



**Auditor of State
Betty Montgomery**

NOBLE COUNTY
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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

Noble County
200 Courthouse Square
Caldwell, Ohio 43724

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noble County, Ohio (the County), as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Noble County, Ohio, as of December 31, 2003, and the respective changes in financial position, and the respective budgetary comparison for the General, Job and Family Services, Motor Vehicle and Gasoline Tax, and Mental Retardation and Developmental Disabilities Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2004, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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We conducted our audit to form opinions on the financial statements that collectively comprise the County's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Betty Montgomery
Auditor of State

November 30, 2004

**Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2003**

The discussion and analysis of Noble County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2003. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2003 are as follows:

- Net assets of governmental activities decreased \$312,369 as a result of last years operations. This represents a 1 percent decrease from 2002.
- General revenues accounted for \$4,043,136 in revenue or 33.3 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$8,113,318 or 66.7 percent of total revenues of \$12,156,454.
- Total assets of governmental activities increased by \$202,258 primarily due to current year depreciation exceeding capital asset additions in the amount of \$724,858. In addition, the County's cash and cash equivalents increased in the amount of \$527,257.
- The County had \$12,468,823 in expenses related to governmental activities; \$8,113,318 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues, primarily taxes of \$2,438,576, were not adequate to provide for these programs, leaving a underfunded amount of \$312,369 for 2003.

Using this Annual Financial Report

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report County's operations in more detail than the government-wide statements by providing information about the County's most financially significant funds.

Reporting Noble County as a Whole

Statement of Net Assets and the Statement of Activities

Our analysis of the County as a whole begins on page 9. While these documents contain the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all *assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies.

This basis of accounting takes 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 assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the *financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some

**Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2003**

not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required county programs and other factors.

In the Statement of Net Assets and the Statement of Activities, all of Noble County's activities are presented as Governmental Activities including general government, public safety, public works, human services, health and economic development and assistance activities. Noble County does not operate any Business-Type Activities and has no Component Units.

Reporting Noble County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 7. Fund financial reports provide detailed information about the most significant funds, not the County as a whole. 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 include the General, Motor Vehicle and Gasoline Tax, Job and Family Services, and Mental Retardation and Developmental Disabilities funds.

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

Noble County as a Whole

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2003 compared to 2002:

(Table 1)
Net Assets

	Governmental Activities	
	2003	2002
Assets		
Current and Other Assets	\$7,971,931	\$7,365,678
Capital Assets	19,978,424	20,729,355
Total Assets	\$27,950,355	\$28,095,033
Liabilities		
Current and Other Liabilities	(2,168,316)	(1,935,089)
Long Term Liabilities:		
Due in One Year	(313,009)	(294,709)
Due in More than One Year	(1,240,648)	(1,324,484)
Total Liabilities	(\$3,721,973)	(\$3,554,282)

**Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Net Assets		
Invested in Capital Assets, Net of Related Debt	\$18,755,380	\$19,429,355
Restricted	4,771,450	4,547,691
Unrestricted	<u>701,552</u>	<u>563,705</u>
Total Net Assets	<u>\$24,228,382</u>	<u>\$24,540,751</u>

The County's net assets are reflected in three categories, Invested in Capital Assets, Net of Related Debt, Restricted, and Unrestricted.

The largest portion of the County's net assets (77.5 percent) reflects its investment in capital assets, (e.g., land building, machinery, infrastructure and equipment), net of related debt. The County uses these capital assets to provide citizens; consequently, these assets are not available for future spending. Although the County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The restricted portion of the County's net assets (19.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets is unrestricted net assets (2.8 percent) may be used to meet the County's ongoing obligations to its citizens and creditors.

Current and other assets increased from 2002 by \$752,118 primarily due to a increase in the amount of cash and cash equivalents on deposit with the County, which is a direct result of revenues exceeding expenditures in the *fund* statements. Capital assets decreased from 2002 due to current year depreciation exceeding capital asset additions in 2003.

Total net assets of the County's governmental activities increased by \$312,369 as a result of the increased amounts of cash and cash equivalents.

Table 2 shows the changes in net assets for fiscal year 2003

**Table 2
Change in Net Assets**

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>
Program Revenues:		
Charges for Services	\$1,232,517	\$1,154,541
Operating Grants and Contributions	6,804,907	5,405,121
Capital Grants and Contributions	75,894	262,587
General Revenues:		
Property Taxes	1,518,629	1,740,102
Sales Taxes	919,947	881,894
Grants and Entitlements	741,268	440,062
Other	<u>863,292</u>	<u>840,652</u>
Total Revenues	<u>\$12,156,454</u>	<u>\$10,724,959</u>

**Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Program Expenses:		
General Government	1,887,830	2,009,944
Public Safety	1,281,793	1,647,578
Public Works	3,336,982	3,524,247
Health	822,889	758,927
Human Services	4,181,150	3,544,067
Economic Development and Assistance	223,291	288,718
Other	175,384	127,273
Intergovernmental	487,470	361,125
Interest and Fiscal Charge	72,034	76,235
Total Program Expenses	<u>12,468,823</u>	<u>12,338,114</u>
 Change in Net Assets	 <u>(\$312,369)</u>	 <u>(\$1,613,155)</u>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Our county, which is dependent upon property taxes is hampered by a lack of revenue growth and must periodically return to the voters to maintain a constant level of service. The last successful levy renewal/passage was passed during the May 2002 election. Property and sales taxes made up 20 percent of revenues for governmental activities for Noble County in fiscal year 2003.

The largest Governmental Activities program expense is human services, which comprises 33.6 percent of expenses. Interest expense during fiscal year 2003 was \$72,034 and was attributable to the outstanding bonds for jail construction.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

(Table 3)
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2003	2002	2003	2002
General Government	\$1,887,830	\$2,009,944	\$1,101,372	\$1,274,594
Public Safety	1,281,793	1,647,578	469,019	962,763
Public Works	3,336,982	3,524,247	677,422	933,681
Health	822,889	758,927	740,598	656,313
Human Services	4,181,150	3,544,067	897,244	1,514,648
Economic Development & Assistance	223,291	288,718	223,291	(22,511)
Other	175,384	127,273	175,384	126,987
Intergovernmental	487,470	361,125	2,470	0
Interest and Fiscal Charges	72,034	76,235	68,705	69,390
Total Program Expense	<u>\$12,468,823</u>	<u>\$12,338,114</u>	<u>\$4,355,505</u>	<u>\$5,515,865</u>

Operating grants, contributions, and interest (83.9 percent) are the primary source of program revenues,

**Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2003**

whereas property taxes (37.6 percent) is the primary source of general revenues. The County's dependence upon tax revenues for the shortfall in program revenues is apparent.

The County's Funds

The focus of the County's governmental-type activities is to provide information on near-term receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the County's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the calendar year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$569,780 with a total fund balance of \$601,462. Unreserved fund balance represents 21.4% of expenditures an increase of 6.9% from 2002. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$112,924 approximately a 18.7 increase from 2002. Key factors for this increase include but are not limited to conservative spending in the public safety, judicial and legislative and executive expenditure activity.

The Job and Family Services fund balance decreased by \$38,417. Key factors for this decline include but are not limited to an increase in spending.

The Motor Vehicle and Gasoline Tax fund balance increased by \$94,988 approximately a 14.6% increase from 2002. This is partially due to a decrease in spending.

The Mental Retardation and Developmental Disabilities fund balance increased by \$23,210. This is partially due to a decrease in spending.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the course of fiscal year 2003 the County amended its General Fund budget numerous times, although none were significant.

For the General Fund, final budget basis revenue estimates were \$188,541 above original budget estimates of \$2,487,433. Actual revenues were \$272,031 higher than final budgeted revenues. This difference was due to conservative sales tax, intergovernmental and charges for services estimates.

The County's General Fund ending unobligated cash balance was \$368,356 above the final budgeted amount.

The Jobs and Family Service Fund's actual revenues were \$880,051 less than estimated.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2003, the County had \$28,996,548 invested in land, buildings and improvements, vehicles, machinery, equipment, furniture and fixtures, and infrastructure from governmental activities. Table 4 shows fiscal year 2003 balances compared to 2002 after accumulated depreciation of \$9,018,124 and \$8,090,550, respectively:

**Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2003**

(Table 4)
Capital Assets at December 31

	2003	2002
Land	\$687,086	\$687,086
Buildings and Improvements	3,253,256	3,338,142
Machinery, Furniture and Equipment	610,637	696,661
Vehicles	453,436	483,127
Infrastructure	14,974,009	15,524,339
Totals	\$19,978,424	\$20,729,355

The primary decrease in capital assets resulted from \$225,550 in capital asset additions offset by \$950,408 in accumulated depreciation. See Note 11 for more detailed information of the County's capital assets.

Debt

At December 31, 2003 the County had \$1,200,000 in bonds outstanding, with \$100,000 due within one year. Table 5 summarizes this outstanding bond:

(Table 5)
Outstanding Debt, at Year End

	Governmental Activities 2003	Governmental Activities 2002
1996 Jail Construction General Obligation Bonds	\$1,200,000	\$1,300,000

The 1996 Jail Construction Bonds were originally issued in the amount of \$2,000,000 for the purpose of constructing a jail facility. The debt is being retired through the Jail Bond Retirement Debt Service Fund by a levy passed in May, 1996. See Note 16 for more detailed information on the County's debt.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 Alice Warner, Auditor of Noble County, Courthouse, Caldwell, Ohio 43724.

Noble County
Statement of Net Assets
December 31, 2003

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,498,156
Cash and Cash Equivalents with Fiscal Agents	166,269
Investments	17,049
Materials and Supplies Inventory	117,463
Accrued Interest Receivable	1,631
Accounts Receivable	40,252
Prepaid Items	34,858
Sales Taxes Receivable	149,298
Property Taxes Receivable	1,866,833
Due from Other Governments	2,072,083
Loans Receivable	8,039
Non-Depreciable Capital Assets	687,086
Depreciable Capital Assets, Net	19,291,338
Total Assets	27,950,355
 Liabilities	
Accounts Payable	172,441
Accrued Wages	147,021
Contracts Payable	17,447
Due to Other Governments	169,213
Matured Compensated Absences	1,077
Accrued Interest Payable	5,586
Deferred Revenue	1,655,531
Due Within One Year	313,009
Due In More Than One Year	1,240,648
Total Liabilities	3,721,973
 Net Assets	
Invested in Capital Assets, Net of Related Debt	18,755,380
Restricted for:	
Debt Service	134,764
Capital Projects	183,639
Other Purposes	4,453,047
Unrestricted (Deficit)	701,552
Total Net Assets	\$24,228,382

See accompanying notes to the basic financial statements

Noble County
Statement of Activities
For the Year Ended December 31, 2003

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Programs					
Primary Government:					
Governmental Activities:					
General Government:					
Legislative and Executive	\$1,536,719	\$593,500	\$23,550	\$0	(\$919,669)
Judicial	351,111	161,155	8,253	0	(181,703)
Public Safety	1,281,793	383,788	428,986	0	(469,019)
Public Works	3,336,982	13,374	2,570,292	75,894	(677,422)
Health	822,889	31,149	51,142	0	(740,598)
Human Services	4,181,150	49,551	3,234,355	0	(897,244)
Economic Development and Assistance	223,291	0	0	0	(223,291)
Other	175,384	0	0	0	(175,384)
Intergovernmental	487,470	0	485,000	0	(2,470)
Interest and Fiscal Charges	72,034	0	3,329	0	(68,705)
<i>Total Governmental Activities</i>	<u>12,468,823</u>	<u>1,232,517</u>	<u>6,804,907</u>	<u>75,894</u>	<u>(4,355,505)</u>
General Revenues					
					657,772
Property Taxes Levied for General Purposes					
Property Taxes Levied for:					
					44,638
Public Works					
					471,109
Health					
					199,960
Human Services					
					145,150
Debt Service					
					919,947
Sales Taxes Levied for General Purposes					
					741,268
Grants and Entitlements not Restricted to Specific Programs					
					123,714
Investment Earnings					
					739,578
Miscellaneous					
					<u>4,043,136</u>
<i>Total General Revenues and Transfers</i>					
					(312,369)
<i>Change in Net Assets</i>					
					24,540,751
Net Assets Beginning of Year					
					<u>\$24,228,382</u>
<i>Net Assets End of Year</i>					

See accompanying notes to the basic financial statements

**Noble County
Balance Sheet
Governmental Funds
December 31, 2003**

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$433,375	\$495,946	\$305,208	\$552,093	\$1,711,534	\$3,498,156
Cash and Cash Equivalents with Fiscal Agents	0	0	0	166,269	0	\$166,269
Sales Tax Receivable	149,298	0	0	0	0	\$149,298
Materials and Supplies Inventory	18,345	3,600	93,563	200	1,755	\$117,463
Accounts Receivable	28,568	0	0	0	11,684	\$40,252
Intergovernmental Receivable	196,088	72,108	1,288,498	36,671	478,718	\$2,072,083
Due from Other Funds	59,558	0	0	0	0	\$59,558
Interfund Receivable	15,200	0	0	0	0	\$15,200
Prepaid Items	2,270	5,339	933	24,253	2,063	\$34,858
Accrued Interest Receivable	1,451	0	107	0	73	\$1,631
Investments	0	0	0	0	17,049	\$17,049
Property Taxes Receivable	586,970	0	0	335,012	944,851	\$1,866,833
Loans Receivable	0	0	0	0	8,039	\$8,039
Total Assets	<u>\$1,491,123</u>	<u>\$576,993</u>	<u>\$1,688,309</u>	<u>\$1,114,498</u>	<u>\$3,175,766</u>	<u>\$8,046,689</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$17,615	\$48,815	\$46,120	\$408	\$59,483	\$172,441
Accrued Wages Payable	40,043	35,268	44,181	10,546	16,983	147,021
Contracts Payable	0	16,647	0	0	800	17,447
Interfund Payable	0	0	0	0	15,200	15,200
Intergovernmental Payable	48,484	76,781	23,565	5,660	14,723	169,213
Due to Other Funds	0	47,541	0	0	12,017	59,558
Deferred Revenue	783,519	11,588	923,602	358,383	1,378,003	3,455,095
Matured Capital Leases Payable	0	182	895	0	0	1,077
Total Liabilities	<u>889,661</u>	<u>236,822</u>	<u>1,038,363</u>	<u>374,997</u>	<u>1,497,209</u>	<u>4,037,052</u>
Fund Balances						
Reserved for Encumbrances	15,335	77,295	15,698	1,289	68,098	177,715
Reserved for Unclaimed Monies	16,347	0	0	0	0	16,347
Unreserved:						
Undesignated, Reported in:						
General Fund	569,780	0	0	0	0	569,780
Special Revenue Funds	0	262,876	634,248	738,212	1,315,974	2,951,310
Debt Service Funds	0	0	0	0	110,846	110,846
Capital Projects Funds	0	0	0	0	183,639	183,639
Total Fund Balances	<u>601,462</u>	<u>340,171</u>	<u>649,946</u>	<u>739,501</u>	<u>1,678,557</u>	<u>4,009,637</u>
Total Liabilities and Fund Balances	<u>\$1,491,123</u>	<u>\$576,993</u>	<u>\$1,688,309</u>	<u>\$1,114,498</u>	<u>\$3,175,766</u>	
Amounts reported for governmental activities in the statement of net assets are different because of the following:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						\$19,978,424
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:						
			Property Taxes Receivable	227,283		
			Accounts Receivable	58,392		
			Grants	1,513,889		
			Total Other Long-Term Assets			1,799,564
Long-term liabilities, including bonds payable, loans payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds:						
			General Obligation Bonds	1,200,000		
			Loans Payable	23,044		
			Compensated Absences	330,613		
			Accrued Interest Payable	5,586		
			Total Long-Term Liabilities			(1,559,243)
Net Assets of Governmental Activities						<u>24,228,382</u>

See accompanying notes to the basic financial statements

Noble County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$502,204	\$0	\$0	\$283,707	\$818,029	\$1,603,940
Sales Tax	919,947	0	0	0	0	919,947
Intergovernmental	393,824	3,232,733	2,461,596	171,250	1,240,897	7,500,300
Interest	123,714	0	7,777	0	3,916	135,407
Licenses and Permits	1,230	0	0	0	0	1,230
Fines and Forfeitures	56,136	0	11,108	0	150	67,394
Rentals	11,805	0	0	0	0	11,805
Charges for Services	710,953	17,881	0	0	364,068	1,092,902
All Other Revenues	147,868	414,580	63,376	44,638	69,116	739,578
Total Revenues	<u>2,867,681</u>	<u>3,665,194</u>	<u>2,543,857</u>	<u>499,595</u>	<u>2,496,176</u>	<u>12,072,503</u>
Expenditures						
Governmental Activities:						
General Government:						
Legislative and Executive	1,356,571	0	0	0	197,347	1,553,918
Judicial	294,163	0	0	0	30,908	325,071
Public Safety	889,841	0	0	0	369,171	1,259,012
Public Works	1,000	0	2,448,869	0	108,361	2,558,230
Health	20,108	0	0	480,663	303,941	804,712
Human Services	91,229	3,244,241	0	0	842,634	4,178,104
Economic Development and Assistance	0	0	0	0	223,291	223,291
Other	3,884	0	0	0	171,500	175,384
Intergovernmental	0	487,470	0	0	0	487,470
Capital Outlay	0	0	0	0	68,064	68,064
Debt Service:						
Principal Retirement	2,280	0	0	0	100,000	102,280
Interest and Fiscal Charges	558	0	0	0	71,880	72,438
Total Expenditures	<u>2,659,634</u>	<u>3,731,711</u>	<u>2,448,869</u>	<u>480,663</u>	<u>2,487,097</u>	<u>11,807,974</u>
Excess of Revenues Over (Under) Expenditures	<u>208,047</u>	<u>(66,517)</u>	<u>94,988</u>	<u>18,932</u>	<u>9,079</u>	<u>264,529</u>
Other Financing Sources (Uses):						
Proceeds of Loans	25,324	0	0	0	0	25,324
Proceeds from Sale of Fixed Assets	0	0	0	4,278	0	4,278
Transfers In	0	28,100	0	0	92,347	120,447
Transfers Out	120,447	0	0	0	0	120,447
Total Other Financing Sources (Uses)	<u>(95,123)</u>	<u>28,100</u>	<u>0</u>	<u>4,278</u>	<u>92,347</u>	<u>29,602</u>
Net Change in Fund Balances	112,924	(38,417)	94,988	23,210	101,426	294,131
Fund Balances at Beginning of Year, Restated (Note 3)	<u>488,538</u>	<u>378,588</u>	<u>554,958</u>	<u>716,291</u>	<u>1,577,131</u>	<u>3,715,506</u>
Fund Balances End of Year	<u>\$601,462</u>	<u>\$340,171</u>	<u>\$649,946</u>	<u>\$739,501</u>	<u>\$1,678,557</u>	<u>\$4,009,637</u>

See accompanying notes to the basic financial statements

Noble County
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, 2003

Net Change in Fund Balances - Governmental Funds \$294,131

*Amounts reported for governmental activities
in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period

Capital Asset Additions	225,550	
Current Year Depreciation	(950,408)	
	(724,858)	(724,858)
Total		(724,858)

Governmental funds only report the disposal of assets to the extent proceeds in the amount of \$4,278 were received from the sale. In the statement of activities, a loss has been reported for \$21,795. These amounts are used as a reconciling item between the statement of activities and the fund financial statements. (26,073)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Grants	105,410	
Accounts Receivable	58,392	
Delinquent Property Taxes	(85,311)	
	78,491	78,491
Total		78,491

Loan proceeds in an other financing source in the governmental funds, but the issuance increases the long-term liabilities on the statement of net assets. (25,324)

Repayment of bond and loan principal are expenditures in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. 102,280

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 404

Expenses are reported in the Statement of Activities relating to compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (11,420)

Change in Net Assets of Governmental Activities (\$312,369)

See accompanying notes to the basic financial statements

Noble County
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Property Taxes	\$456,440	\$506,440	\$504,444	(\$1,996)
Sales Tax	789,800	834,274	923,356	89,082
Intergovernmental	341,773	348,415	395,070	46,655
Interest	80,000	85,000	126,450	41,450
Licenses and Permits	810	810	1,230	420
Fines and Forfeitures	58,340	58,340	56,130	(2,210)
Rentals	8,000	8,000	11,805	3,805
Charges for Services	656,230	715,190	773,890	58,700
All Other Revenue	96,040	119,505	155,630	36,125
Total Revenues	<u>2,487,433</u>	<u>2,675,974</u>	<u>2,948,005</u>	<u>272,031</u>
Expenditures				
Current:				
General Government -				
Legislative and Executive	1,416,093	1,384,657	1,369,680	14,977
Judicial	326,334	336,158	299,336	36,822
Public Safety	717,173	910,336	901,721	8,615
Public Works	1,000	1,000	1,000	0
Health	16,908	16,908	16,753	155
Human Services	92,591	92,591	90,602	1,989
Other	28,270	18,955	4,112	14,843
Debt Service:				
Principal Retirement	0	2,280	2,280	0
Interest and Fiscal Charges	0	558	558	0
Total Expenditures	<u>2,598,369</u>	<u>2,763,443</u>	<u>2,686,042</u>	<u>77,401</u>
Excess of Revenues Over (Under) Expenditures	<u>(110,936)</u>	<u>(87,469)</u>	<u>261,963</u>	<u>349,432</u>
Other Financing Sources (Uses)				
Proceeds of Loans	0	0	25,324	25,324
Transfers Out	(95,782)	(119,247)	(119,247)	0
Advances In	0	0	8,800	8,800
Advances Out	0	0	(15,200)	(15,200)
Total Other Financing Sources (Uses)	<u>(95,782)</u>	<u>(119,247)</u>	<u>(100,323)</u>	<u>18,924</u>
Net Change in Fund Balance	(206,718)	(206,716)	161,640	368,356
Fund Balance at Beginning of Year	187,595	187,595	187,595	0
Prior Year Encumbrances Appropriated	32,483	32,483	32,483	0
Fund Balance at End of Year	<u>\$13,360</u>	<u>\$13,362</u>	<u>\$381,718</u>	<u>\$368,356</u>

See accompanying notes to the basic financial statements

Noble County
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Job and Family Services Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$4,511,505	\$4,511,505	\$3,303,993	(\$1,207,512)
Charges for Services	100,000	100,000	17,881	(\$82,119)
All Other Revenue	5,000	5,000	414,580	409,580
Total Revenues	<u>4,616,505</u>	<u>4,616,505</u>	<u>3,736,454</u>	<u>(880,051)</u>
Expenditures				
Current:				
Human Services	4,482,389	4,482,389	3,396,357	1,086,032
Intergovernmental	635,000	635,000	485,000	150,000
Total Expenditures	<u>5,117,389</u>	<u>5,117,389</u>	<u>3,881,357</u>	<u>1,236,032</u>
Excess of Revenues Over/(Under) Expenditures	<u>(500,884)</u>	<u>(500,884)</u>	<u>(144,903)</u>	<u>355,981</u>
Other Financing Sources				
Operating Transfers In	28,100	28,100	28,100	0
Total Other Financing Sources	<u>28,100</u>	<u>28,100</u>	<u>28,100</u>	<u>0</u>
Net Change in Fund Balance	(472,784)	(472,784)	(116,803)	355,981
Fund Balance at Beginning of Year	125,207	125,207	125,207	0
Prior Year Encumbrances Appropriated	<u>347,577</u>	<u>347,577</u>	<u>347,577</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$355,981</u>	<u>\$355,981</u>

See accompanying notes to the basic financial statements

Noble County
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Fines and Forfeitures	\$10,000	\$10,000	\$11,103	\$1,103
Intergovernmental	2,210,000	2,210,000	2,404,865	194,865
Interest	18,000	18,000	8,082	(9,918)
Other	25,750	25,750	63,376	37,626
Total Revenues	<u>2,263,750</u>	<u>2,263,750</u>	<u>2,487,426</u>	<u>223,676</u>
Expenditures				
Current:				
Public Works	2,549,401	2,549,401	2,505,350	44,051
Total Expenditures	<u>2,549,401</u>	<u>2,549,401</u>	<u>2,505,350</u>	<u>44,051</u>
Net Change in Fund Balance	(285,651)	(285,651)	(17,924)	267,727
Fund Balance at Beginning of Year	245,051	245,051	245,051	0
Prior Year Encumbrances Appropriated	<u>40,600</u>	<u>40,600</u>	<u>40,600</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$267,727</u>	<u>\$267,727</u>

See accompanying notes to the basic financial statements

Noble County
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Mental Retardation and Developmental Disabilities Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$266,230	\$266,230	\$285,468	\$19,238
Intergovernmental	113,490	113,490	173,651	60,161
Other	39,700	35,422	44,638	9,216
Total Revenues	<u>419,420</u>	<u>415,142</u>	<u>503,757</u>	<u>88,615</u>
Expenditures				
Current:				
Health	625,121	626,621	476,117	150,504
Total Expenditures	<u>625,121</u>	<u>626,621</u>	<u>476,117</u>	<u>150,504</u>
Excess of Revenues Over (Under) Expenditures	(205,701)	(211,479)	27,640	239,119
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	0	4,278	4,278	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,278</u>	<u>4,278</u>	<u>0</u>
Net Change in Fund Balance	(205,701)	(207,201)	31,918	239,119
Fund Balance at Beginning of Year, Restated	671,856	671,856	671,856	0
Prior Year Encumbrances Appropriated	<u>2,621</u>	<u>2,621</u>	<u>2,621</u>	<u>0</u>
Fund Balance at End of Year	<u>\$468,776</u>	<u>\$467,276</u>	<u>\$706,395</u>	<u>\$239,119</u>

See accompanying notes to the basic financial statements

Noble County
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2003

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,744,779
Cash and Cash Equivalents in Segregated Accounts	106,975
Receivables:	
Accounts	12,757
Intergovernmental	974,157
Property Taxes	12,786,990
Total Assets	\$15,625,658
 Liabilities	
Intergovernmental Payable	\$13,957,146
Deposits Held and Due to Others	39,037
Undistributed Monies	1,629,475
<i>Total Liabilities</i>	\$15,625,658

See accompanying notes to the basic financial statements

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 1 - Description of Noble County and Reporting Entity

Noble County, Ohio (the County), was created March 11, 1851. The County was the last County formed in the State of Ohio and is comprised of fifteen townships. The County is governed by a board of three Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are seven other elected officials, each of whom is independent as set forth in Ohio Law. These officials are the Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff and Treasurer. Also elected, to oversee the district's justice system, are a County Court Judge and Common Pleas Judge who also serves as judge for the Probate and Juvenile Courts.

Although the elected officials manage the internal operation of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrator of public services for the County, including each of these departments.

Reporting Entity:

The County utilizes Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Noble County this includes the Children's Service Board, the Board of Mental Retardation and Developmental Disabilities, the Department of Job and Family Services, the Fair Housing Board, the Noble County Regional Planning Commission Board, the Committee on Aging, the Emergency Planning and Right-to-Know Board, and all departments and activities that are directly operated by the elected County Officials.

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

The following potential component units have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Noble Counseling Center
Noble County Agricultural Society
Noble County Historical Society
Noble County Rural Water Association
Noble County Council on Aging Senior Center
Noble County Law Library
Noble County Fair Board
Noble County Drug and Alcoholism Council Inc.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies will be presented as agency funds within the County's financial statements.

Noble County Health Department is governed by a nine member Board of Health which oversees the operation of the Health District. The Board is elected by a District Advisory Council comprised of township trustees, county commissioners and mayors of participating municipalities. The Board adopts its own budget which is approved by the County Budget Commission, hires and fires its own staff, and operates autonomously from the County. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt.

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

Noble County Family and Children's First Council accounts for State and Federal grant revenue and expenditures . The Noble County Department of Job and Family Services serves as administrating agent and the County Auditor serves as fiscal agent. The purpose of the council is to help families seeking government services and to coordinate existing government services for families seeking assistance for their children.

Local Emergency Planning Committee (LEPC) of Noble County is a single County district. The State Emergency Response Commission designates Emergency Planning Districts within the state. The committee members are recommended by the County Commission for approval by the State Emergency Response Commission. The LEPC receives operating resources in the form of grants from the State. The activities of the LEPC are accounted for as an agency fund of the County. The County has no ability to impose its will on the organization. No benefit or burden exists.

The County is associated with certain organizations which are defined as Public Entity Risk Pools, Jointly Governed Organizations, or Related Organizations. These organizations are presented in Notes 18,19,and 20 to the general purpose financial statements. These organizations are:

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Buckeye Joint-County Self-Insurance Council

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

South East Ohio Joint Solid Waste Management District

Mental Health and Recovery Services Board

Noble County Family and Children First Council

Guernsey-Monroe-Noble Community Action Corporation (GMN)

Buckeye Hills-Hocking Valley Regional Development District

Southeast Ohio Juvenile Rehabilitation District (SOJRD)

Ohio Valley Employment Resource (OVER)

Mid Eastern Ohio Regional Council (MEORC)

Noble County Metropolitan Housing Authority

Noble County Airport Authority

Note 2 - Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Fund Financial Statements During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental 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. Fiduciary funds are reported by type.

B. 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. The County utilizes two categories of funds: governmental and fiduciary.

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

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

Job and Family Services Fund The job and family services fund accounts for various federal and state grants and reimbursements as well as transfers from the general fund used to provide public assistance, human services and workforce development programs.

Motor Vehicle and Gasoline Tax Fund The motor vehicle and gasoline tax fund accounts for revenues derived from state-shared motor vehicle license charges, gasoline taxes, and the County's permissive five dollar motor vehicle licenses charge. Expenditures in the motor vehicle and gasoline tax fund are restricted by state law to County road and bridge repair and improvement programs.

Mental Retardation and Developmental Disabilities Fund The mental retardation and developmental disabilities fund accounts for the expenditures related to the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and federal and State grants.

The other governmental funds of the County account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds Fiduciary fund reporting focuses on net assets. The fiduciary fund type focuses solely on agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's agency funds are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of the Board of Health.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the Statement of Net Assets.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty 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 an accrual basis, revenue from sales taxes is recognized in the period in which the sale occurs. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7.) 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 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 8), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County may appropriate. The appropriations resolution is the Commissioner's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. The legal level of control is at the object level for all funds.

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

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

F. Cash, Cash Equivalents, and Investments

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

The County has segregated bank accounts for monies held separate from the County's central bank accounts. These accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the County treasury.

During 2003, investments were limited to certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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 2003 amounted to \$123,714, which includes \$116,291 assigned from other County funds.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

For presentation on the financial statements, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash equivalents.

G. Inventory

On the fund and government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, 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.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of ten thousand dollars. The County's infrastructure consists of roads and bridges. 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.

All 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	50 years
Machinery, Equipment, Furniture and Fixtures	5 - 20 years
Vehicles	5 - 20 years
Infrastructure	20 – 50 years

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the statement of net assets.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

K. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end taking into consideration any limits in the County's termination policy. The County records a liability for sick leave for employees with ten or more years of service.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 and contractually required pension contributions 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 tax refunds payable are recognized as a liability in the fund financial statements when due.

M. Fund Balance Reserves

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

O. Interfund Activity

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2003.

Q. Estimates

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

Note 3 – Restatement of Prior Year Fund Balance/Net Assets

It was determined that in previous years depreciable capital assets was understated by \$201,071 due to an error in reporting infrastructure. There is also a restatement for cash held with fiscal agents on the Mental Retardation and Developmental Disabilities major special revenue fund for amounts that were held by MEORC (see Note 6), that were unrecorded. The effect on governmental fund balance and governmental net assets is as follows:

	<u>MRDD Major Fund</u>
Fund Balance at December 31, 2002	\$570,426
Cash Held at MEORC	<u>145,865</u>
Restated Fund Balance at December 31, 2002	<u>\$716,291</u>
<u>Governmental Activities</u>	
Net Assets at December 31, 2002	\$24,193,815
Capital Assets	201,071
Cash Held at MEORC	<u>145,865</u>
Total Net Assets at December 31, 2002	<u>\$24,540,751</u>

Note 4 – Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual are presented in the basic financial statements for the General Fund and Major Special Revenue Funds. The major differences for those funds between the budget basis and the GAAP basis are that:

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Revenues received by year-end and not posted to cash (budget basis) are recorded as revenue (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis for the major funds are as follows:

	Net Change in Fund Balances			
	General	Job and Family Services	Motor Vehicle And Gasoline Tax	Mental Retardation and Developmental Disabilities
GAAP Basis	\$112,924	(\$38,417)	94,988	\$23,210
Net Adjustment for Revenue Accruals	80,324	71,260	(56,431)	4,162
Advances – In	8,800	0	0	0
Net Adjustment for Expenditure Accruals	1,422	(9,681)	(19,131)	6,068
Tranfers – Out	1,200	0	0	0
Advances –Out	(15,200)	0	0	0
Encumbrances	<u>(27,830)</u>	<u>(139,965)</u>	<u>(37,350)</u>	<u>(1,522)</u>
Budget Basis	<u>\$161,640</u>	<u>(\$116,803)</u>	<u>(\$17,924)</u>	<u>\$31,918</u>

Note 5 – Accountability and Compliance

A. Accountability

The Recycle Ohio Grant Special Revenue Fund and Emergency Management Agency Special Revenue Fund had deficit fund balances in the amount of \$9,015 and \$20,762, respectively. This deficit is caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

B. Legal Compliance

Contrary to Section 5705.41(B), Ohio Revised Code, the following funds had expenditures plus encumbrances in excess of appropriations.

	Excess
General Fund	
General Government – Legislative and Executive	
Maintenance and Operations	
Contractual	\$19,400

The County will more closely review purchase orders for available appropriations before entering into obligations.

Note 6 - Deposits and Investments

Monies held by the County are classified by State Statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the County treasury. Active moneys 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.

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

Moneys 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 other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality; including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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

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 specific obligations 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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Cash on Hand At year-end, the County had \$300 in undeposited cash on hand which is included on the balance sheet of the County as part of "equity in pooled cash and cash equivalents."

Deposits At year-end, the carrying amount of the County's deposits was \$5,366,659 and the bank balance, including the payroll account of \$21,031 was \$5,784,576. Of the bank balance \$433,968 was covered by federal depository insurance. The remaining amount of \$5,350,608 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the County's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

At December 31, 2003, the County's MRDD special revenue fund had a cash balance of \$166,269 with MEORC, a jointly governed organization (see Note 19). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain financial information, write to the Mid Eastern Ohio Regional Council, Cathy Henthorn, who services as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Investments The County’s investments are required to be categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County’s name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty’s trust department or agent in the County’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled “Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.” A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$5,516,179	\$17,049
Cash on Hand	(300)	0
Cash Held with MEORC	(166,269)	
Investments:		
Certificate of Deposit	17,049	(17,049)
GASB Statement 3	\$5,366,659	\$0

Note 7 - Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2003 for real and public utility property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003 on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2003 public utility property taxes, which became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes. 2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

The full tax rate for all County operations for the year ended December 31, 2003, was \$11.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	\$136,199,010
Public Utility Personal Property	32,256,450
Tangible Personal Property	<u>18,271,450</u>
Total Assessed Value	<u>\$186,726,910</u>

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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the general, mental health, mental retardation and developmental disabilities, senior citizens, ambulance, cooperative extension service, and jail bond levy funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Note 8 - Permissive Sales and Use Tax

In 1967, in accordance with Section 5739.02 of the Revised Code, counties were authorized to levy an excise tax of 0.5% to 1-1/2%. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution of the County Commissioners sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax. The Tax Commissioner shall within forty-five days after the end of each month certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The Director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made. Effective November 1970, the County Commissioners adopted by resolution a 0.5% permissive sales tax as allowed by Section 5739.02 and 5741.02, Revised Code. In February 1985, an additional 0.5% was adopted and in 1994 an additional 0.5% was adopted. Proceeds of the tax are credited to the General Fund. Sales and use tax revenue in 2003 amounted to \$919,947.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2003. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred.

Note 9 – Receivables

Receivables at December 31, 2003, primarily consisted of taxes, interest, accounts (billings for user charged services, including unbilled utility services), and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables are fully collectible within one year.

Noble County
Notes to the Basic Financial Statements
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A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$108,461
Local Government Revenue Assistance	44,089
Homestead and Rollback	83,853
Defense of Indigents	3,330
Estate Tax Fees	680
BMV Fees	525
School Service Program	133
Emergency Management Performance Grant	1,643
Emergency Management Township Receivable	600
Subsidy Grant	26,004
Homeland Security	152,001
Motor Vehicle License Tax	464,258
Motor Vehicle Gas Tax	821,021
Permissive License Plate Tax	3,219
Recycle Ohio Grant	8,534
ADC Incentitive Reimbursement	260
Reconciliation – Children Services	88,932
ODFS 2820 Reimbursement	15,589
IV-E Reimbursement	24,955
Public Assistance Retro-active Expenditure	69,753
OVER Coal Reimbursement	2,355
AFFRI Grant	500
Pre-Disaster Mitigation Program Grant	2,532
Community Housing Improvement Program Grant	19,740
Inclusion Facilitator	14,117
C.A.F.S.	238
Targeted Case Management	3,439
ARC 911 Grant	64,540
PU Personal Gas and Electricity Deregulation	25,755
State Victims Advocate Grant	13,096
Sheriff Pay Raise	1,568
Parrish and Manchester Bridge Project	<u>6,363</u>
 Grand Total Intergovernmental Receivable	 <u>\$2,072,083</u>

Receivables and payables to be recorded on the County's financial statements are recorded to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

Using this criteria, the County has elected not to record child support arrearages within the Other Governmental Funds and Agency Funds. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 10- Federal Food Stamp Program

The County's Department of Job and Family Services distributed through contracting issuance centers, federal food stamps to entitled recipients within Noble County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. The County's Department of Job and Family Services had on hand for distribution \$19,291 of federal food stamps at December 31, 2003.

Note 11- Capital Assets

Capital asset activity for the year ended December 31, 2003, was as follows:

	Restated Balance <u>12/31/2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2003</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	<u>\$687,086</u>	<u>\$0</u>	<u>\$0</u>	<u>\$687,086</u>
Capital Assets Being Depreciated:				
Building and Improvements	4,143,107	0	0	4,143,107
Machinery, Equipment, Furniture and Fixtures	1,533,357	14,000	0	1,547,357
Vehicles	1,010,492	77,669	(41,499)	1,046,662
Infrastructure	<u>21,445,863</u>	<u>133,881</u>	<u>(7,408)</u>	<u>21,572,336</u>
Total Capital Assets Being Depreciated	<u>28,132,819</u>	<u>225,550</u>	<u>(48,907)</u>	<u>28,309,462</u>
Less Accumulated Depreciation:				
Building and Improvements	(804,965)	(84,886)	0	(889,851)
Machinery, Equipment, Furniture and Fixtures	(836,696)	(100,024)	0	(936,720)
Vehicles	(527,365)	(81,287)	15,426	(593,226)
Infrastructure	<u>(5,921,524)</u>	<u>(684,211)</u>	<u>7,408</u>	<u>(6,598,327)</u>
Total Accumulated Depreciation	<u>(8,090,550)</u>	<u>(950,408)</u> *	<u>22,834</u>	<u>(9,018,124)</u>
Total Capital Assets Being Depreciated, Net	<u>20,042,269</u>	<u>(724,858)</u>	<u>(26,073)</u>	<u>19,291,338</u>
Governmental Activities Capital Assets, Net	<u>\$20,729,355</u>	<u>(\$724,858)</u>	<u>(\$26,073)</u>	<u>\$19,978,424</u>

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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

Governmental Activities

General Government:	
Legislative and Executive	\$15,488
Judicial	8,087
Public Safety	67,508
Public Works	828,639
Health	14,315
Human Services	<u>16,371</u>
 Total Depreciation Expense	 <u>\$950,408</u>

Note 12- Risk Management

The County is exposed to various risks of loss related to torts; theft, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. During 2003 the County contracted with the Buckeye Joint-County Self-Insurance Council, a public entity risk pool, (See Note 18) for liability, auto, and crime insurance. This jointly governed organization is a cost-sharing pool. Coverage provided by the program is as follows:

<u>BASIC CONTRIBUTION</u>	<u>Coverage Limits</u>	<u>DEDUCTIBLE</u>
Blanket Buildings and Personal Property	\$ 12,443,252	1,000
Accounts Receivable	100,000	1,000
Arson Reward	5,000	1,000
Builder Risk	500,000	1,000
Building Glass	Included	
Business Income and Expense	1,000,000	1,000
Debris Removal	25% of Loss	0
Fine Arts	25,000	0
Fire Department Service Charge	1,000	1,000
Fire Devices Refill/Recharge	5,000	500
Legal Liability Real Property	1,000,000	500
Newly Acquired Buildings	500,000	500
Newly Acquired Personal Property	100,000	5,000
Off Premises Power	25,000	25,000
Ordinance or Law Coverage A	Blanket	500
Ordinance or Law Coverage B & C	100,000	0
Outdoor Property	100,000	0
Personal Effective	2,500	500
Pollution Clean Up	25,000	500
Property in Transit	25,000	100
Property Off Premises	10,000	100
Sewer/Drain Back-up	Included	250
Earth Quake	5,000,000	25,000
Flood	5,000,000	25,000
Boiler	12,443,252	1,000
Boiler Deep Well Pumps		10,000
Boiler Business Income/Expediting Expense	100,000	
Ammonia Contamination	100,000	
Consequential Damage	100,000	
Hazardous Substance	100,000	
Utility Interruption	100,000	

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Water Damage	100,000	
Inland Marine	1,112,403	2,000
Employees Blanket Bond	250,000	0
Elected Officials Bonds	Included	
Forgery and Alteration	5,000	
Theft, Disappearance and Destruction	100,000	
Computer Fraud	50,000	
General Liability	1,000,000/3,000,000	
Medical Pay	10,000/50,000	
Employers Liability – Stop Gap	2,000,000/2,000,000	
Employees Benefits Liability	1,000,000/3,000,000	
Public Official Liability – Claims Made	1,000,000/3,000,000	5,000
Law Enforcement – Claims Made	1,000,000/3,000,000	5,000
Auto Based on 65 Vehicles-Liability	1,000,000 Per Acc.	
Auto Based on 65 Vehicles-Comprehensive	Included	1,000
Auto Based on 65 Vehicles-Collision	Included	1,000

Settled claims have not exceeded coverage in any of the last three years.

There has not been a significant reduction in coverage from the prior year.

For 2003 the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 18) The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program. The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

The County pays all elected official bonds by state statute.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 13 - Defined Benefit Retirement Plans

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The County's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$311,957, \$324,156, and \$347,044, respectively; 91 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$1,365 made by the County and \$856 made by the plan members.

Note 14 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

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

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$178,187. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

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

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

Note 15 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending on length of service. Vacation accumulation is limited to three years. All accumulated, unused vacation time is paid upon termination of employment.

Employees earn sick leave at the rate of 1.25 days per month of service. Sick leave accumulation is limited to 120 days. Upon retirement or death, an employee can be paid from one-fourth to one-half percent of accumulated, unused sick leave. As of December 31, 2003 the liability for compensated absences was \$330,613 for the entire County.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 16 - Long-Term Debt

Changes in the County's long-term obligations during the year consisted of the following:

	<u>Balance 12/31/02</u>	<u>Adds</u>	<u>Deductions</u>	<u>Total L/T Liabilities 12/31/03</u>	<u>Due in One Year</u>
General Obligation Bonds	\$1,300,000	\$0	\$100,000	\$1,200,000	\$100,000
Promissory Note – 2003 4.5% -	0	25,324	2,280	23,044	4,722
Compensated Absences	<u>319,193</u>	<u>231,867</u>	<u>220,447</u>	<u>330,613</u>	<u>208,287</u>
Totals	<u>\$1,619,193</u>	<u>\$257,191</u>	<u>\$322,727</u>	<u>\$1,553,657</u>	<u>\$313,009</u>

The County's general obligation bonds were issued February 14, 1996 in the original issue amount of \$2,000,000 at a interest rate of 3.95% to 7.08% with a final maturity date of December 2015 for the purpose of constructing a jail facility. The debt is being retired through the Jail Bond Retirement Debt Service Fund by a levy passed in May 1996.

Annual debt service requirements to retire general obligation bonds outstanding at December 31, 2003 are as follows:

Year Ending December 31	Principal	Interest	Total
2004	\$100,000	\$67,030	\$167,030
2005	100,000	62,080	162,080
2006	100,000	56,980	156,980
2007	100,000	51,680	151,680
2008	100,000	46,280	146,280
2009-2013	500,000	148,650	648,650
2014-2015	<u>200,000</u>	<u>19,910</u>	<u>219,910</u>
Total	<u>\$1,200,000</u>	<u>\$452,610</u>	<u>\$1,652,610</u>

During 2003, the County issued a promissory note in the amount of \$25,324, at an interest rate of 4.5% for the purchase of a vehicle to be utilized by the Emergency Management Agency. The debt is being retired from the General Fund with an agreement with the Emergency Management Agency to pay a rental lease to the County.

Annual debt service requirements to retire the Promissory Note outstanding at December 31, 2003 are as follows:

Year Ending December 31	Principal	Interest	Total
2004	\$ 4,722	\$ 953	\$ 5,675
2005	4,943	732	5,675
2006	5,171	504	5,675
2007	5,415	260	5,675
2008	<u>2,793</u>	<u>38</u>	<u>2,831</u>
Total	<u>\$23,044</u>	<u>\$2,487</u>	<u>\$25,531</u>

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

The compensated absences liability will be paid from the funds from which the employees' salaries are paid, which consist of the General Fund, the Job and Family Services, Real Estate Assessment, Delinquent Real Estate and Tax Assessment Collection, Child Support Enforcement Agency, Mental Retardation and Developmental Disabilities, Motor Vehicle and Gasoline Tax, Subsidy Grant, Noble County Emergency Management Agency, Dog and Kennel, and Litter Control special revenue funds.

The County's overall legal debt margin at December 31, 2003 was \$4,300,904.

During 2001, the County issued a conduit debt instrument on behalf of the Pure Water Company, Inc. in the amount of \$32,926. The proceeds were used to finance a water line extension project within the County. The issued debt does not constitute a general obligation, debt, or bonded indebtedness of the County. Neither is the full faith and credit of taxing power of the County pledged to make repayment. As of December 31, 2003, \$27,341 of the promissory note remains outstanding.

Note 17 – Interfund Transactions

A. Interfund Receivable/Payable

As of December 31, 2003, the fund financial statements reflect an interfund receivable in the General Fund in the amount of \$15,200. This receivable is the result of short term advances made to the Recycling Ohio, and the Community Housing Improvement Program Special Revenue Funds in the amounts of \$9,000, and \$6,200 respectively.

B. Interfund Balances

Interfund balances for the year ended December 31, 2003, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. All are expected to be paid within one year.

Due to Other Funds	Due From Other Funds General
Job and Family Services	\$47,541
Nonmajor Governmental Funds:	<u>12,017</u>
Total	<u>\$59,558</u>

C. Interfund Transfers

Interfund transfers for the year ended December 31, 2003 consisted of the following, as reported on the fund statements:

Transfers To	Transfers From General
Job and Family Services	\$ 28,100
Nonmajor Governmental Funds	<u>92,347</u>
Total	<u>\$120,447</u>

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt services; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

Note 18- Public Entity Risk Pools

A. Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council is a insurance purchasing pool that serves Noble, Hocking, Jackson, Lawrence, Monroe, Morgan, Pike, Vinton and Washington Counties. The Council was formed as an Ohio nonprofit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Governing Board. The Governing Board, consisting of a commissioner from each county, annually elects officers which include a President, Vice President, Second Vice President and two Governing Board members. The expenditures and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

In the event of losses, the first \$250 to \$2,500 of any valid claim, depending on type of loss, will be paid by the member. The next payment, with a maximum pay out ranging from \$100,000 to \$1,000,000 per occurrence, will come from the self insurance pool based on the members percentage of contribution. If the aggregate claims paid by the pool exceeds the available resources, the pool may require the members to make additional supplementary payments. Noble County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination of the Council shall constitute a forfeiture of any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount that they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is therefore not possible. During 2003, Noble County paid \$98,093 to the Council for coverage.

B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt services; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

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Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

D. Guernsey-Monroe-Noble Community Action Corporation (GMN)

The Guernsey-Monroe-Noble Community Action Corporation is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe and Noble counties. The agency is governed by an eighteen member board which consists of two commissioners or their appointees from each county, two business owners from each county, and two low income individuals elected by each county. The six business owners are nominated by other local business owners and the six low income individuals are nominated by local town council meetings. The agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The agency administers the operations of the Senior Citizens Center. During 2003, \$73,269, in Senior Citizens Levy money was received on behalf of the elderly residents of Noble County.

E. Buckeye Hills - Hocking Valley Regional Developmental District

The Buckeye Hills - Hocking Valley Regional Development District serves as regional council of governments which is a jointly governed organization created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is governed by a fifteen member board of directors. The District serves Noble, Athens, Hocking, Meigs, Monroe, Morgan, Perry and Washington Counties. Each participating county appoints one member to the board of directors, the City of Marietta and the City of Athens each appoint one member and the remaining members are private citizens nominated and approved by their respective organizations. The board has total control over budgeting, personnel and all other financial matters. The District receives grant monies directly. The District is not dependent on the County's continued participation and no equity interest exists. The District has no outstanding debt. Noble County's annual cash contribution during 2003 was \$500. The local contribution is based on the County's formal resolution of cooperation with the district and the 2000 census.

F. Southeast Ohio Juvenile Rehabilitation District (SOJRD)

The Southeast Ohio Juvenile Rehabilitation District is a jointly governed organization among Noble, Belmont, Harrison, Guernsey, Jefferson and Monroe Counties. SOJRD was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by SOJRD. The participating entities created a Judicial Rehabilitation Board, the members of which are made up of the juvenile judges of each participating county who determine the policy.

A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont and Jefferson Counties have three appointees, Guernsey County has two appointees, and Harrison, Monroe and Noble Counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Noble County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board. Noble County does not contribute any monies directly to fund the district.

Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

G. Ohio Valley Employment Resource (OVER)

The Ohio Valley Employment Resource is a jointly governed organization whereby the three county commissioners from Monroe, Noble and Washington Counties serve on the governing board. The Ohio Valley Employment Resource was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of the Ohio Valley Employment Resource is not dependent on the County's continued participation and no equity interest exists. The Ohio Valley Employment Resource has no outstanding debt.

H. Mid Eastern Ohio Regional Council (MEORC)

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents of the participating counties. The Council is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt. During 2003, the County voluntarily contributed \$7,014 to MEORC.

Note 20 - Related Organizations

A. Noble County Metropolitan Housing Authority

The Noble County Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State statutes. The Authority is operated by a five member board. Two members are appointed by the largest municipality 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.

B. Noble County Airport Authority

The Noble County Airport Authority was created in 1967. The Authority leases property from the State of Ohio, on which an airport is operated. The Authority is governed by a five-member Board. The original Board was appointed by the Noble County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hanger rental, state and federal grants received directly by the Authority, interest, and a minimal contribution from the County. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority.

Note 21 - 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.

NOBLE COUNTY, OHIO

**SCHEDULE OF FEDERAL EXPENDITURES
DECEMBER 31, 2003**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
School Breakfast Program	141978-05PU-2003	10.553	\$1,243
	141978-05PU-2004		<u>220</u>
Total School Breakfast Program			<u>1,463</u>
National School Lunch Program	141978-LLP4-2003	10.555	2,021
	141978-LLP4-2004		<u>343</u>
Total National School Lunch Program			<u>2,364</u>
Total United States Department of Agriculture - Nutrition Cluster			<u>3,827</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Medical Assistance Program - Targeted Case Management	N/A	93.778	44,460
Medical Assistance Program - Community Alternative Funding Systems	N/A	93.778	755
Social Services Block Grant - Title XX	N/A	93.667	5,200
Voting Access for Individuals with Disabilities - State and Local Government Grant	N/A	93.617	<u>6,000</u>
Total United States Department of Health and Human Services			<u>56,415</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grant - State Grant	B-C-01-056-1	14.228	30,662
Community Development Block Grant - State Grant	B-C-03-056-1	14.228	<u>5,492</u>
Total Community Development Block Grant Program			<u>36,154</u>
HOME Investment Partnerships Program	B-C-01-056-2	14.239	<u>183,126</u>
Total United States Department of Housing and Urban Development			<u>219,280</u>
UNITED STATES DEPARTMENT OF LABOR			
<i>Passed through Ohio Department of Jobs and Family Services</i>			
WIA Cluster:			
Workforce Investment Act - Adult Program	N/A	17.258	43,710
Workforce Investment Act - Adult Program - Administrative	N/A	17.258	<u>467</u>
Workforce Investment Act - Adult Program Total			<u>44,177</u>
Workforce Investment Act - Youth Activities	N/A	17.259	160,804
Workforce Investment Act - Youth Activities - Administrative	N/A	17.259	<u>1,670</u>
Workforce Investment Act - Youth Activities Total			<u>162,474</u>
Workforce Investment Act - Dislocated Workers - Administrative	N/A	17.260	8,539
Workforce Investment Act - Dislocated Workers - Administrative	N/A	17.260	<u>89</u>
Workforce Investment Act - Dislocated Workers Total - Administrative			<u>8,628</u>

NOBLE COUNTY, OHIO

SCHEDULE OF FEDERAL EXPENDITURES
DECEMBER 31, 2003

(Continued)

FEDERAL GRANTOR/ <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF LABOR (Continued)			
<i>Passed through Ohio Department of Job and Family Services (Continued):</i>			
WIA Cluster (Continued)			
Workforce Investment Act - Dislocated Workers - National Emergency/Rapid Response Grant	N/A	17.260	545,000
Workforce Investment Act - Dislocated Workers - Manufacturing Grant (Morgan Co. DJFS)	N/A	17.260	<u>14,072</u>
Total Passed Through Ohio Department of Jobs and Family Services			774,351
<i>Passed through Ohio Valley Employment Resources</i>			
Workforce Investment Act - Dislocated Workers - Coal Grant	N/A	17.260	<u>61,482</u>
Workforce Investment Act - Dislocated Workers Total			<u>629,182</u>
Total United States Department of Labor - WIA Cluster			<u>835,833</u>
UNITED STATES DEPARTMENT OF HIGHWAY ADMINISTRATION			
<i>Passed through Ohio Department of Transportation</i>			
Historic Preservation Fund Grants-In-Aid	PID 24176	15.904	<u>1,467</u>
Total United States Department of Highway Administration			<u>1,467</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Ohio Emergency Management Agency</i>			
Public Assistance Grant	121-012E7-00	97.036	16,360
State Domestic Preparedness Equipment Support Program		97.004	54,047
State Domestic Preparedness Equipment Support Program	2001-TE-CX-0016	97.004	1,621
State Domestic Preparedness Equipment Support Program	2002-TE-CX-0106	97.004	<u>2,040</u>
Total State Domestic Preparedness Equipment Support Program			57,708
State and Local All Hazards Emergency Operations Planning Grant	EMC-2003-GR-7027	97.051	5,000
State and Local All Hazards Emergency Operations Planning Grant	EMC-2003-GR-7026	97.051	22,915
State and Local All Hazards Emergency Operations Planning Grant	EMC-2003-GR-7026	97.051	<u>50,000</u>
Total State and Local All Hazards Emergency Operations Planning Grant			77,915
Emergency Management Performance Grant	EMC-2003-GR-7006	97.042	16,149
Pre-Disaster Mitigation	EMC-2002-GR-7037	97.047	<u>4,923</u>
Total United States Department of Homeland Security			<u>173,055</u>
Total Schedule of Federal Awards Expenditures			<u><u>\$1,289,877</u></u>

The accompanying Notes to the Schedule of Federal Expenditures are an integral part of this Schedule.

NOBLE COUNTY

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The County passes-through certain federal assistance received from Ohio Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require that the County contribute non-federal funds (matching funds) to support the federally-funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Noble County
200 Courthouse Square
Caldwell, Ohio 43724

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Noble County, Ohio (the County), as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to the County's management in a separate letter dated November 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the County's management in a separate letter dated November 30, 2004.

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Noble County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

November 30, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Noble County
200 Courthouse Square
Caldwell, Ohio 43724

To the Board of County Commissioners:

Compliance

We have audited the compliance of Noble County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2003-002.

Internal Control over Compliance

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

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

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



Betty Montgomery
Auditor of State

November 30, 2004

NOBLE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2003

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Workforce Investment Act Cluster - C.F.D.A #17.258, #17.259, #17.260
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

NOBLE COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2003
(Continued)**

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$100 for counties may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, the \$5,000 limit on the issuance of blanket certificates and the requirement that blanket certificates not extend beyond three months have been removed from the law. Effective September 26, 2003, blanket certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

3. Super Blanket Certificate – The County may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The County did not properly certify the availability of funds prior to purchase commitment for fifteen percent of the transactions tested in 2003. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

NOBLE COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2003
(Continued)**

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

FINDING NUMBER 2003-001 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code § 5705.41(D) (1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that funds are or will be available prior to obligation by the County. When prior certification is not possible, "then and now" certification should be used.

We recommend the County certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the County incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2003-002
CFDA Title and Number	Workforce Investment Act (WIA) Cluster - CFDA #14.258, 17.259 and 17.260
Federal Award Number/Year	N/A
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Job and Family Services

Noncompliance Citation – Cash Management

29 C.F.R. § 97.20(h)(7) provides that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees. 31 CFR Section 205.33(a) provides that fund transfers shall be limited to the minimum amounts needed and be timed to be in accord with the actual, immediate cash requirements of the organization in carrying out the purpose of the program or project. The timing and amount of fund transfers shall be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of any allowable indirect costs.

The Noble County Department of Job and Family Services entered into a contract with Ohio Valley Employment Resources for FY03 and FY04. The Noble County Department of Jobs and Family Services served as a pass-through entity for monies under the National Reserve Grant and the Ohio Valley Employment Resources served as fiscal agent for the grant. Under the contractual agreement for FY03, Ohio Valley Employment Resources is to submit all requests for funds to the Noble County Department of Jobs and Family Services at least 21 days prior to the date the funds will be needed. On three occasions during 2003, Ohio Valley Employment Resources refunded money back to Noble County Department of Jobs and Family Services, \$293,150 in January 2003, \$80,000 in June 2003 and \$37,550 during October 2003. These refunds

NOBLE COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2003
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2003-002 (Continued)

Noncompliance Citation - 29 C.F.R. § 97.20(a)(7) - Cash Management (Continued)

would indicate that the drawdown requests of Ohio Valley Employment Resources were in excess of their immediate needs. Noble County Department of Jobs and Family Services failed to adequately monitor the cash drawdown requests by Ohio Valley Employment Resources.

We recommend Noble County Department of Job and Family Services implement procedures to monitor the cash drawdown requests provided by Ohio Valley Employment Resource to ensure the cash requests are for immediate needs. For FY04, the Noble County Department of Job and Family Services changed the contract provisions for cash drawdown requests. For FY04, the Noble County Department of Job and Family Services is responsible for preparing and submitting the cash drawdown request to the Ohio Department of Job and Family Services.

NOBLE COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2003**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-001 Ohio Rev. Code Section 5705.41 (D) Fiscal officer's certification	The County Auditor's bookkeeping department plans to discuss improving prior certification procedures with the County Departments.	Ongoing	Alice Warner, Auditor
2003-002 Workforce Investment Act – Cash Management	For FY04, the Noble County Department of Job and Family Services changed the contract provisions for cash drawdown requests. For FY04, the Noble County Department of Job and Family Services is responsible for preparing and submitting the cash drawdown request to the Ohio Department of Job and Family Services.	July 7, 2004	Mary Allen, Noble County Department of Job and Family Services



**Auditor of State
Betty Montgomery**

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FINANCIAL CONDITION

NOBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2004**