a \$27.01 family and \$12.12 single premium. The Board of DD pays the entire premium. The Board of DD is responsible for payment of all medical, prescription, vision and dental claim amounts in excess of the employee payment percentages established in the Plan document. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$500,000. Claims above a \$35,000 deductible are internally pooled. Claims above \$500,000 are covered by stop loss.

The claims liability of \$52,279 reported in the fund at December 31, 2016, was estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported, claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include allocated or unallocated claims adjustment expenses.

Changes in the fund’s claims liability amount for 2016 and 2015 were:

| | <u>Balance at</u> | <u>Current</u> | <u>Claim</u> | <u>Balance at</u> |
|------|--------------------------|--------------------|-----------------|--------------------|
| | <u>Beginning of Year</u> | <u>Year Claims</u> | <u>Payments</u> | <u>End of Year</u> |
| 2016 | \$ 13,369 | \$ 542,553 | \$ (503,643) | \$ 52,279 |
| 2015 | 74,572 | 435,019 | (496,222) | 13,369 |

NOTE 18 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

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

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

| | <u>State and Local</u> | <u>Public Safety</u> | <u>Law Enforcement</u> |
|--|----------------------------|--------------------------|----------------------------|
| 2016 Statutory Maximum Contribution Rates | | | |
| Employer | 14.0 % | 18.1 % | 18.1 % |
| Employee | 10.0 % | * | ** |
| 2016 Actual Contribution Rates | | | |
| Employer: | | | |
| Pension | 12.0 % | 16.1 % | 16.1 % |
| Post-employment Health Care Benefits | <u>2.0 %</u> | <u>2.0</u> | <u>2.0</u> |
| Total Employer | <u>14.0 %</u> | <u>18.1 %</u> | <u>18.1 %</u> |
| Employee | <u>10.0 %</u> | <u>12.0 %</u> | <u>13.0 %</u> |

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$1,954,651 for 2016. Of this amount, \$213,550 is reported as due to other governments.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For January 1, 2016 through June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. For July 1, 2016 through December 31, 2016, plan members were required to contribute 14 percent of their annual covered salary. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2016 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$45,354 for 2016. Of this amount, \$1,479 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|--|------------------|--------------------|---------------|
| Proportion of the net pension liability prior measurement date | 0.119920% | 0.00267909% | |
| Proportion of the net pension liability current measurement date | <u>0.120146%</u> | <u>0.00274362%</u> | |
| Change in proportionate share | <u>0.000226%</u> | <u>0.00006453%</u> | |
| Proportion of the net pension asset prior measurement date | 0.089523% | | |
| Proportion of the net pension asset current measurement date | <u>0.146193%</u> | | |
| Change in proportionate share | <u>0.056670%</u> | | |
| Proportionate share of the net pension liability | \$ 20,254,366 | \$ 918,372 | \$ 21,172,738 |
| Proportionate share of the net pension asset | 40,395 | - | 40,395 |
| Pension expense | 2,988,954 | (57,959) | 2,930,995 |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|--|----------------------------|--------------------------|----------------------------|
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | \$ 1,580 | \$ 37,108 | \$ 38,688 |
| Net difference between projected and actual earnings on pension plan investments | 5,971,226 | 76,248 | 6,047,474 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 194 | 19,965 | 20,159 |
| City contributions subsequent to the measurement date | <u>1,954,651</u> | <u>23,094</u> | <u>1,977,745</u> |
| Total deferred outflows of resources | <u><u>\$ 7,927,651</u></u> | <u><u>\$ 156,415</u></u> | <u><u>\$ 8,084,066</u></u> |
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | \$ 409,683 | \$ - | \$ 409,683 |
| Changes in employer's proportionate percentage/ difference between employer contributions | <u>27,508</u> | <u>37,311</u> | <u>64,819</u> |
| Total deferred inflows of resources | <u><u>\$ 437,191</u></u> | <u><u>\$ 37,311</u></u> | <u><u>\$ 474,502</u></u> |

\$1,977,745 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2017.

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

| | <u>OPERS</u> | <u>STRS</u> | <u>Total</u> |
|--------------------------|----------------------------|-------------------------|----------------------------|
| Year Ending December 31: | | | |
| 2017 | \$ 1,281,046 | \$ 10,524 | \$ 1,291,570 |
| 2018 | 1,395,865 | 10,524 | 1,406,389 |
| 2019 | 1,517,946 | 39,780 | 1,557,726 |
| 2020 | 1,349,215 | 35,179 | 1,384,394 |
| 2021 | (2,121) | 3 | (2,118) |
| Thereafter | <u>(6,142)</u> | <u>-</u> | <u>(6,142)</u> |
| Total | <u><u>\$ 5,535,809</u></u> | <u><u>\$ 96,010</u></u> | <u><u>\$ 5,631,819</u></u> |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Wage inflation | 3.75 percent |
| Future salary increases, including inflation COLA or ad hoc COLA | 4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple |
| Investment rate of return | 8 percent |
| Actuarial cost method | Individual entry age |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|---|
| Fixed income | 23.00 % | 2.31 % |
| Domestic equities | 20.70 | 5.84 |
| Real estate | 10.00 | 4.25 |
| Private equity | 10.00 | 9.25 |
| International equities | 18.30 | 7.40 |
| Other investments | 18.00 | 4.59 |
| Total | 100.00 % | 5.27 % |

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the County's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|---|------------------------|-------------------------------------|------------------------|
| County's proportionate share of the net pension liability (asset): | | | |
| Traditional Pension Plan | \$ 32,270,153 | \$ 20,254,366 | \$ 10,119,430 |
| Combined Plan | (825) | (40,167) | (71,812) |
| Member-Directed Plan | 597 | \$ (228) | (597) |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

Changes Between Measurement Date and Report Date - In October 2016, the OPERS Board of Trustees adopted certain assumption changes which impacted their annual actuarial valuation prepared as of December 31, 2016. The most significant changes are a reduction in the expected investment return to 7.50% from 8.00%, the expected long-term average wage inflation was reduced to 3.25% from 3.75%, the expected long-term average price inflation was reduced to 2.50% from 3.00% and a change to various demographic assumptions. Although the exact amount of these changes is not known, the impact to the County's net pension liability is expected to be significant.

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|--|
| Inflation | 2.75 percent |
| Projected salary increases | 2.75 percent at age 70 to 12.25 percent at age 20 |
| Investment Rate of Return | 7.75 percent, net of investment expenses |
| Cost-of-Living Adjustments (COLA) | 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date. |

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity | 31.00 % | 8.00 % |
| International Equity | 26.00 | 7.85 |
| Alternatives | 14.00 | 8.00 |
| Fixed Income | 18.00 | 3.75 |
| Real Estate | 10.00 | 6.75 |
| Liquidity Reserves | <u>1.00</u> | 3.00 |
| Total | <u>100.00 %</u> | |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

| | 1% Decrease (7.25%) | Current Discount Rate (8.25%) | 1% Increase (9.25%) |
|--|------------------------|-------------------------------------|------------------------|
| County's proportionate share of the net pension liability | \$ 1,220,442 | \$ 918,372 | \$ 663,559 |

NOTE 19 - 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 Plan and the Combined Plan. 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/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (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.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, 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 2016 was 2.00%.

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$319,670, \$285,313, and \$296,762, respectively; 90.83% has been contributed for 2016 and 100% has been contributed for 2015 and 2014. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments 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. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS did not allocate any percentage of employer contributions to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2016, 2015 and 2014 were \$0, \$0 and \$2,840, respectively. The full amount has been contributed for 2014.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 20 - RELATED PARTY TRANSACTIONS

Coshocton County Airport authority is a component unit of Coshocton County. During 2016, the County Airport Authority received an operating transfer from the County in the amount of \$27,918.

Additionally, the County pays salary and fringe benefits for Airport Authority employees, with the exception of the Airport Authority's Secretary – Treasurer. During 2016, The County paid Airport Authority employees' salaries and fringe benefits of \$123,653. The Airport Authority obtains federal grants that have matching requirements of 5% and 10%, depending on the grant. Matching requirements are made from non-federal revenue sources. The County pays the local matching requirement of the Airport Authority grants. During 2016, The County paid \$17,560 to Airport Authority vendors to make the local matching requirements.

NOTE 21 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 21 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

| | Net Change in Fund Balance | | | | |
|---|-----------------------------------|-----------------------|---|---------------------------|---------------------------------|
| | <u>General fund</u> | <u>Human Services</u> | <u>Motor Vehicle License and Gasoline Tax</u> | <u>County Board of DD</u> | <u>Emergency Ambulance Levy</u> |
| Budget basis | \$ 95,826 | \$ (215,534) | \$ (667,130) | \$ 482,477 | \$ 74,494 |
| Net adjustment for revenue accruals | 2,139 | (85,263) | 322,887 | 12,323 | (4,966) |
| Net adjustment for expenditure accruals | 90,658 | 182,643 | (267,851) | 40,681 | (1,339) |
| Net adjustment for other sources/uses | (59,890) | (171,593) | (6,047) | (44) | - |
| Funds budgeted elsewhere | (101,248) | - | - | - | - |
| Adjustment for encumbrances | <u>496,041</u> | <u>113,660</u> | <u>455,399</u> | <u>138,542</u> | <u>60,510</u> |
| GAAP basis | <u>\$ 523,526</u> | <u>\$ (176,087)</u> | <u>\$ (162,742)</u> | <u>\$ 673,979</u> | <u>\$ 128,699</u> |

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

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 22 - FUND BALANCE

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

| <u>Fund balance</u> | <u>General</u> | <u>Human Services</u> | <u>Motor Vehicle and Gas Tax Fund</u> | <u>County Board of DD Fund</u> | <u>Emergency Ambulance Levy Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----------------------------------|---------------------|-----------------------|---------------------------------------|--------------------------------|--------------------------------------|------------------------------------|---------------------------------|
| Nonspendable: | | | | | | | |
| Prepayments | \$ 62,688 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 62,688 |
| Materials and supplies inventory | 47,484 | 2,800 | 256,156 | 1,202 | 48,408 | 7,288 | 363,338 |
| Unclaimed monies | <u>112,565</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>112,565</u> |
| Total nonspendable | <u>222,737</u> | <u>2,800</u> | <u>256,156</u> | <u>1,202</u> | <u>48,408</u> | <u>7,288</u> | <u>538,591</u> |
| Restricted: | | | | | | | |
| Capital projects | - | - | - | - | - | 128,793 | 128,793 |
| Debt service | - | - | - | - | - | 144,451 | 144,451 |
| Public works | - | - | 1,502,258 | - | - | 341,806 | 1,844,064 |
| Human services | - | - | - | - | - | 369,287 | 369,287 |
| Health | - | - | - | 5,775,184 | - | 295,088 | 6,070,272 |
| General government operations | - | - | - | - | - | 894,641 | 894,641 |
| Public safety programs | - | - | - | - | - | 605,239 | 595,239 |
| Other purposes | - | - | - | - | - | <u>56,632</u> | <u>56,632</u> |
| Total restricted | <u>-</u> | <u>-</u> | <u>1,502,258</u> | <u>5,775,184</u> | <u>-</u> | <u>2,835,937</u> | <u>10,103,379</u> |
| Committed: | | | | | | | |
| Human services | - | - | - | - | - | 201,504 | 201,504 |
| Health | - | - | - | - | 1,071,386 | - | 1,071,386 |
| Public safety programs | - | - | - | - | - | <u>229,083</u> | <u>229,083</u> |
| Total committed | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,071,386</u> | <u>430,587</u> | <u>1,501,973</u> |
| Assigned: | | | | | | | |
| Public works | 11,860 | - | - | - | - | - | 11,860 |
| Human services | 4,311 | - | - | - | - | - | 4,311 |
| General government operations | 168,782 | - | - | - | - | - | 168,782 |
| Public safety programs | 131,632 | - | - | - | - | - | 131,632 |
| Public health and welfare | 39,111 | - | - | - | - | - | 39,111 |
| Other purposes | 66,412 | - | - | - | - | - | 66,412 |
| Subsequent year appropriations | <u>2,194,732</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,194,732</u> |
| Total assigned | <u>2,616,840</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,616,840</u> |
| Unassigned (deficit) | 1,390,442 | (39,833) | - | - | - | (43,860) | 1,306,749 |
| Total fund balances | <u>\$ 4,230,019</u> | <u>\$ (37,033)</u> | <u>\$ 1,758,414</u> | <u>\$ 5,776,386</u> | <u>\$ 1,119,794</u> | <u>\$ 3,229,952</u> | <u>\$ 16,067,532</u> |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 23 - OTHER COMMITMENTS

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

| <u>Fund</u> | <u>Year - End Encumbrances</u> |
|---------------------------|------------------------------------|
| General | \$ 422,108 |
| Human services | 67,357 |
| Motor vehicle and gas tax | 386,552 |
| County board of DD | 121,498 |
| Emergency ambulance levy | 29,155 |
| Other governmental | <u>379,063</u> |
| Total | <u>\$ 1,405,733</u> |

NOTE 24 - TAX ABATEMENTS

As of December 31, 2016, the County provides tax abatements through an Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

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

The County has jointly entered into agreements with the City of Coshocton to abate property taxes through this program. During 2016, the County’s property tax revenues were reduced as a result of these agreements as follows:

| <u>Tax Abatement Program</u> | <u>County Taxes Abated</u> |
|------------------------------|--------------------------------|
| Ezone | \$ 10,558 |
| Total | <u>\$ 10,558</u> |

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT

A. Reporting Entity

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

B. Summary of Significant Accounting Policies

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

1. *Measurement Focus and Basis of Accounting*

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

2. *Cash*

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

3. *Capital Assets*

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

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

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

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

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

4. *Estimates*

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

5. *Inventories*

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

C. Implementation of New Accounting Principles

For the year ended December 31, 2016, the Airport has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. These changes were incorporated in the Airport's fiscal year 2016 note disclosures; however, there was no effect on beginning net position/fund balance. OR The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Airport.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Airport.

COSHOCTON COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Airport.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the Airport.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Airport.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The Airport participates in STAR Ohio which implemented GASB Statement No. 79 for fiscal year 2016. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Airport.

D. Deposits and Investments

At year end, the carrying amount of the Airport's deposits was \$106,918 and the bank balance was \$91,769. The entire balance was covered by Federal Deposit Insurance Corporation. The Airport has no investments. The Airport also had \$300 in cash on hand.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

E. Capital Assets

| | Balance 12/31/15 | Additions | Deductions | Balance 12/31/16 |
|---|---------------------|---------------------|-------------|---------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 189,296 | \$ - | \$ - | \$ 189,296 |
| Total capital assets, not being depreciated | <u>189,296</u> | <u>-</u> | <u>-</u> | <u>189,296</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Building and improvements | 675,000 | - | - | 675,000 |
| Infrastructure | 4,930,844 | - | - | 4,930,844 |
| Vehicles | 14,394 | - | - | 14,394 |
| Furniture and equipment | <u>432,627</u> | <u>8,500</u> | <u>-</u> | <u>441,127</u> |
| Total cost | <u>6,052,865</u> | <u>8,500</u> | <u>-</u> | <u>6,061,365</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Building and improvements | (261,250) | (11,250) | - | (272,500) |
| Infrastructure | (1,866,821) | (197,234) | - | (2,064,055) |
| Vehicles | (14,394) | - | - | (14,394) |
| Furniture and equipment | <u>(291,008)</u> | <u>(18,233)</u> | <u>-</u> | <u>(309,241)</u> |
| Total accumulated depreciation | <u>(2,433,473)</u> | <u>(226,717)</u> | <u>-</u> | <u>(2,660,190)</u> |
| Total capital assets, being depreciated net | <u>3,619,392</u> | <u>(218,217)</u> | <u>-</u> | <u>3,401,175</u> |
| Total capital assets, net | <u>\$ 3,808,688</u> | <u>\$ (218,217)</u> | <u>\$ -</u> | <u>\$ 3,590,471</u> |

F. Defined Benefit Pension Plan

Net Pension Liability

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

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

COSHOCTON COUNTY, OHIO

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**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Airport employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Airport employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

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

| Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|---|---|---|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

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

| | <u>State and Local</u> |
|--|----------------------------|
| 2016 Statutory Maximum Contribution Rates | |
| Employer | 14.00 % |
| Employee | 10.00 % |
| 2016 Actual Contribution Rates | |
| Employer: | |
| Pension | 12.00 % |
| Post-employment Health Care Benefits | <u>2.00</u> |
| Total Employer | <u>14.00 %</u> |
| Employee | <u>10.00 %</u> |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Airport's contractually required contribution was \$718 for 2016.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The Airport's proportion of the net pension liability was based on the Airport's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | <u>OPERS Traditional Plan</u> |
|--|-----------------------------------|
| Proportionate Share of the Net Pension Liability | \$ 16,628 |
| Proportion of the Net Pension Liability | 0.00009600% |
| Pension Expense | \$ 1,962 |

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

At December 31, 2016, the Airport reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | | OPERS <u>Traditional Plan</u> |
|--|----|----------------------------------|
| Deferred Outflows of Resources | | |
| Net Difference between Projected and Actual | | |
| Earnings on Pension Plan Investments | \$ | 4,888 |
| Airport Contributions Subsequent to the Measurement Date | | <u>718</u> |
| Total Deferred Outflows of Resources | \$ | <u><u>5,606</u></u> |
| Deferred Inflows of Resources | | |
| Differences between Expected and Actual Experience | | |
| Changes in Proportionate Share | \$ | 320 |
| Total Deferred Inflows of Resources | | <u>796</u> |
| | \$ | <u><u>1,116</u></u> |

\$718 reported as deferred outflows of resources related to pension resulting from Airport contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or addition of the net pension asset in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | | OPERS <u>Traditional Plan</u> |
|--------------------------|----|----------------------------------|
| Year Ending December 31: | | |
| 2017 | \$ | 700 |
| 2018 | | 779 |
| 2019 | | 1,187 |
| 2020 | | <u>1,106</u> |
| | \$ | <u><u>3,772</u></u> |

Actuarial Assumptions - OPERS

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

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| <u>Actuarial Information</u> | <u>Traditional Pension Plan</u> |
|--|---|
| Wage Inflation | 3.75 percent |
| Future Salary Increases, including inflation | 4.25 percent to 10.05 percent, including wage inflation at 3.75 percent |
| COLA or Ad Hoc COLA | 3.00 percent, simple |
| Investment Rate of Return | 8.00 percent |
| Actuarial Cost Method | Individual Entry Age |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

**NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT -
(Continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|--|
| Fixed Income | 23.00 % | 2.31 % |
| Domestic Equities | 20.70 | 5.84 |
| Real Estate | 10.00 | 4.25 |
| Private Equity | 10.00 | 9.25 |
| International Equities | 18.30 | 7.40 |
| Other Investments | 18.00 | 4.59 |
| Total | 100.00 % | 5.27 % |

Discount Rate The discount rate used to measure the total pension liability was eight percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|---|------------------------|-------------------------------------|------------------------|
| Airport's proportionate share of the Net Pension Liability | \$ 26,493 | \$ 16,628 | \$ 8,308 |

G. Post-Employment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

COSHOCTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 25 - COSHOCTON COUNTY REGIONAL AIRPORT AUTHORITY - COMPONENT UNIT - (Continued)

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0 percent of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016 as recommended by OPERS' actuary. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2016 was 4.0 percent.

The Airport's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$120, \$239 and \$259, respectively. The full amount has been contributed for all years.

REQUIRED SUPPLEMENTARY INFORMATION

COSHOCTON COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|
| <i>Traditional Plan:</i> | | | |
| County's proportion of the net pension liability | 0.120146% | 0.119920% | 0.119920% |
| County's proportionate share of the net pension liability | \$ 20,254,366 | \$ 14,069,900 | \$ 13,752,108 |
| County's covered-employee payroll | \$ 14,691,942 | \$ 14,951,925 | \$ 14,388,777 |
| County's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 137.86% | 94.10% | 95.58% |
| Plan fiduciary net position as a percentage of the total pension liability | 81.08% | 86.45% | 86.36% |
| <i>Combined Plan:</i> | | | |
| County's proportion of the net pension asset | 0.084810% | 0.089523% | 0.089523% |
| County's proportionate share of the net pension asset | \$ 40,167 | \$ 33,530 | \$ 9,138 |
| County's covered-employee payroll | \$ 314,325 | \$ 327,242 | \$ 331,946 |
| County's proportionate share of the net pension asset as a percentage of its covered-employee payroll | 12.78% | 10.25% | 2.75% |
| Plan fiduciary net position as a percentage of the total pension asset | 116.90% | 114.83% | 104.56% |
| <i>Member Directed Plan:</i> | | | |
| County's proportion of the net pension asset | 0.613830% | n/a | n/a |
| County's proportionate share of the net pension asset | \$ 228 | n/a | n/a |
| County's covered-employee payroll | \$ 338,592 | n/a | n/a |
| County's proportionate share of the net pension asset as a percentage of its covered-employee payroll | 0.07% | n/a | n/a |
| Plan fiduciary net position as a percentage of the total pension asset | 103.91% | n/a | n/a |

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

Amounts presented as of the County's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COSHOCTON COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|
| County's proportion of the net pension liability | 0.00274362% | 0.00267909% | 0.00289660% |
| County's proportionate share of the net pension liability | \$ 918,372 | \$ 740,422 | \$ 704,553 |
| County's covered-employee payroll | \$ 293,443 | \$ 263,736 | \$ 332,985 |
| County's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 312.96% | 280.74% | 211.59% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.80% | 72.10% | 74.70% |

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

Amounts presented as of the County's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COSHOCTON COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ 1,863,345 | \$ 1,763,033 | \$ 1,794,231 | \$ 1,870,541 |
| Contributions in relation to the contractually required contribution | <u>(1,863,345)</u> | <u>(1,763,033)</u> | <u>(1,794,231)</u> | <u>(1,870,541)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 15,527,875 | \$ 14,691,942 | \$ 14,951,925 | \$ 14,388,777 |
| Contributions as a percentage of covered-employee payroll | 12.00% | 12.00% | 12.00% | 13.00% |
| <i>Combined Plan:</i> | | | | |
| Contractually required contribution | \$ 48,316 | \$ 37,719 | \$ 39,269 | \$ 43,153 |
| Contributions in relation to the contractually required contribution | <u>(48,316)</u> | <u>(37,719)</u> | <u>(39,269)</u> | <u>(43,153)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 402,633 | \$ 314,325 | \$ 327,242 | \$ 331,946 |
| Contributions as a percentage of covered-employee payroll | 12.00% | 12.00% | 12.00% | 13.00% |
| <i>Member Directed Plan:</i> | | | | |
| Contractually required contribution | \$ 42,990 | \$ 40,631 | | |
| Contributions in relation to the contractually required contribution | <u>(42,990)</u> | <u>(40,631)</u> | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | | |
| County's covered-employee payroll | \$ 358,250 | \$ 338,592 | | |
| Contributions as a percentage of covered-employee payroll | 12.00% | 12.00% | | |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 1,439,849 | \$ 1,387,333 | \$ 1,334,575 | \$ 1,258,237 | \$ 1,137,432 | \$ 1,233,868 |
| <u>(1,439,849)</u> | <u>(1,387,333)</u> | <u>(1,334,575)</u> | <u>(1,258,237)</u> | <u>(1,137,432)</u> | <u>(1,233,868)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 14,398,490 | \$ 13,873,330 | \$ 14,961,603 | \$ 15,476,470 | \$ 16,249,029 | \$ 14,776,862 |
| 10.00% | 10.00% | 8.92% | 8.13% | 7.00% | 8.35% |
| \$ 24,081 | \$ 21,493 | \$ 29,947 | \$ - | \$ - | \$ - |
| <u>(24,081)</u> | <u>(21,493)</u> | <u>(29,947)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 302,906 | \$ 270,352 | \$ 309,157 | \$ - | \$ - | \$ - |
| 7.95% | 7.95% | 9.69% | 8.13% | 7.00% | 8.35% |

COSHOCTON COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

**LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)**

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 45,354 | \$ 41,082 | \$ 36,923 | \$ 43,288 |
| Contributions in relation to the contractually required contribution | <u>(45,354)</u> | <u>(41,082)</u> | <u>(36,923)</u> | <u>(43,288)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 323,957 | \$ 293,443 | \$ 263,736 | \$ 332,985 |
| Contributions as a percentage of covered-employee payroll | 14.00% | 14.00% | 14.00% | 13.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 36,583 | \$ 38,752 | \$ 50,208 | \$ 65,826 | \$ 70,073 | \$ 92,735 |
| <u>(36,583)</u> | <u>(38,752)</u> | <u>(50,208)</u> | <u>(65,826)</u> | <u>(70,073)</u> | <u>(92,735)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 281,408 | \$ 298,092 | \$ 386,215 | \$ 506,354 | \$ 539,023 | \$ 713,346 |
| 13.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |

COSHOCTON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016
(SEE ACCOUNTANT'S COMPILATION REPORT)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 - 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.