



**Auditor of State  
Betty Montgomery**



**NOBLE COUNTY**  
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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' 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, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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, 2004, and the respective changes in financial position, and the respective budgetary comparisons for the General, Job and Family Services, Motor Vehicle and Gasoline Tax, and Mental Retardation and Developmental Disabilities Funds 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 December 12, 2005, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting 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 opine on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Federal Awards Expenditures 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 Schedule of Federal Awards Expenditures 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

December 12, 2005

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

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, 2004. 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 2004 are as follows:

- Net assets of governmental activities increased \$454,068 as a result of last year's operations. This minimal change represents a two percent increase in net assets from 2003.
- General revenues accounted for \$4,024,685 in revenue or 34.2 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$7,753,777 or 65.8 percent of total revenues of \$11,778,462.
- Total assets of governmental activities increased by \$224,089 primarily due an increase in the amounts due from other governments. This is the result of Issue II amounts due the County as of December 31, 2004.
- The County had \$11,324,394 in expenses related to governmental activities; \$7,753,777 of these expenses were offset by program specific charges for services, grants, contributions, or interest. General revenues, primarily taxes of \$2,522,279, were adequate to provide for these programs, leaving a net change of \$454,068 for 2004.

**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 11. 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 2004?" 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.

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the *financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include 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 basic governmental fund financial statements begin on page 13. 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 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 2004 compared to 2003:



**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

Table 1  
Net Assets

	Governmental Activities	
	2004	2003
<b>Assets</b>		
Current and Other Assets	\$8,255,433	\$7,971,931
Capital Assets	23,414,577	23,473,990
Total Assets	31,670,010	31,445,921
<b>Liabilities</b>		
Long-Term Liabilities	(1,438,672)	(1,553,657)
Other Liabilities	(2,053,322)	(2,168,316)
Total Liabilities	(3,491,994)	(3,721,973)
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	22,288,483	22,250,946
Restricted	5,297,804	4,729,117
Unrestricted	591,729	743,885
Total Net Assets	\$28,178,016	\$27,723,948

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 (79 percent) reflects its investment in capital assets, (e.g., land, buildings and improvements, machinery, equipment, furniture and fixtures, and infrastructure), 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 (18.8 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 (2.2 percent) may be used to meet the County's ongoing obligations to its citizens and creditors.

Total assets increased from 2003 by \$224,089 primarily due to an increase of Issue II amounts due the County as of December 31, 2004. Total liabilities decreased by \$229,979. The decrease in liabilities is a result \$100,000 being paid on the County's outstanding bond issue. In addition, amounts due to other governments decreased by \$79,949 from 2003.

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

Table 2 shows the changes in net assets for 2004, compared to the changes in net assets for 2003.

Table 2  
Changes in Net Assets

	Governmental Activities	
	2004	2003
Revenues:		
Program Revenues		
Charges for Services	\$997,396	\$1,232,517
Operating Grants, Contributions and Interest	6,451,564	6,804,907
Capital Grants and Contributions	304,817	75,894
Total Program Revenues	<u>7,753,777</u>	<u>8,113,318</u>
General Revenues		
Property Taxes	1,612,466	1,518,629
Sales Taxes	909,813	919,947
Intergovernmental	507,770	741,268
Investment Earnings	99,312	123,714
Miscellaneous	895,324	739,578
Total General Revenues	<u>4,024,685</u>	<u>4,043,136</u>
Total Revenues	<u>11,778,462</u>	<u>12,156,454</u>
Program Expenses		
General Government		
Legislative and Executive	1,646,661	1,712,103
Judicial	413,849	351,111
Public Safety	1,130,554	1,281,793
Public Works	2,755,933	3,134,874
Health	900,310	822,889
Human Services	3,420,239	4,181,150
Conservation and Recreation	56,000	0
Economic Development and Assistance	329,294	223,291
Intergovernmental	603,051	487,470
Interest and Fiscal Charges	68,503	72,034
Total Expenses	<u>11,324,394</u>	<u>12,266,715</u>
Change in Net Assets	454,068	(110,261)
Net Assets Beginning of Year	<u>27,723,948</u>	<u>27,834,209</u>
Net Assets End of Year	<u>\$28,178,016</u>	<u>\$27,723,948</u>

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

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 21.4 percent of revenues for governmental activities for Noble County in fiscal year 2004.

The largest Governmental Activities program expense is human services, which comprises 30.2 percent of expenses. Interest expense during fiscal year 2004 was \$68,503 and was attributable to the outstanding bonds for jail construction, a capital lease for the purchase of equipment, and a promissory note outstanding for the purchase of a vehicle.

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

	Total Cost of Services <u>2004</u>	Net Cost (Revenue) of Services <u>2004</u>	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
General Government				
Legislative and Executive	\$1,646,661	\$1,038,617	\$1,712,103	\$1,095,053
Judicial	413,849	260,735	351,111	181,703
Public Safety	1,130,554	684,450	1,281,793	469,019
Public Works	2,755,933	(446,406)	3,134,874	475,314
Health	900,310	709,926	822,889	740,598
Human Services	3,420,239	1,052,893	4,181,150	897,244
Conservation and Recreation	56,000	14,000	0	0
Economic Development and Assistance	329,294	(93,304)	223,291	223,291
Intergovernmental	603,051	281,203	487,470	2,470
Interest and Fiscal Charges	68,503	68,503	72,034	68,705
Total Expenses	<u>\$11,324,394</u>	<u>\$3,570,617</u>	<u>\$12,266,715</u>	<u>\$4,153,397</u>

Operating grants, contributions, and interest (83.2 percent) are the primary source of program revenues, whereas property taxes (40.1 percent) is the primary source of general revenues. The County's dependence upon tax revenues for the shortfall in program revenues is apparent.

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

**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 \$395,606 with a total fund balance of \$433,498. Unreserved fund balance represents 14.9% of expenditures, a decrease of 6.5% from 2003. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund decreased by \$167,964, as compared to an increase of \$112,927 in 2003. Key factors for this decrease include, but are not limited to, decreases in revenues related to the County's charges for services performed.

The Job and Family Services special revenue fund balance decreased by \$156,087. Key factors for this decline include but are not limited to a decrease in operating revenues received from the state.

The Motor Vehicle and Gasoline Tax special revenue fund balance increased by \$404,089, approximately a 38.3% increase from 2003. This is partially due an increase in operating revenues.

The Mental Retardation and Developmental Disabilities special revenue fund balance decreased by \$41,153. This is partially due to an increase 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 2004 the County amended its General Fund budget numerous times, although none were significant.

For the General Fund, final budget basis revenue estimates were \$33,724 above original budget estimates of \$2,416,090. Actual revenues were \$138,602 higher than final budgeted revenues. This difference was due to conservative charges for services estimates.

The County's General Fund ending unobligated cash balance was \$263,689 above the final budgeted amount.

The Jobs and Family Service special revenue fund's actual revenues were \$956,619 less than estimated. This large difference is attributable to the estimates in state funding.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2004, the County had \$29,276,393 invested in land, buildings and improvements, machinery, equipment, furniture and fixtures, vehicles, and infrastructure from governmental activities. Table 4 shows fiscal year 2004 balances compared to 2003 after accumulated depreciation of \$5,861,816 and \$5,567,527, respectively:

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities	
	2004	2003
Land	\$687,086	\$687,086
Gravel Roads/Road Bases	12,539,967	12,539,967
Buildings and Improvements	3,168,370	3,253,256
Machinery, Equipment, Furniture and Fixtures	656,889	610,637
Vehicles	380,771	453,436
Infrastructure	5,981,494	5,929,608
<b>Total Capital Assets</b>	<b>\$23,414,577</b>	<b>\$23,473,990</b>

The primary decrease in capital assets resulted from \$788,018 in capital asset additions offset by \$743,269 in accumulated depreciation coupled with book value deletions of \$104,162. See Note 11 for more detailed information of the County's capital assets.

**Debt**

At December 31, 2004 the County had \$1,126,094 in outstanding long-term debt with \$104,943 due within one year. Table 5 outlines the long-term debt held by the County during 2004 and 2003.

Table 5  
Long-Term Debt

	Governmental Activities	
	2004	2003
General Obligation Bonds	\$1,100,000	\$1,200,000
Promissory Note	18,322	23,044
Capital Leases	7,772	0
<b>Total Long-Term Debt</b>	<b>\$1,126,094</b>	<b>\$1,223,044</b>

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. The Promissory Note was originally issued in the amount of \$25,324 for the purchase of a vehicle to be used by the Emergency Management Agency. The capital lease was issued during 2004 in the amount of \$10,849 for the purchase of equipment to be used for homeland security purposes. See Note 17 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.

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**Noble County, Ohio**  
**Statement of Net Assets**  
**December 31, 2004**

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,480,041
Cash and Cash Equivalents in Segregated Accounts	560
Cash and Cash Equivalents with Fiscal Agents	191,934
Investments	15,031
Materials and Supplies Inventory	139,827
Accrued Interest Receivable	1,839
Accounts Receivable	16,634
Prepaid Items	36,205
Sales Taxes Receivable	161,659
Property and Other Taxes Receivable	1,853,953
Due from Other Governments	2,349,711
Loans Receivable	8,039
Non-Depreciable Capital Assets	13,227,053
Depreciable Capital Assets, Net	10,187,524
<i>Total Assets</i>	31,670,010
<b>Liabilities</b>	
Matured Compensated Absences Payable	14,783
Accrued Wages and Benefits	163,401
Due to Other Governments	89,264
Accounts Payable	127,392
Contracts Payable	41,128
Accrued Interest Payable	5,174
Deferred Revenue	1,612,180
Long-Term Liabilities:	
Due Within One Year	248,696
Due In More Than One Year	1,189,976
<i>Total Liabilities</i>	3,491,994
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	22,288,483
Restricted for:	
Capital Projects	416,931
Debt Service	157,147
Other Purposes	4,723,726
Unrestricted (Deficit)	591,729
<i>Total Net Assets</i>	\$28,178,016

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Activities**  
**For the Year Ended December 31, 2004**

	Program Revenues			Net (Expense) Revenue and Change in Net Assets	
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
General Government:					
Legislative and Executive	\$1,646,661	\$588,493	\$19,551	\$0	(\$1,038,617)
Judicial	413,849	126,070	27,044	0	(260,735)
Public Safety	1,130,554	140,563	288,209	17,332	(684,450)
Public Works	2,755,933	59,223	2,855,631	287,485	446,406
Health	900,310	27,961	162,423	0	(709,926)
Human Services	3,420,239	55,086	2,312,260	0	(1,052,893)
Conservation and Recreation	56,000	0	42,000	0	(14,000)
Economic Development and Assistance	329,294	0	422,598	0	93,304
Intergovernmental	603,051	0	321,848	0	(281,203)
Interest and Fiscal Charges	68,503	0	0	0	(68,503)
<i>Total Governmental Activities</i>	<u>\$11,324,394</u>	<u>\$997,396</u>	<u>\$6,451,564</u>	<u>\$304,817</u>	<u>(3,570,617)</u>
		<b>General Revenues</b>			
		Property Taxes Levied for General Purposes			663,773
		Property Taxes Levied for:			
		Public Works			45,240
		Health			520,875
		Human Services			216,782
		Debt Service			165,796
		Sales Taxes Levied for General Purposes			909,813
		Grants and Entitlements not Restricted to Specific Programs			507,770
		Investment Earnings			99,312
		Miscellaneous			895,324
		<i>Total General Revenues</i>			<u>4,024,685</u>
		<i>Change in Net Assets</i>			454,068
		Net Assets Beginning of Year (Restated - See Note 3)			<u>27,723,948</u>
		<i>Net Assets End of Year</i>			<u>\$28,178,016</u>

See accompanying notes to the basic financial statements



**Noble County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2004**

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$322,398	\$337,230	\$574,086	\$489,230	\$1,757,097	\$3,480,041
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	560	560
Cash and Cash Equivalents with Fiscal Agents	0	0	0	191,934	0	191,934
Sales Tax Receivable	161,659	0	0	0	0	161,659
Materials and Supplies Inventory	19,979	4,300	113,466	200	1,882	139,827
Accounts Receivable	7,199	0	0	0	9,435	16,634
Intergovernmental Receivable	202,170	60,830	1,392,315	43,565	650,831	2,349,711
Interfund Receivable	76,334	0	0	0	0	76,334
Prepaid Items	3,101	5,055	1,065	19,539	7,445	36,205
Accrued Interest Receivable	1,500	0	238	0	101	1,839
Investments	0	0	0	0	15,031	15,031
Property Taxes Receivable	580,027	0	0	331,379	942,547	1,853,953
Loans Receivable	0	0	0	0	8,039	8,039
<i>Total Assets</i>	<u>\$1,374,367</u>	<u>\$407,415</u>	<u>\$2,081,170</u>	<u>\$1,075,847</u>	<u>\$3,392,968</u>	<u>\$8,331,767</u>

**Liabilities and Fund Balances**

**Liabilities**

Accounts Payable	\$52,960	\$32,321	\$32,548	\$126	\$9,437	\$127,392
Accrued Wages Payable	44,667	40,815	48,032	12,192	17,695	163,401
Contracts Payable	580	34,923	0	0	5,625	41,128
Interfund Payable	0	56,116	0	0	20,218	76,334
Intergovernmental Payable	38,419	11,534	23,135	6,012	10,164	89,264
Deferred Revenue	789,460	47,622	923,420	359,169	1,305,978	3,425,649
Matured Compensated Absences Payable	14,783	0	0	0	0	14,783
<i>Total Liabilities</i>	<u>940,869</u>	<u>223,331</u>	<u>1,027,135</u>	<u>377,499</u>	<u>1,369,117</u>	<u>3,937,951</u>

**Fund Balances**

Reserved for Encumbrances	19,957	64,164	21,072	400	21,377	126,970
Reserved for Unclaimed Monies	17,935	0	0	0	0	17,935
Unreserved:						
Undesignated, Reported in:						
General Fund	395,606	0	0	0	0	395,606
Special Revenue Funds	0	119,920	1,032,963	697,948	1,454,212	3,305,043
Debt Service Funds	0	0	0	0	131,331	131,331
Capital Projects Funds	0	0	0	0	416,931	416,931
<i>Total Fund Balances</i>	<u>433,498</u>	<u>184,084</u>	<u>1,054,035</u>	<u>698,348</u>	<u>2,023,851</u>	<u>4,393,816</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,374,367</u>	<u>\$407,415</u>	<u>\$2,081,170</u>	<u>\$1,075,847</u>	<u>\$3,392,968</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. 23,414,577

Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:

Property Taxes Receivable	241,773	
Accounts Receivable	66,206	
Grants	1,505,490	
Total Other Long-Term Assets		1,813,469

Long-term liabilities and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:

General Obligation Bonds	(1,100,000)	
Compensated Absences	(312,578)	
Capital Leases Payable	(7,772)	
Long-Term Notes Payable	(18,322)	
Accrued Interest Payable	(5,174)	
Total Long-Term Liabilities		(1,443,846)

Net Assets of Governmental Activities

\$28,178,016

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2004**

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$509,913	\$0	\$0	\$276,215	\$811,848	\$1,597,976
Sales Taxes	909,813	0	0	0	0	909,813
Charges for Services	505,798	20,668	0	0	336,983	863,449
Licenses and Permits	1,156	0	0	0	5,615	6,771
Fines and Forfeitures	47,550	0	8,182	0	0	55,732
Intergovernmental	379,117	2,208,377	2,849,856	217,863	1,655,830	7,311,043
Interest	95,416	0	9,917	0	4,358	109,691
Rent	14,130	0	0	0	730	14,860
Other	112,639	587,915	59,365	42,647	92,656	895,222
<i>Total Revenues</i>	<u>2,575,532</u>	<u>2,816,960</u>	<u>2,927,320</u>	<u>536,725</u>	<u>2,908,020</u>	<u>11,764,557</u>
<b>Expenditures</b>						
Current:						
General Government:						
Legislative and Executive	1,446,690	0	0	0	172,625	1,619,315
Judicial	398,879	0	0	0	15,750	414,629
Public Safety	690,521	0	0	0	429,226	1,119,747
Public Works	0	0	2,523,231	0	161,333	2,684,564
Health	13,041	0	0	557,018	306,900	876,959
Human Services	92,463	2,533,536	0	0	775,829	3,401,828
Conservation and Recreation	0	0	0	0	56,000	56,000
Economic Development and Assistance	0	0	0	0	329,294	329,294
Capital Outlay	0	32,370	0	20,860	55,896	109,126
Intergovernmental	0	438,051	0	0	165,000	603,051
Debt Service:						
Principal Retirement	4,722	0	0	0	103,077	107,799
Interest and Fiscal Charges	953	0	0	0	67,962	68,915
<i>Total Expenditures</i>	<u>2,647,269</u>	<u>3,003,957</u>	<u>2,523,231</u>	<u>577,878</u>	<u>2,638,892</u>	<u>11,391,227</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(71,737)</u>	<u>(186,997)</u>	<u>404,089</u>	<u>(41,153)</u>	<u>269,128</u>	<u>373,330</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	30,910	0	0	65,317	96,227
Inception of Capital Lease	0	0	0	0	10,849	10,849
Transfers Out	(96,227)	0	0	0	0	(96,227)
<i>Total Other Financing Sources (Uses)</i>	<u>(96,227)</u>	<u>30,910</u>	<u>0</u>	<u>0</u>	<u>76,166</u>	<u>10,849</u>
<i>Net Change in Fund Balances</i>	(167,964)	(156,087)	404,089	(41,153)	345,294	384,179
Fund Balances at Beginning of Year	601,462	340,171	649,946	739,501	1,678,557	4,009,637
<i>Fund Balances at End of Year</i>	<u>\$433,498</u>	<u>\$184,084</u>	<u>\$1,054,035</u>	<u>\$698,348</u>	<u>\$2,023,851</u>	<u>\$4,393,816</u>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2004**

**Net Change in Fund Balances - Governmental Funds** \$384,179

*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 depreciation exceeded capital outlay in the current period:

Capital Asset Additions	788,018	
Current Year Depreciation	<u>(743,269)</u>	
Total		44,749

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of assets. (104,162)

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

Property Taxes	14,490	
Charges for Services	7,712	
Intergovernmental	(8,399)	
Other	<u>102</u>	
Total		13,905

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

General Obligation Bonds	100,000	
Long-Term Notes	4,722	
Capital Leases	<u>3,077</u>	
Total		107,799

Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the statement of activities. (10,849)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. 412

Expenses 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. 18,035

**Change in Net Assets of Governmental Activities** \$454,068

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$523,330	\$523,330	\$512,619	(\$10,711)
Sales Taxes	823,350	823,350	897,452	74,102
Charges for Services	376,400	396,613	528,033	131,420
Licenses and Permits	1,040	1,040	1,156	116
Fines and Forfeitures	56,120	56,120	47,562	(8,558)
Intergovernmental	381,940	381,940	378,105	(3,835)
Interest	80,000	80,000	95,438	15,438
Rent	11,800	11,800	14,130	2,330
Other	162,110	175,621	113,921	(61,700)
<i>Total Revenues</i>	<u>2,416,090</u>	<u>2,449,814</u>	<u>2,588,416</u>	<u>138,602</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	1,603,050	1,521,447	1,464,958	56,489
Judicial	376,968	410,640	363,565	47,075
Public Safety	619,261	706,106	700,123	5,983
Public Works	1,000	1,000	0	1,000
Health	16,908	16,908	16,396	512
Human Services	109,359	101,359	92,594	8,765
Debt Service:				
Principal Retirement	4,722	4,722	4,722	0
Interest and Fiscal Charges	953	953	953	0
<i>Total Expenditures</i>	<u>2,732,221</u>	<u>2,763,135</u>	<u>2,643,311</u>	<u>119,824</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(316,131)</u>	<u>(313,321)</u>	<u>(54,895)</u>	<u>258,426</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	15,200	15,200
Advances Out	0	0	(9,937)	(9,937)
Transfers Out	(93,417)	(96,227)	(96,227)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(93,417)</u>	<u>(96,227)</u>	<u>(90,964)</u>	<u>5,263</u>
<i>Net Change in Fund Balance</i>	(409,548)	(409,548)	(145,859)	263,689
Fund Balance at Beginning of Year	381,718	381,718	381,718	0
Prior Year Encumbrances Appropriated	27,830	27,830	27,830	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$263,689</u>	<u>\$263,689</u>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$5,000	\$5,000	\$20,668	\$15,668
Intergovernmental	3,126,582	3,505,891	2,255,689	(1,250,202)
Other	310,000	310,000	587,915	277,915
<i>Total Revenues</i>	<u>3,441,582</u>	<u>3,820,891</u>	<u>2,864,272</u>	<u>(956,619)</u>
<b>Expenditures</b>				
Current:				
Human Services	3,595,468	3,811,159	2,697,985	1,113,174
Capital Outlay	32,370	32,370	32,370	0
Intergovernmental	340,600	504,218	440,521	63,697
<i>Total Expenditures</i>	<u>3,968,438</u>	<u>4,347,747</u>	<u>3,170,876</u>	<u>1,176,871</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(526,856)</u>	<u>(526,856)</u>	<u>(306,604)</u>	<u>220,252</u>
<b>Other Financing Source</b>				
Transfers In	<u>30,910</u>	<u>30,910</u>	<u>30,910</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(495,946)	(495,946)	(275,694)	220,252
Fund Balance at Beginning of Year	355,981	355,981	355,981	0
Prior Year Encumbrances Appropriated	<u>139,965</u>	<u>139,965</u>	<u>139,965</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$220,252</u>	<u>\$220,252</u>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$10,000	\$10,000	\$8,193	(\$1,807)
Intergovernmental	2,695,000	2,695,000	2,745,857	50,857
Interest	10,000	10,000	9,660	(340)
Other	25,750	25,750	59,365	33,615
<i>Total Revenues</i>	<u>2,740,750</u>	<u>2,740,750</u>	<u>2,823,075</u>	<u>82,325</u>
<b>Expenditures</b>				
Current:				
Public Works	<u>3,045,827</u>	<u>3,045,827</u>	<u>2,601,448</u>	<u>444,379</u>
<i>Net Change in Fund Balance</i>	(305,077)	(305,077)	221,627	(526,704)
Fund Balance at Beginning of Year	267,727	267,727	267,727	0
Prior Year Encumbrances Appropriated	<u>37,350</u>	<u>37,350</u>	<u>37,350</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$526,704</u></u>	<u><u>(\$526,704)</u></u>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$285,010	\$285,010	\$278,342	(\$6,668)
Intergovernmental	363,424	363,424	215,388	(148,036)
Other	48,910	48,910	42,647	(6,263)
<i>Total Revenues</i>	<u>697,344</u>	<u>697,344</u>	<u>536,377</u>	<u>(160,967)</u>
<b>Expenditures</b>				
Current:				
Health	855,916	918,166	550,988	367,178
Capital Outlay	20,860	20,860	20,860	0
<i>Total Expenditures</i>	<u>876,776</u>	<u>939,026</u>	<u>571,848</u>	<u>367,178</u>
<i>Net Change in Fund Balance</i>	(179,432)	(241,682)	(35,471)	(206,211)
Fund Balance at Beginning of Year	706,395	706,395	706,395	0
Prior Year Encumbrances Appropriated	<u>1,522</u>	<u>1,522</u>	<u>1,522</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$528,485</u>	<u>\$466,235</u>	<u>\$672,446</u>	<u>(\$206,211)</u>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**December 31, 2004**

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,835,121
Cash and Cash Equivalents in Segregated Accounts	44,337
Accounts Receivable	4,857
Property Taxes Receivable	6,187,980
Due from Other Governments	<u>1,025,957</u>
<i>Total Assets</i>	<u><u>\$9,098,252</u></u>
 <b>Liabilities</b>	
Due to Other Governments	\$7,374,639
Deposits Held and Due to Others	43,326
Undistributed Monies	<u>1,680,287</u>
<i>Total Liabilities</i>	<u><u>\$9,098,252</u></u>

See accompanying notes to the basic financial statements



**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

**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, 2004**

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 19, 20, and 21 to the basic financial statements. These organizations are:

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

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 of Governments (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.

***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.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

***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*** To account 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*** To account 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 Special Revenue Fund are restricted by state law to County road and bridge repair and improvement programs.

***Mental Retardation and Developmental Disabilities Fund*** To account 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.

***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.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

***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, 2004, but which were levied to finance year 2005 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.

***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.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

***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 2004, investments were limited to certificates of deposit and STAROhio.

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

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 2004 amounted to \$95,416, which includes \$88,737 assigned from other County funds.

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.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

***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. Receivables and Payables***

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined 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 to not record child support arrearages. 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.

***I. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

***J. Capital Assets***

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 capital 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	5 - 50 years

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

***K. 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.

***L. 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 the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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 employee wage rates at year end taking into consideration any limits specified in the County's termination policy. The County records a liability for sick leave for employees with ten or more years of service at varying rates depending on County policy.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

***M. 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 capital leases payable are recognized as a liability in the fund financial statements when due.

***N. 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.



**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

***O. 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 the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, services for the handicapped and mentally retarded, and services for homeless children or children from troubled families. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports \$5,297,804 of restricted net assets, of which \$1,157,059 is restricted by enabling legislation.

***P. 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.

***Q. 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 2004.

***R. 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 - Changes in Accounting Principles and Restatement of Prior Year Fund Equity**

For 2004, the County has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Post-employment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers.

GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government.

GASB Statement No. 46 clarifies how legal enforceability should be applied for determining restricted net assets.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other post-employment benefit (OPEB) plans.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

The implementation of GASB Statement No. 39, GASB Statement No. 46, and GASB Technical Bulletin No. 2004-2 did not affect the presentation of the financial statements of the County.

**Restatement of Prior Year Net Assets** The capital assets balances and accumulated depreciation balances for governmental type activities has been restated to reflect a change in useful life for infrastructure, change in road bases and change in road pavement (infrastructure). The restatement had the resultant effect on governmental activities net assets for the year ended December 31, 2003:

	Governmental Activities
Net Assets, December 31, 2003	\$24,228,382
Capital Assets Restatement	3,495,566
Restated Net Assets, December 31, 2003	\$27,723,948

**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:

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. Unrecorded cash and unrecorded interest are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

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			
	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle And Gasoline Tax</u>	<u>Mental Retardation and Developmental Disabilities</u>
GAAP Basis	(\$167,964)	(\$156,087)	\$404,089	(\$41,153)
Net Adjustment for Revenue Accruals	32,749	47,312	(103,999)	7,970
Unreported Cash	(19,865)	0	(246)	(8,318)
Advances – In	15,200	0	0	0
Net Adjustment for Expenditure Accruals	42,802	(49,941)	(31,081)	6,430
Advances – Out	(9,937)	0	0	0
Encumbrances	<u>(38,844)</u>	<u>(116,978)</u>	<u>(47,136)</u>	<u>(400)</u>
Budget Basis	<u>(\$145,859)</u>	<u>(\$275,694)</u>	<u>\$221,627</u>	<u>(\$35,471)</u>

**Note 5 - Accountability**

**A. Accountability**

The Recycling and Litter Prevention Special Revenue Fund had a deficit fund balance in the amount of \$9,484 as of December 31, 2004. This deficit is due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers for this fund but only as cash is required, not as a deficit occurs.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

**Note 6 - Deposits and Investments**

Monies held by the County are classified by the State Statute into two categories, active and inactive. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained as either 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.

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 monies deposited with the institution.

Monies held by the County which are not considered active are classified as inactive. Beginning June 15, 2004, inactive monies could be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury Bills, Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bond and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either similar securities or cash, equal value for equal value;
9. Up to 25% of County's average portfolio in either of the following: Commercial paper notes, corporate notes and bankers acceptances; and,
10. One percent of County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they 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 qualified trustee 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 \$3,072,806 and the bank balance, including the payroll account of \$13,137 was \$3,556,112. Of the bank balance \$420,150 was covered by federal depository insurance. The remaining amount of \$3,135,962 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, 2004, the County's MRDD Special Revenue Fund had a cash balance of \$191,934 with MEORC, a jointly governed organization (see Note 20). 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.

**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 County's investment in STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

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. 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:

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$5,551,993	\$15,031
Cash on Hand	(300)	0
Cash Held with MEORC	(191,934)	0
Investments:		
STAROhio	(2,301,984)	2,301,984
Certificate of Deposit	15,031	(15,031)
GASB Statement 3	\$3,072,806	\$2,301,984

**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 2004 for real and public utility property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004 on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

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. 2004 public utility property taxes, which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes. 2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all County operations for the year ended December 31, 2004, 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	\$138,506,150
Public Utility Personal Property	32,368,250
Tangible Personal Property	17,844,190
Total Assessed Value	\$188,718,590

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.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

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 represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the General Fund, Mental Health, Mental Retardation and Developmental Disabilities, Senior Citizens, Ambulance, Cooperative Extension Service Special Revenue Funds, and Jail Bond Debt Service Fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 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 2004 amounted to \$909,813.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2004. 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, 2004, 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.

A summary of the principal items of intergovernmental receivables follows:

**Noble County**  
**Notes to the Basic Financial Statements**  
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<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$100,800
Local Government Revenue Assistance	41,677
Homestead and Rollback	85,448
Defense of Indigents	18,147
Estate Tax Fees	1,360
BMV Fees	881
Emergency Management Township Receivable	752
Subsidy Grant	22,123
Homeland Security	121,190
Motor Vehicle License Tax	413,469
Motor Vehicle Gas Tax	971,937
Permissive License Plate Tax	3,482
MVGT Township and Corporation Reimbursements	3,427
Recycle Ohio Grant	8,912
ADC Incentive Reimbursement	2
Reconciliation – Public Assistance	45,721
Public Assistance Area 15 Reimbursement	15,107
Reconciliation – Children Services	64,692
ODFS 2820 Reimbursement	1,508
IV-E Reimbursement	16,849
Substance Abuse Reimbursement	150
Pollworker Training Reimbursement	190
Community Housing Improvement Program Grant	9,735
Inclusion Facilitator	14,167
C.A.F.S.	5,537
Targeted Case Management	4,753
Natureworks Grant	937
PU Personal Gas and Electricity Deregulation	25,755
State Victims Advocate Grant	17,178
Sheriff Pay Raise	1,604
Citizens Corp Program Grant	13,111
Reconciliation – Child Support Enforcement Agency	63,296
Issue II	255,814
Grand Total Intergovernmental Receivable	<u>\$2,349,711</u>

**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 \$2,500 of federal food stamps at December 31, 2004.



**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2004, was as follows:

	Restated Balance 12/31/2003	Additions	Reductions	Balance 12/31/2004
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$687,086	\$0	\$0	\$687,086
Gravel Roads / Bases	12,539,967	0	0	12,539,967
Total Capital Assets Not Being Depreciated	<u>13,227,053</u>	<u>0</u>	<u>0</u>	<u>13,227,053</u>
Capital Assets Being Depreciated:				
Building and Improvements	4,143,107	0	0	4,143,107
Machinery, Equipment, Furniture and Fixtures	1,547,357	155,502	0	1,702,859
Vehicles	1,046,662	20,860	(14,000)	1,053,522
Infrastructure	9,077,338	611,656	(539,142)	9,149,852
Total Capital Assets Being Depreciated	<u>15,814,464</u>	<u>788,018</u>	<u>(553,142)</u>	<u>16,049,340</u>
Less Accumulated Depreciation:				
Building and Improvements	(889,851)	(84,886)	0	(974,737)
Machinery, Equipment, Furniture and Fixtures	(936,720)	(109,250)	0	(1,045,970)
Vehicles	(593,226)	(86,711)	7,186	(672,751)
Infrastructure	(3,147,730)	(462,422)	441,794	(3,168,358)
Total Accumulated Depreciation	<u>(5,567,527)</u>	<u>(743,269)</u> *	<u>448,980</u>	<u>(5,861,816)</u>
Total Capital Assets Being Depreciated, Net	<u>10,246,937</u>	<u>44,749</u>	<u>(104,162)</u>	<u>10,187,524</u>
Governmental Activities Capital Assets, Net	<u>\$23,473,990</u>	<u>\$44,749</u>	<u>(\$104,162)</u>	<u>\$23,414,577</u>

\* 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	81,687
Public Works	604,704
Health	15,291
Human Services	<u>18,012</u>

Total Depreciation Expense	<u>\$743,269</u>
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**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 2004 the County contracted with the Buckeye Joint -County

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

Self-Insurance Council (a public entity risk pool), (See Note 19) for liability, auto, and crime insurance. This organization is a cost-sharing pool. Coverage provided by the program is as follows:

Basic Contribution	Coverage Limits	Deductible
Blanket Buildings and Personal Property	\$ 12,443,252	\$1,000
Accounts Receivable	100,000	0
Arson Reward	5,000	0
Builder Risk	500,000	0
Building Glass	Included	
Business Income and Expense	1,000,000	0
Debris Removal	25% of Loss	0
Fine Arts	25,000	0
Fire Department Service Charge	1,000	0
Fire Devices Refill/Recharge	5,000	0
Legal Liability Real Property	1,000,000	0
Newly Acquired Buildings	500,000	0
Newly Acquired Personal Property	100,000	0
Off Premises Power	25,000	0
Ordinance or Law Coverage A	Blanket	0
Ordinance or Law Coverage B & C	100,000	0
Outdoor Property	100,000	0
Personal Effective	2,500	0
Pollution Clean Up	25,000	0
Property in Transit	25,000	0
Property Off Premises	10,000	0
Sewer/Drain Back-up	Included	0
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	
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

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

Auto Based on 65 Vehicles-Collision	Included	1,000
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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 2004 the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 19) 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.

**Note 13 - Defined Benefit Retirement Plans**

***Ohio Public Employees Retirement System***

The County participates in the Ohio Public Employees Retirement System of Ohio (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 percent 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 or (800)-222-7377.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

For the year ended December 31, 2004, 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 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 12.7 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, 2004, 2003, and 2002 were \$336,932, \$311,957, and \$324,156 respectively. Ninety percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 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, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Governmental Employers"*. 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 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

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, 2003, 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 between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$1,220,947. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

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

**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 twenty-five to fifty percent of accumulated, unused sick leave. As of December 31, 2004 the liability for compensated absences was \$312,578 for the entire County.

**Note 16 -Capital Leases -Lessee Disclosure**

During 2004, the County entered into a capitalized lease agreement for a copy machine. The lease meets the criteria of a capital lease set forth in the Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Equipment acquired by lease has been capitalized in government- wide statements governmental activities in the amount of \$10,849, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements as part of governmental activities. This governmental activities capitalized leased asset is reflected net of accumulated depreciation in the amount of \$10,849 at December 31, 2004. Principal payments towards capital leases during 2004 totaled \$3,077 for governmental activities. The lease is being repaid by the Homeland Security Special Revenue Fund.

Future minimum lease payments through 2009 for governmental activities are as follows:

Year	Principal	Interest
2006	\$2,106	\$437
2007	2,241	303
2008	2,386	159
2009	1,039	22
Total	\$7,772	\$921

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

**Note 17 -Long -Term Debt**

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

	Balance 12/31/03	Adds	Deductions	Liabilities 12/31/04	Due in One Year
General Obligation Bonds	\$1,200,000	\$0	\$100,000	\$1,100,000	\$100,000
Promissory Note-2003-4.5%-\$25,324	23,044	0	4,722	18,322	4,943
Capital Lease	0	10,849	3,077	7,772	0
Compensated Absences	330,613	227,614	245,649	312,578	143,753
Totals	<u>\$1,553,657</u>	<u>\$238,463</u>	<u>\$353,448</u>	<u>\$1,438,672</u>	<u>\$248,696</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, 2004 are as follows:

Year Ending December 31	Principal	Interest	Total
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	100,000	40,830	140,830
2010-2014	500,000	120,650	620,650
2015	100,000	7,080	107,080
Total	<u>\$1,100,000</u>	<u>\$385,580</u>	<u>\$1,485,580</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, 2004 are as follows:

Year Ending December 31	Principal	Interest	Total
2005	\$4,943	\$732	\$5,675
2006	5,171	504	5,675
2007	5,415	260	5,675
2008	2,793	38	2,831
Total	<u>\$18,322</u>	<u>\$1,534</u>	<u>\$19,856</u>

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

The compensated absences liability will be paid from the funds from which the employees' salaries are paid, which consist of the General Fund and 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, 2004 was \$4,330,779.

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, 2004, \$24,378 of the promissory note remains outstanding.

**Note 18 - Interfund Transactions**

Interfund balances at December 31, 2004 consist of the following individual fund receivables and payables:

	Interfund Receivable
	Major Fund
Interfund Payable	General
Major Funds:	
Job and Family Services	\$56,116
Other Nonmajor	
Governmental	20,218
Total All Funds	\$76,334

As of December 31, 2004, the fund financial statements reflect an interfund receivable in the General Fund in the amount of \$9,937. This receivable is the result of short-term advances made to the Recycling and Litter Prevention and Natureworks Grant Special Revenue Funds in the amounts of \$9,000 and \$937, respectively. In addition, the General Fund reflects \$66,397 in interfund receivables that 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.

Interfund transfers for the year ended December 31, 2004 consisted of the following, as reported on the fund statements:

Transfers To	Transfers From General
Job and Family Services	\$30,910
Nonmajor Governmental Funds	65,317
Total	\$96,227

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

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 19 - Public Entity Risk Pools**

***A. Buckeye Joint-County Self-Insurance Council***

The Buckeye Joint-County Self-Insurance Council is an 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 2004, 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, 2004**

**Note 20 - Jointly Governed Organizations**

***A. South East Ohio Joint Solid Waste Management District***

The County is a member of the South East Ohio Joint Solid Waste Management District, which is a jointly governed organization involving Noble, Muskingum, Guernsey, Morgan, Monroe and Washington counties. The purpose of the District is to plan and implement comprehensive and environmentally sound solid waste management facilities and provide for the establishment of waste minimization, waste reduction, and recycling programs. The District was created in 1989, as required by the Ohio Revised Code.

The South East Ohio Joint Solid Waste Management District is governed and operated through two groups. An eighteen member board of directors, comprised of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district waste. A forty-three member policy committee, comprised of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Each participating County's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

***B. Mental Health and Recovery Services Board***

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

During 2004, Noble County contributed \$98,553 in tax levy revenue money through a .70 mill levy. The remaining revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Muskingum County serves as fiscal agent for the Board. Continued existence of the Board is not dependent on the County's continued participation and no equity interest exists. The Board has no outstanding debt.

***C. Noble County Family and Children First Council***

The Noble County Family and Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is comprised of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Coordinator of Early Intervention, Health Commissioner of the Noble County Health Department, Director of Noble County Department of Family and Job Services, Superintendent of Noble Board of MR/DD, Judge of Noble County Juvenile Court, Superintendent of Noble Local School District, Superintendent of Caldwell Exempted School District, Chairman of Noble County Commissioners, Mayor of the Village of Caldwell, a representative from Department of Youth Services, Director of Community Action Agency, three parent representatives, Director of Noble Behavioral Health Choices, Director of Thompkins Child and Adolescent Services, Director of Six County, Inc., Executive Director of GMN Community Action and a representative from Guernsey, Monroe, Noble Parent Mentoring Program. The continued existence of the Council is not dependent of the County's continued participation and no equity interest exists. The Council has no outstanding debt.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2004**

***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 2004, \$59,360, in Senior Citizens Levy money was received on behalf of the elderly residents of Noble County.

***E. Buckeye Hills - Hocking Valley Regional Development 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 2004 was \$1,406. 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, 2004**

***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 of Governments (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 2004, the County voluntarily contributed \$6,405 to MEORC.

**Note 21 - 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 22 - 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.

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**NOBLE COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant - State Grant	B-F-03-056-1	14.228	\$65,963
Community Development Block Grant - State Grant	B-F-02-056-1	14.228	10,500
Community Development Block Grant - State Grant	B-C-03-056-1	14.228	104,518
Community Development Block Grant - State Grant	B-W-02-056-1	14.228	70,000
Total Community Development Block Grant			<u>250,981</u>
HOME Investment Partnerships Program:			
Community Housing Improvement Program	B-C-03-056-2	14.239	69,036
Community Housing Improvement Program	B-C-01-056-2	14.239	2,776
Total Home Investment Partnership Grant			<u>71,812</u>
Total U.S. Department of Housing and Urban Development			<u>322,793</u>
<b>U.S. DEPARTMENT OF HIGHWAY ADMINISTRATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Historic Preservation Fund Grants-In-Aid	PID 24176	15.904	<u>36,024</u>
Total U.S. Department of Highway Administration			<u>36,024</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
WIA Cluster:			
<i>Passed Through Ohio Department of Job &amp; Family Services</i>			
Workforce Investment Act - Adult	N/A	17.258	81,662
Workforce Investment Act - Adult Administration	N/A	17.258	3,919
Workforce Investment Act - Adult Transition	N/A	17.258	9,600
Workforce Investment Act - Adult Total			<u>95,181</u>
Workforce Investment Act - Youth	N/A	17.259	66,905
Workforce Investment Act - Youth Administration	N/A	17.259	8,649
Workforce Investment Act - Youth Transition	N/A	17.259	7,400
Workforce Investment Act - Youth Total			<u>82,954</u>
Workforce Investment Act - Dislocated Worker	N/A	17.260	31,546
Workforce Investment Act - Dislocated Worker Administration	N/A	17.260	946
Workforce Investment Act - Dislocated Worker Transition	N/A	17.260	3,000
Workforce Investment Act - National Emergency Rapid Response	N/A	17.260	340,865
Workforce Investment Act - Coal Grant	N/A	17.260	5,181
Workforce Investment Act - Manufacturing Grant	N/A	17.260	22,525
Workforce Investment Act - Total Dislocated Worker			<u>404,063</u>
Total Passed Through Ohio Department of Job & Family Services			582,198

**NOBLE COUNTY**

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

**(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF LABOR (Continued)</b>			
WIA Cluster (Continued):			
<i>Passed Through Workforce Investment Act Area #15</i>			
Workforce Investment Act - Adult	N/A	17.258	45,484
Workforce Investment Act - Youth	N/A	17.259	30,698
Workforce Investment Act - Dislocated Worker	N/A	17.260	8,920
Workforce Investment Act - NEG Flooding	N/A	17.260	2,034
Workforce Investment Act - National Emergency Rapid Response	N/A	17.260	2,033
Workforce Investment Act - Manufacturing Grant	N/A	17.260	5,788
Workforce Investment Act - Toal Dislocated Worker			<u>18,775</u>
Total Passed Through Workforce Investment Act Area #15			<u>94,957</u>
Total WIA Cluster			<u>677,155</u>
<i>Passed Through Ohio Department of Job &amp; Family Services</i>			
Unemployment Insurance		17.225	<u>18,076</u>
Total U.S. Department of Labor			<u>695,231</u>
<b>U.S. APPALACHIAN REGIONAL COMMISSION</b>			
<i>Direct Program</i>			
Appalachian Area Development	OH-14408-03	23.002	<u>64,540</u>
Total U.S. Appalachian Regional Commission			<u>64,540</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
State Children's Health Insurance Plan	N/A	93.767	81
Medical Assistance Program:			
Targeted Case Management	N/A	93.778	10,172
Community Alternative Funding System	N/A	93.778	202
Total Medical Assistance Program			<u>10,374</u>
Social Services Block Grant - Title XX	N/A	93.667	10,729
Voting Access for Individuals with Disabilities - Grants To States	N/A	93.617	<u>6,000</u>
Total U.S. Department of Health and Human Services			<u>27,184</u>

**NOBLE COUNTY**

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

**(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Ohio Emergency Management Agency</i>			
Public Assistance Grants	FEMA-1556-DR	97.036	76,017
Public Assistance Grants	FEMA-1507-DR	97.036	8,938
Total Public Assistance Grants			<u>84,955</u>
Hazard Mitigation Grant	FEMA-1556-DR	97.039	16,335
Hazard Mitigation Grant	FEMA-OH-DR1519	97.039	997
Total Hazard Mitigation Grant			<u>17,332</u>
State Domestic Preparedness Equipment Support Program	2003-TE-TX-0199	97.004	6,104
State Domestic Preparedness Equipment Support Program	2003-MUP-30015	97.004	18,769
State Domestic Preparedness Equipment Support Program	2003-MUP-30015	97.004	48,715
State Domestic Preparedness Equipment Support Program	2002-TE-CX-0106	97.004	40,000
State Domestic Preparedness Equipment Support Program	2003-TE-TX-0199	97.004	26,314
State Domestic Preparedness Equipment Support Program		97.004	8,274
State Domestic Preparedness Equipment Support Program	2004-GE-T4-0025	97.004	3,953
Total State Domestic Preparedness Equipment Support Program			<u>152,129</u>
Citizens Corps	2004-GC-T4-0025	97.053	1,989
Emergency Management Performance Grant	EMC-2004-GR-700	97.042	18,538
Community Emergency Response Teams	EMC-2003-GR-706	97.054	10,800
Community Emergency Response Teams			2,994
Total Community Emergency Response Teams			<u>13,794</u>
Pre-Disaster Mitigation Program Grant	EMC-2002-GR-703	97.047	2,532
Total U.S. Department of Homeland Security			<u>291,269</u>
<b>Total Federal Awards Expenditures</b>			<u><b>\$1,437,041</b></u>

*The accompanying Notes to the Federal Awards Expenditure Schedule are an integral part of this Schedule.*

**NOBLE COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity 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 the County to 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.





## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **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 in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the County's management dated December 12, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the County's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2004-001. In a separate letter to the County's management dated December 12, 2005, we reported other matters related to noncompliance we deemed immaterial.

Noble County  
Independent Accountants' Report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, the Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for 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

December 12, 2005



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 apply to each of its major federal programs for the year ended December 31, 2004. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to each of its major federal programs for the year ended December 31, 2004.

#### Internal Control Over Compliance

The County's management 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 directly and materially affect a major federal program 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated December 12, 2005.

We intend this report solely for the information and use of the audit committee, management, the Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for 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

December 12, 2005

**NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2004**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under Section .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Workforce Investment Act Cluster – C.F.D.A #17.258, #17.259, #17.260; and Public Assistance Grants (FEMA) – C.F.D.A. #97.036
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

NOBLE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2004  
(Continued)

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

FINDING NUMBER 2004-001

**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 in the case of 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. **Blanket Certificate** - 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 purchase orders and the requirement that purchase orders not extend beyond three months have been removed from the law. Effective September 26, 2003, purchase orders 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. No 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 thirty-six percent (36%) of expenditures in 2004. In testing for unrecorded encumbrances we also noted nineteen percent (19%) of the expenditures committed in 2004, but paid in January and February 2005 that were not reflected as encumbrances at December 31, 2004. 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, 2004  
(Continued)**

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

**FINDING NUMBER 2004-001 (Continued)**

**Noncompliance Citation (Continued)**

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

In addition we noted that seventy-two percent (72%) of the year-end outstanding encumbrances tested did not reflect a proper obligation to the County at year end, (i.e. the County's contract purchase orders reflected a dollar commitment for the amount of the whole contract and an amount actually committed for calendar year 2004).

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 Auditor 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 that any contracts without a set amount of obligation but with recurring invoices be set up as blankets or super blanket certificates and follow guidelines set forth in 5705.41(D). We recommend "contract" purchase orders be only used for those contracts with a specific dollar amount and follow regular purchase order guidelines.

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. In addition, purchase orders covering contracts should only be certified for the amount expected to be spent during the calendar year.

**3. FINDINGS FOR FEDERAL AWARDS**

There were no findings related to federal awards required to be reported herein.

**NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2003-001	Ohio Rev. Code Section 5705.41(D) – failure to certify funds prior to purchase commitment	No	Not Corrected; the noncompliance citation is repeated as Finding Number 2004-001 in the Schedule of Findings.
2003-002	29 C.F.R. Section 97.20(h)(7) – No procedures established to monitor the cash drawdown requests provided by Ohio Valley Employment Resource to ensure cash requests were for immediate needs	Yes	



**NOBLE COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
DECEMBER 31, 2004**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-001	The County Auditor's bookkeeping department plans to discuss improving prior certification procedures with the County Departments.	Ongoing	Alice Warner, Auditor





**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  
FEBRUARY 9, 2006**