



Mary Taylor, CPA  
Auditor of State



**NOBLE COUNTY**  
**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds ...	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund.....	16
Job and Family Services Fund .....	17
Motor Vehicle and Gasoline Tax Fund .....	18
Mental Retardation and Developmental Disabilities Fund .....	19
Statement of Fiduciary Assets and Liabilities – Agency Funds .....	20
Notes to the Basic Financial Statements .....	21
Schedule of Federal Awards Expenditures.....	49
Notes to the Schedule of Federal Awards Expenditures .....	51
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	53
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 .....	55
Schedule of Findings - OMB Circular A-133 § .505.....	57

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# Mary Taylor, CPA

Auditor of State

## 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, 2007, 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, 2007, and the respective changes in financial position, thereof 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 September 10, 2008, 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.

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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 10, 2008

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

Management's Discussion and Analysis (MD&A) provides the reader with a narrative and analysis of the County of Noble, Ohio's (the County) financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the County's financial performance as a whole. The MD&A should be read in conjunction with the basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2007 are as follows:

- Net assets of governmental activities increased \$441,124 as a result of this year's operations. This minimal change represents less than a two percent increase from 2006.
- General revenues accounted for \$3,917,820 in revenue or 31 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$8,778,444 or 69 percent of total revenues of \$12,696,264.
- Total assets of governmental activities increased by \$403,250 primarily due an increase in the cash and cash equivalents. Total liabilities of governmental activities decreased by \$37,874. Most of this decrease comes from amounts due to other governments.
- The County had \$12,255,140 in expenses related to governmental activities; \$8,778,444 of these expenses were offset by program specific charges for services, grants, contributions, or interest. General revenues, primarily taxes of \$1,845,169, were adequate to provide for these programs, leaving a net change of \$441,124 for 2007.

**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.

**Government-Wide Financial Statements**

*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 2007?" 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.

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the *financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some 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, health, human services, economic development and assistance, and debt service 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****Error! Bookmark not defined.*

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 Fund and the Job and Family Services, Motor Vehicle and Gasoline Tax, and Mental Retardation and Developmental Disabilities Special Revenue Funds.

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

***Fiduciary Funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used in the private sector.

***Notes to the Basic Financial Statements*** The notes provide additional information that is essential to the full understanding of the data provided on the government-wide and fund financial statements.

### **Government-Wide Financial Analysis**

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 2007 compared to 2006:

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

Table 1  
Net Assets

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Current and Other Assets	\$9,650,467	\$9,271,880
Capital Assets	23,473,184	23,448,521
Total Assets	33,123,651	32,720,401
<b>Liabilities</b>		
Long-Term Liabilities	(1,275,099)	(1,283,574)
Other Liabilities	(2,591,720)	(2,621,119)
Total Liabilities	(3,866,819)	(3,904,693)
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	22,625,360	22,534,647
Restricted	5,754,935	5,539,234
Unrestricted	876,537	741,827
Total Net Assets	\$29,256,832	\$28,815,708

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

The largest portion of the County's net assets (77.3 percent) reflects its investment in capital assets, (e.g., land, construction in progress, buildings and improvements, machinery, equipment, furniture and fixtures, vehicles, and infrastructure), net of related debt. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The restricted portion of the County's net assets (19.6 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 (3.1 percent) may be used to meet the County's ongoing obligations to its citizens and creditors.

Current and other assets increased from 2006 by \$378,587. Part of this is an increase in cash and cash equivalents of \$268,192 as a result of prudent financial budgeting and spending. However, net assets of the County's governmental activities increased by \$441,124. Part of the difference is a result of liabilities decreasing by \$37,874. The decrease in liabilities is a result \$100,000 being paid on the County's outstanding bond issue coupled with increases in OWDA loans payable, capital leases payable, and due to other governments. The overfunding, and the subsequent requirement for repayment, of state advances to the Public Assistance Special Revenue Fund is the reason for this intergovernmental payable accrual.

Table 2 shows the changes in net assets for 2007, compared to the changes in net assets for 2006.

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

Table 2  
Change in Net Assets

	Governmental Activities	
	2007	2006
Revenues:		
Program Revenues		
Charges for Services	\$1,529,559	\$1,396,821
Operating Grants, Contributions and Interest	7,048,844	8,043,816
Capital Grants and Contributions	200,041	91,795
Total Program Revenues	<u>8,778,444</u>	<u>9,532,432</u>
General Revenues		
Property Taxes	1,845,169	1,743,598
Sales Taxes	1,056,970	1,005,701
Intergovernmental	363,619	361,945
Investment Earnings	257,190	222,517
Miscellaneous	394,872	210,544
Total General Revenues	<u>3,917,820</u>	<u>3,544,305</u>
Total Revenues	<u>12,696,264</u>	<u>13,076,737</u>
Program Expenses		
General Government		
Legislative and Executive	1,694,620	1,647,460
Judicial	429,567	463,261
Public Safety	1,216,886	1,231,673
Public Works	3,720,121	2,998,149
Health	898,045	838,398
Human Services	3,750,550	4,733,335
Economic Development and Assistance	367,010	526,991
Intergovernmental	125,000	183,356
Interest and Fiscal Charges	53,341	57,043
Total Expenses	<u>12,255,140</u>	<u>12,679,666</u>
Change in Net Assets	441,124	397,071
Net Assets Beginning of Year	<u>28,815,708</u>	<u>28,418,637</u>
Net Assets End of Year	<u>\$29,256,832</u>	<u>\$28,815,708</u>

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

Our county, which is dependent upon property taxes is hampered by a lack of revenue growth and must periodically return to the voters to maintain a constant level of service. The last successful levy renewal/passage was passed during the November 2007 election. Property and sales taxes made up 23 percent of revenues for governmental activities for Noble County in fiscal year 2007.

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

The largest Governmental Activities program expense is human services, which comprises 30.6 percent of expenses. A decrease of Human Service expenses in the amount of \$982,785 was primarily the result of Workforce Development Flood grants ending. The public works program showed an increase of expenses of \$721,972, mainly as a result of maintenance expenses not being capitalized as fixed assets and budget increases. Interest expense during fiscal year 2007 was \$53,341 and was attributable to the outstanding bonds for jail construction, a capital lease for the purchase of equipment, OWDA loan, 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

	Total Cost of Services <u>2007</u>	Net Cost (Revenue) of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost (Revenue) of Services <u>2006</u>
General Government				
Legislative and Executive	\$1,694,620	\$1,120,830	\$1,647,460	\$1,556,017
Judicial	429,567	213,789	463,261	315,972
Public Safety	1,216,886	723,457	1,231,673	743,479
Public Works	3,720,121	62,631	2,998,149	(827,469)
Health	898,045	543,148	838,398	603,486
Human Services	3,750,550	671,260	4,733,335	596,335
Economic Development and Assistance	492,010	88,240	710,347	102,371
Interest and Fiscal Charges	53,341	53,341	57,043	57,043
Total Expenses	<u>\$12,255,140</u>	<u>\$3,476,696</u>	<u>\$12,679,666</u>	<u>\$3,147,234</u>

Operating grants, contributions, and interest (80.3 percent) are the primary source of program revenues, whereas property taxes (47 percent) are the primary source of general revenues. The County's dependence upon tax revenues for the shortfall in program revenues is apparent.

**The County's Funds**

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$944,254 with a total fund balance of \$973,224. Unreserved fund balance represents 34.1% of expenditures, an increase of 9% from 2006. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$264,110, as compared to an increase of \$123,683 in 2006. Key factors for this increase include, but are not limited to, increases in charges for services revenues relating to the County's general operations and a decrease in transfers out to other funds of the County.

The Job and Family Services Special Revenue Fund balance decreased by \$112,842. Key factors for this minimal decline are mostly due to decreased funding from state advances.

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

The Motor Vehicle and Gasoline Tax Special Revenue Fund balance decreased by \$133,523 from 2006. This decrease is primarily the result of expenditures for maintenance on capital assets instead of capitalization.

The Mental Retardation and Developmental Disabilities Special Revenue Fund balance increased by \$64,022. This minimal change reflects this fund's commitment to match expenditures with current year revenue streams.

**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 2007 the County amended its General Fund budget numerous times, although none were significant.

For the General Fund, final budget basis revenue estimates did not change from original budget estimates of \$2,674,545. Actual revenues were \$376,063 higher than final budgeted revenues. This difference was primarily due to conservative sales taxes, charges for services, and investment income estimates.

The County's General Fund ending unobligated cash balance was \$591,546 above the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the County had \$23,473,184 invested in land, construction in progress, buildings and improvements, machinery, equipment, furniture and fixtures, vehicles, and infrastructure from governmental activities. Table 4 shows fiscal year 2007 balances compared to 2006 after accumulated depreciation of \$7,368,246 and \$6,788,037, respectively:

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities	
	2007	2006
Land	\$687,086	\$687,086
Construction in Progress	140,213	18,668
Gravel Roads/Bases	12,530,356	12,530,356
Buildings and Improvements	2,915,518	2,998,598
Machinery, Equipment, Furniture and Fixtures	1,020,196	709,886
Vehicles	291,623	391,975
Infrastructure	5,888,192	6,111,952
<b>Total Capital Assets</b>	<b>\$23,473,184</b>	<b>\$23,448,521</b>

The primary increase in capital assets resulted from \$844,609 in capital asset additions offset by \$784,150 in accumulated depreciation coupled with book value deletions of \$35,796. See Note 11 for more detailed information of the County's capital assets.

**Noble County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Debt**

At December 31, 2007 the County had \$847,824 in outstanding long-term debt with \$105,585 due within one year. Table 5 outlines the long-term debt held by the County during 2007 and 2006.

Table 5  
Long-Term Debt

	Governmental Activities	
	2007	2006
General Obligation Bonds	\$800,000	\$900,000
Promissory Note	2,793	8,208
Capital Leases	14,404	5,666
OWDA Loan	30,627	0
Total Long-Term Debt	\$847,824	\$913,874

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 2007 in the amount of \$14,860 for the purchase of equipment to be used for emergency management purposes. See Note 18 for more detailed information on the County's debt. In addition to the above debt, the County is presenting a long-term liability for compensated absences.

**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, 2007**

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,737,271
Cash and Cash Equivalents in Segregated Accounts	868
Cash and Cash Equivalents with Fiscal Agents	273,208
Materials and Supplies Inventory	236,664
Accrued Interest Receivable	6,736
Accounts Receivable	28,637
Prepaid Items	46,618
Sales Taxes Receivable	168,392
Property and Other Taxes Receivable	1,922,716
Due from Other Governments	2,193,258
Loans Receivable	36,099
Non-Depreciable Capital Assets	13,357,655
Depreciable Capital Assets, Net	10,115,529
<i>Total Assets</i>	33,123,651
<b>Liabilities</b>	
Accrued Wages and Benefits	194,798
Due to Other Governments	444,033
Accounts Payable	147,024
Contracts Payable	151,279
Retainage Payable	9,409
Accrued Interest Payable	3,857
Deferred Revenue	1,641,320
Long-Term Liabilities:	
Due Within One Year	251,284
Due In More Than One Year	1,023,815
<i>Total Liabilities</i>	3,866,819
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	22,625,360
Restricted for:	
Capital Projects	117,598
Debt Service	295,725
Motor Vehicle Registration	2,457,520
Mental Retardation and Developmental Disabilities	770,539
Other Purposes	2,113,553
Unrestricted	876,537
<i>Total Net Assets</i>	\$29,256,832

See accompanying notes to the basic financial statements



**Noble County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2007**

	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	\$776,599	\$290,643	\$930,269	\$446,758	\$2,286,881	\$4,731,150
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	868	868
Cash and Cash Equivalents with Fiscal Agents	0	0	0	273,208	0	273,208
Sales Tax Receivable	168,392	0	0	0	0	168,392
Materials and Supplies Inventory	27,273	13,950	191,752	400	3,289	236,664
Accounts Receivable	12,649	3,987	0	0	12,001	28,637
Intergovernmental Receivable	218,659	61,966	1,626,064	37,481	249,088	2,193,258
Interfund Receivable	101,580	0	0	0	0	101,580
Prepaid Items	13,409	7,737	2,762	15,773	6,937	46,618
Accrued Interest Receivable	5,591	0	1,032	0	113	6,736
Property Taxes Receivable	637,335	0	0	340,031	945,350	1,922,716
Loans Receivable	0	0	0	0	36,099	36,099
Restricted Cash and Cash Equivalents	6,121	0	0	0	0	6,121
<b>Total Assets</b>	<u>\$1,967,608</u>	<u>\$378,283</u>	<u>\$2,751,879</u>	<u>\$1,113,651</u>	<u>\$3,540,626</u>	<u>\$9,752,047</u>

**Liabilities and Fund Balances**

**Liabilities**

Accounts Payable	\$14,928	\$48,723	\$78,179	\$1,163	\$4,031	\$147,024
Accrued Wages Payable	53,938	54,491	53,774	12,826	19,769	194,798
Contracts Payable	473	15,292	0	660	134,854	151,279
Retainage Payable	0	0	0	0	9,409	9,409
Interfund Payable	0	77,563	0	0	24,017	101,580
Intergovernmental Payable	48,126	330,558	29,504	21,972	13,873	444,033
Deferred Revenue	876,919	4,134	1,090,178	362,189	1,063,329	3,396,749
<b>Total Liabilities</b>	<u>994,384</u>	<u>530,761</u>	<u>1,251,635</u>	<u>398,810</u>	<u>1,269,282</u>	<u>4,444,872</u>

**Fund Balances**

Reserved for Encumbrances	22,849	27,225	21,094	1,501	441,500	514,169
Reserved for Unclaimed Monies	6,121	0	0	0	0	6,121
Reserved for Loans Receivable	0	0	0	0	27,880	27,880
Unreserved:						
Undesignated, Reported in:						
General Fund	944,254	0	0	0	0	944,254
Special Revenue Funds (Deficit)	0	(179,703)	1,479,150	713,340	1,860,382	3,873,169
Debt Service Funds	0	0	0	0	279,235	279,235
Capital Projects Funds (Deficit)	0	0	0	0	(337,653)	(337,653)
<b>Total Fund Balances(Deficit)</b>	<u>973,224</u>	<u>(152,478)</u>	<u>1,500,244</u>	<u>714,841</u>	<u>2,271,344</u>	<u>5,307,175</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$1,967,608</u>	<u>\$378,283</u>	<u>\$2,751,879</u>	<u>\$1,113,651</u>	<u>\$3,540,626</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.	23,473,184
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Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:

Property Taxes Receivable	281,396	
Interfund Receivable	87,812	
Grants	1,386,221	
<b>Total Other Long-Term Assets</b>		1,755,429

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	(800,000)	
Compensated Absences	(427,275)	
Capital Leases Payable	(14,404)	
OWDA Loan Payable	(30,627)	
Long-Term Notes Payable	(2,793)	
Accrued Interest Payable	(3,857)	
<b>Total Long-Term Liabilities</b>		(1,278,956)

Net Assets of Governmental Activities	<u>\$29,256,832</u>
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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, 2007**

	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	\$595,915	\$0	\$0	\$307,453	\$960,498	\$1,863,866
Sales Taxes	1,056,970	0	0	0	0	1,056,970
Charges for Services	622,053	323,052	0	30,194	463,738	1,439,037
Licenses and Permits	837	0	0	0	525	1,362
Fines and Forfeitures	49,946	0	8,452	0	132	58,530
Intergovernmental	368,378	2,152,681	3,299,803	245,654	1,432,614	7,499,130
Interest	243,170	90	50,935	0	15,077	309,272
Rent	12,300	0	0	370	0	12,670
Other	124,001	193,757	37,350	13,557	26,207	394,872
<i>Total Revenues</i>	<u>3,073,570</u>	<u>2,669,580</u>	<u>3,396,540</u>	<u>597,228</u>	<u>2,898,791</u>	<u>12,635,709</u>
<b>Expenditures</b>						
Current:						
General Government:						
Legislative and Executive	1,375,367	0	0	0	266,854	1,642,221
Judicial	400,164	0	0	0	27,485	427,649
Public Safety	858,385	0	0	0	274,821	1,133,206
Public Works	0	0	3,118,644	0	100,540	3,219,184
Health	15,178	0	0	533,206	324,633	873,017
Human Services	112,794	2,819,319	0	0	770,383	3,702,496
Economic Development and Assistance	0	0	0	0	367,010	367,010
Capital Outlay	0	0	420,474	0	271,872	692,346
Intergovernmental	0	0	0	0	125,000	125,000
Debt Service:						
Principal Retirement	5,415	0	0	0	101,935	107,350
Interest and Fiscal Charges	260	0	0	0	53,531	53,791
<i>Total Expenditures</i>	<u>2,767,563</u>	<u>2,819,319</u>	<u>3,539,118</u>	<u>533,206</u>	<u>2,684,064</u>	<u>12,343,270</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>306,007</u>	<u>(149,739)</u>	<u>(142,578)</u>	<u>64,022</u>	<u>214,727</u>	<u>292,439</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds of Loans	0	0	0	0	30,627	30,627
Proceeds from the Sale of Capital Assets	0	0	9,055	0	0	9,055
Inception of Capital Lease	0	0	0	0	14,860	14,860
Transfers In	0	36,897	0	0	5,000	41,897
Transfers Out	(41,897)	0	0	0	0	(41,897)
<i>Total Other Financing Sources (Uses)</i>	<u>(41,897)</u>	<u>36,897</u>	<u>9,055</u>	<u>0</u>	<u>50,487</u>	<u>54,542</u>
<i>Net Change in Fund Balances</i>	264,110	(112,842)	(133,523)	64,022	265,214	346,981
Fund Balances (Deficit) at Beginning of Year	709,114	(39,636)	1,633,767	650,819	2,006,130	4,960,194
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$973,224</u>	<u>(\$152,478)</u>	<u>\$1,500,244</u>	<u>\$714,841</u>	<u>\$2,271,344</u>	<u>\$5,307,175</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, 2007**

**Net Change in Fund Balances - Governmental Funds** \$346,981

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

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

Capital Asset Additions	844,609	
Current Year Depreciation	(784,150)	
Total	60,459	60,459

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 and forgiven lease on the disposal of assets.

Loss on disposal of capital assets	(26,741)	
Proceeds from disposal of capital assets	(9,055)	
Forgiven lease	4,187	
	(31,609)	(31,609)

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

Property Taxes	(18,697)	
Charges for Services	17,960	
Intergovernmental	61,292	
Total	60,555	60,555

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	
Capital Leases	1,935	
Long-Term Notes	5,415	
Total	107,350	107,350

Inception of capital lease is reported as an other financing source, but the inception increases long-term liabilities on the statement of net assets. (14,860)

Proceeds of loans is reported as an other financing source, but the issuance increases long-term liabilities on the statement of net assets. (30,627)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. 450

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. (57,575)

**Change in Net Assets of Governmental Activities** \$441,124

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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$554,640	\$554,640	\$581,207	\$26,567
Sales Taxes	927,230	927,230	1,040,343	113,113
Charges for Services	487,435	487,435	622,899	135,464
Licenses and Permits	730	730	837	107
Fines and Forfeitures	48,730	48,730	49,944	1,214
Intergovernmental	383,680	383,680	375,349	(8,331)
Interest	157,090	157,090	241,980	84,890
Rent	11,720	11,720	12,300	580
Other	103,290	103,290	125,749	22,459
<i>Total Revenues</i>	<u>2,674,545</u>	<u>2,674,545</u>	<u>3,050,608</u>	<u>376,063</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	1,503,170	1,473,648	1,400,410	73,238
Judicial	480,511	481,261	413,361	67,900
Public Safety	845,316	888,496	866,127	22,369
Public Works	1,000	1,000	0	1,000
Health	21,024	21,024	16,982	4,042
Human Services	148,736	152,736	111,592	41,144
Debt Service:				
Principal Retirement	5,415	5,415	5,415	0
Interest and Fiscal Charges	260	260	260	0
<i>Total Expenditures</i>	<u>3,005,432</u>	<u>3,023,840</u>	<u>2,814,147</u>	<u>209,693</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(330,887)</u>	<u>(349,295)</u>	<u>236,461</u>	<u>585,756</u>
<b>Other Financing Source (Uses)</b>				
Advances In	0	0	15,000	15,000
Advances Out	0	0	(9,210)	(9,210)
Transfers Out	(41,897)	(41,897)	(41,897)	0
<i>Total Other Financing Source (Uses)</i>	<u>(41,897)</u>	<u>(41,897)</u>	<u>(36,107)</u>	<u>5,790</u>
<i>Net Change in Fund Balance</i>	(372,784)	(391,192)	200,354	591,546
Fund Balance at Beginning of Year	470,078	470,078	470,078	0
Prior Year Encumbrances Appropriated	35,200	35,200	35,200	0
<i>Fund Balance at End of Year</i>	<u>\$132,494</u>	<u>\$114,086</u>	<u>\$705,632</u>	<u>\$591,546</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$493,700	\$493,700	\$327,021	(\$166,679)
Intergovernmental	2,540,636	2,290,972	2,120,042	(170,930)
Interest	0	90	90	0
Other	78,800	78,800	189,770	110,970
<i>Total Revenues</i>	<u>3,113,136</u>	<u>2,863,562</u>	<u>2,636,923</u>	<u>(226,639)</u>
<b>Expenditures</b>				
Current:				
Human Services	<u>3,537,087</u>	<u>3,363,513</u>	<u>2,953,434</u>	<u>410,079</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(423,951)</u>	<u>(499,951)</u>	<u>(316,511)</u>	<u>183,440</u>
<b>Other Financing Source</b>				
Transfers In	<u>36,897</u>	<u>36,897</u>	<u>36,897</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(387,054)	(463,054)	(279,614)	183,440
Fund Balance at Beginning of Year	424,628	424,628	424,628	0
Prior Year Encumbrances Appropriated	<u>71,156</u>	<u>71,156</u>	<u>71,156</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$108,730</u>	<u>\$32,730</u>	<u>\$216,170</u>	<u>\$183,440</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, 2007**

	<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	\$8,270	\$8,270	\$8,459	\$189
Intergovernmental	3,215,105	3,215,105	3,273,868	58,763
Interest	48,510	48,510	51,527	3,017
Other	66,950	66,950	37,350	(29,600)
<i>Total Revenues</i>	<u>3,338,835</u>	<u>3,338,835</u>	<u>3,371,204</u>	<u>32,369</u>
<b>Expenditures</b>				
Current:				
Public Works	3,917,665	3,923,665	3,123,132	800,533
Capital Outlay	420,474	420,474	420,474	0
<i>Total Expenditures</i>	<u>4,338,139</u>	<u>4,344,139</u>	<u>3,543,606</u>	<u>800,533</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(999,304)</u>	<u>(1,005,304)</u>	<u>(172,402)</u>	<u>832,902</u>
<b>Other Financing Source</b>				
Proceeds from the Sale of Capital Assets	<u>0</u>	<u>0</u>	<u>9,055</u>	<u>9,055</u>
<i>Net Change in Fund Balance</i>	(999,304)	(1,005,304)	(163,347)	841,957
Fund Balance at Beginning of Year	860,964	860,964	860,964	0
Prior Year Encumbrances Appropriated	<u>144,355</u>	<u>144,355</u>	<u>144,355</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$6,015</u>	<u>\$15</u>	<u>\$841,972</u>	<u>\$841,957</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$276,710	\$276,710	\$295,705	\$18,995
Charges for Services	30,194	30,194	30,194	0
Intergovernmental	118,530	118,530	250,020	131,490
Rent	500	500	370	(130)
Other	4,806	4,806	13,557	8,751
<i>Total Revenues</i>	<u>430,740</u>	<u>430,740</u>	<u>589,846</u>	<u>159,106</u>
<b>Expenditures</b>				
Current:				
Health	<u>730,006</u>	<u>795,006</u>	<u>483,110</u>	<u>311,896</u>
<i>Net Change in Fund Balance</i>	(299,266)	(364,266)	106,736	471,002
Fund Balance at Beginning of Year	589,079	589,079	589,079	0
Prior Year Encumbrances Appropriated	<u>995</u>	<u>995</u>	<u>995</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$290,808</u></u>	<u><u>\$225,808</u></u>	<u><u>\$696,810</u></u>	<u><u>\$471,002</u></u>

See accompanying notes to the basic financial statements

**Noble County, Ohio**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**December 31, 2007**

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,560,854
Cash and Cash Equivalents in Segregated Accounts	36,532
Accounts Receivable	4,629
Property Taxes Receivable	6,291,704
Due from Other Governments	<u>1,076,842</u>
<i>Total Assets</i>	<u><u>\$9,970,561</u></u>
<b>Liabilities</b>	
Due to Other Governments	\$7,996,378
Deposits Held and Due to Others	38,571
Undistributed Monies	<u>1,935,612</u>
<i>Total Liabilities</i>	<u><u>\$9,970,561</u></u>

See accompanying notes to the basic financial statements

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**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 the County, this includes the Board of Mental Retardation and Developmental Disabilities, the Department of Job and Family Services, the Noble County Regional Planning Commission 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 Counseling Center  
Noble County Agricultural Society  
Noble County Historical Society  
Noble County Rural Water Association  
Noble County Law Library

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

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 District 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 and Right To Know 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 20, 21, and 22 to the basic financial statements. These organizations are:

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  
Guernsey-Monroe-Noble Community Action Corporation (GMN)  
Buckeye Hills-Hocking Valley Regional Development District  
Southeast Ohio Juvenile Residential District (SOJRD)  
Ohio Valley Employment Resource (OVER)  
Mid Eastern Ohio Regional Council of Governments (MEORC)  
Noble County Metropolitan Housing Authority  
Noble County Airport Authority

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**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.

***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.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**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 Noble County Health Department.

**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, 2007**

***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, 2007, but which were levied to finance year 2008 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, 2007**

***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 2007, investments were limited to non-negotiable 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 not 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, 2007. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

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 2007 amounted to \$243,170, which includes \$211,558 assigned from other County funds.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

***G. Restricted Assets***

Restricted cash and cash equivalents in the General Fund represent the amount of unclaimed monies not available for appropriation.

***H. 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.

***I. 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.

***J. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2007, 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.

***K. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of ten thousand dollars. The County's infrastructure consists of roads and bridges. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

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

The County's infrastructure consists of roads and bridges and includes infrastructure acquired prior to the implementation of GASB Statement 34.

***L. 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.

***M. 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.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

***N. 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 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.

***O. 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, loans receivable, and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

***P. 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 \$5,754,935 of restricted net assets for governmental activities, of which no monies are restricted for enabling legislation.

***Q. Internal Activity***

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without 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 to the funds that initially paid for them are not presented on the financial statements.

***R. 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 2007.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**S. 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 - Change in Accounting Principles**

For 2007, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures". GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the STRS post-employment healthcare plans in the amount of \$18,874 and \$0, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

**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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

4. Unrecorded cash, unrecorded interest, and prepaid items 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.

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

	Net Change in Fund Balances			
	General	Job and Family Services	Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities
GAAP Basis	\$264,110	(\$112,842)	(\$133,523)	\$64,022
Net Adjustment for Revenue Accruals	(9,838)	(32,657)	(25,961)	3,506
Beginning of the Year:				
Unrecorded Cash	17,154	0	2,552	0
Agency Fund Cash Allocation	11,355	0	0	9,782
Prepaid Items	14,873	7,508	1,295	52,154
End of the Year:				
Unrecorded Cash	(15,570)	0	(1,927)	0
Agency Fund Cash Allocation	(26,063)	0	0	(20,670)
Prepaid Items	(13,409)	(7,737)	(2,762)	(15,773)
Net Adjustment for Expenditure Accruals	(12,593)	(59,413)	83,349	16,201
Advances In	15,000	0	0	0
Advances Out	(9,210)	0	0	0
Encumbrances	(35,455)	(74,473)	(86,370)	(2,486)
Budget Basis	<u>\$200,354</u>	<u>(\$279,614)</u>	<u>(\$163,347)</u>	<u>\$106,736</u>

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**Note 5 - Accountability**

The Job and Family Services Special Revenue Fund and Army Corp of Engineers and OWDA Loan Capital Project Funds had deficit fund balances in the amounts of \$152,478, \$1,478, and \$26,425, respectively, as of December 31, 2007. These deficits are due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers for these funds but only as cash is required, not as a deficit occurs.

**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 (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits held by the County, which are not considered active, are classified as inactive. Beginning June 15, 2004, inactive monies may 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; including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions;
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 similar securities or cash, equal value for equal value;

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. Commercial paper in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
  - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase.
10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase.
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper.
12. 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.

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.

***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*** Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,966,149 of the County's bank balance of \$4,360,241 was uninsured and uncollateralized. Although all 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 FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**Investments** As of December 31, 2007, the County had an investment in STAROhio, which is part of the internal investment pool. The fair value of STAROhio was \$3,305,021 and the investment has an average maturity of 41 days.

**Interest Rate Risk** The County has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk** STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that would further limit its investment choices.

At December 31, 2007, the County's Mental Retardation and Developmental Disabilities Special Revenue Fund had a cash balance of \$273,208 with MEORC, a jointly governed organization (see Note 21). 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.

**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 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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. 2007 public utility property taxes, which became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. 2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.5 percent for 2008 and zero percent for 2009.

The full tax rate for all County operations for the year ended December 31, 2007, was \$11.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$162,753,560
Public Utility Personal Property	35,096,320
Tangible Personal Property	9,603,500
Total Assessed Value	\$207,453,380

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 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, Health and Local Soil 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 2007 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 2007 amounted to \$1,056,970.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2007. 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, 2007, primarily consisted of taxes, interest, accounts (billings for user charged services, including unbilled utility services), loans, and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables are fully collectible within one year except for property taxes and loans. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$138,837
Homesteads and Rollbacks	112,160
Defense of Indigents	3,085
Estate Tax Fees	683
BMV Fees	680
Emergency Management Township Revenue	307
Subsidy Grant	21,930
Motor Vehicle License Tax	426,050
Motor Vehicle Gas Tax	1,187,031
Permissive License Plate Tax	3,625
MVGT Township and Corporation Reimbursements	9,358
Real Estate and Manufactured Home Administrative Fees	3,562
Workforce Development Receivable	52,479
Emergency Management Planning Grant	4,035
Homeland Security Grant	454
Children's Service Reconciliation	12,605
DJFS Reimbursements	9,487
Army Corp of Engineers Reimbursement	30,188
C & DD Fees	113
Community Housing Improvement Program Grant	82,199
Inclusion Facilitator	12,603
CSEA Reconciliation	9,975
Targeted Case Management/CAFS	6,000
Local Government Tangible Property Tax Replacement	16,297
State Victims Advocate Grant	20,991
Housing of Prisoners	15,850
Sheriff Pay Raise	1,753
Cost Allocation	10,921
Grand Total Intergovernmental Receivable	<u>\$2,193,258</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 no federal food stamps at December 31, 2007.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Balance</u> <u>12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2007</u>
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$687,086	\$0	\$0	\$687,086
Construction in Progress	18,668	121,545	0	140,213
Gravel Roads/Bases	12,530,356	0	0	12,530,356
Total Non-Depreciable Capital Assets	<u>13,236,110</u>	<u>121,545</u>	<u>0</u>	<u>13,357,655</u>
Depreciable Capital Assets:				
Buildings and Improvements	4,143,107	0	0	4,143,107
Machinery, Equipment, Furniture and Fixtures	1,849,471	435,334	(39,464)	2,245,341
Vehicles	1,234,048	0	(56,788)	1,177,260
Infrastructure	9,773,822	287,730	(143,485)	9,918,067
Total Depreciable Capital Assets	<u>17,000,448</u>	<u>723,064</u>	<u>(239,737)</u>	<u>17,483,775</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,144,509)	(83,080)	0	(1,227,589)
Machinery, Equipment, Furniture and Fixtures	(1,139,585)	(114,231)	28,671	(1,225,145)
Vehicles	(842,073)	(95,440)	51,876	(885,637)
Infrastructure	(3,661,870)	(491,399)	123,394	(4,029,875)
Total Accumulated Depreciation	<u>(6,788,037)</u>	<u>(784,150) *</u>	<u>203,941</u>	<u>(7,368,246)</u>
Total Depreciable Capital Assets, Net	<u>10,212,411</u>	<u>(61,086)</u>	<u>(35,796)</u>	<u>10,115,529</u>
Governmental Capital Assets, Net	<u>\$23,448,521</u>	<u>\$60,459</u>	<u>(\$35,796)</u>	<u>\$23,473,184</u>

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

**Governmental Activities**

General Government:	
Legislative and Executive	\$11,842
Judicial	6,104
Public Safety	85,028
Public Works	643,419
Health	19,703
Human Services	18,054
Total Depreciation Expense	<u>\$784,150</u>

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**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 2007 the County contracted with the Buckeye Joint-County Self-Insurance Council (a public entity risk pool - See Note 20) 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	\$13,627,699	\$1,000
Legal Liability Real Property	1,000,000	1000
Boiler and Deep Well Pumps	13,627,699	1000/10,000
Inland Marine	861,110	1,000
Electronic Equipment Limit	500,000	1000
Electronic Media and Extra Expense Limit	5,000	1,000
General Liability	1,000,000	0
Personal and Advertising Injury	1,000,000	0
Each Electronic Data Incident	50,000`	0
General Aggregate	3,000,000	0
Medical Expense Limit – Per Person	10,000	0
Medical Expense Limit Annual Aggregate	50,000	0
Employers Liability – Ohio Stop Gap	1,000,000	0
Employees Benefits Liability	1,000,000/3,000,000	0
Public Official Liability	1,000,000/3,000,000	5,000
Law Enforcement Liability	1,000,000/3,000,000	5,000
Theft, Disappearance and Destruction	50,000	0
Public Employee Dishonesty	250,000	0
Forgery and Alteration	5,000	0
Computer Fraud	50,000	100
Funds Transfer Fraud	5,000	0
Animal Mortality	10,000	0
Arson Reward	5,000	.0
Cemetery Structures	10,000	0
Fire Department Service Charge	1,000	0
Lock Re-Keying	2,500	0
Outdoor Property	100,000	0
Personal Effects	2,500	0
Pollution Clean Up and Removal	50,000	0
Property Off Premises	10,000	0
Accounts Receivable	100,000	0
Builder Risk	500,000	0
Fine Arts	25,000	0
Fire Protection Devices	5,000	0
Ground Maintenance Equipment	30,000	0
Newly Acquired or Constructed Buildings	500,000	0
Newly Acquired Personal Property	100,000	0
Paved Surfaces	50,000	0
Underground Pipes, Flues or Drains	1,000,000	0
Unnamed Locations	250,000	0
Valuable Papers and Records	100,000	0
Utility Services	25,000	0
Business Income with Extra Expense	1,000,000	1000
Property in Transit	25,000	0
Auto Liability	1,000,000	0
Auto Comprehensive/Collision	Included	1,000

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

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 2007, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 20). 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. For the County, a savings of approximately \$24,576 was realized on the annual premium cost. 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 Pension Plans**

***A. Ohio Public Employees Retirement System***

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension 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 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

The County's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the County's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$340,957, \$377,489 and \$337,298 respectively; 91 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$187 made by the County and \$128 made by the plan members.

#### **Note 14 – Postemployment Benefits**

##### ***A. Ohio Public Employees Retirement System***

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$220,148, \$174,467 and \$138,185 respectively; 9 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of, January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**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 to eligible employees 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, 2007 the liability for compensated absences was \$427,275 for the entire County.

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

In prior years, the County entered into a capitalized lease agreement for a copy machine. In October of 2007, the County traded in the old copier for the balance of the lease of \$4,187 and leased a new copier. 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 \$14,860, 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 \$14,860 at December 31, 2007. There were principal payments towards the old capital lease during 2007 of \$1,479 and towards the new copier of \$456. The lease is being repaid by the Emergency Management Agency Special Revenue Fund. The County traded in assets of the governmental activities obtained through a capital lease within the current year. The principal amount of \$4,187 was forgiven for governmental activities by the leasing company since the County reentered into a new lease.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

Future minimum lease payments through 2012 for governmental activities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$2,792	\$442
2009	2,887	346
2010	2,985	248
2011	3,087	146
2012	2,653	41
Total	<u>\$14,404</u>	<u>\$1,223</u>

**Note 17 - Contractual Commitments**

As of December 31, 2007, the County had contractual purchase commitments for the following projects:

<u>Project</u>	<u>Fund</u>	<u>Purchase Commitments</u>	<u>Amounts Paid as of 12/31/2007</u>	<u>Amounts Remaining On Contracts</u>
Ward & Associates New Construction	Real Estate Assessment	\$12,000	\$10,800	\$1,200
Ward & Associates 2008 Sexennial Reappraisal	Real Estate Assessment	181,713	96,300	85,413
Ward & Associates New Construction	Real Estate Assessment	13,310	11,979	1,331
ME Companies	Army Corp of Engineer Sewer	91,373	42,571	48,802
ME Companies	OWDA Loan	197,415	55,493	141,922
Nicolozakes Trucking and Construction, Inc	Army Corp of Engineers Sewer	<u>345,287</u>	<u>17,002</u>	<u>328,285</u>
		<u>\$841,098</u>	<u>\$234,145</u>	<u>\$606,953</u>

**Note 18 - Long -Term Obligations**

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

	<u>Outstanding 12/31//2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Lease Trade-In</u>	<u>Outstanding 12/31//2007</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>						
General Obligation Bonds	\$900,000	\$0	\$100,000	\$0	\$800,000	\$100,000
2003 Promissory Note 4.5% - \$25,324	8,208	0	5,415	0	2,793	2,793
Capital Leases	5,666	14,860	1,935	4,187	14,404	2,792
Belle Valley Sanitary Sewer OWDA Loan 2007 4.62%	0	30,627	0	0	30,627	0
Compensated Absences	<u>369,700</u>	<u>233,795</u>	<u>176,220</u>	<u>0</u>	<u>427,275</u>	<u>145,699</u>
Total Governmental Activities	<u>\$1,283,574</u>	<u>\$279,282</u>	<u>\$283,570</u>	<u>\$4,187</u>	<u>\$1,275,099</u>	<u>\$251,284</u>

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

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, 2007 are as follows:

Year Ending December 31,	Principal	Interest	Total
2008	\$100,000	\$46,280	\$146,280
2009	100,000	40,830	140,830
2010	100,000	35,330	135,330
2011	100,000	29,780	129,780
2012	100,000	24,180	124,180
2013-2015	300,000	38,440	338,440
Total	<u>\$800,000</u>	<u>\$214,840</u>	<u>\$1,014,840</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, 2007 are as follows:

December 31,	Principal	Interest	Total
2008	<u>\$ 2,793</u>	<u>\$ 38</u>	<u>\$ 2,831</u>

The County obtained an OWDA loan in January 2007 for the planning and design of the Belle Valley sanitary sewer project. The loan approved amount was \$250,000 plus accrued interest during construction. During 2007 the County drew down \$30,627. This project is still in progress and OWDA has not yet established the amortization schedule for the repayment of the loan.

Compensated absences 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 911 Special Revenue Funds.

The County's overall legal debt margin at December 31, 2007 was \$4,563,977.

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, 2007, \$15,751 of the promissory note remains outstanding.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**Note 19 - Interfund Transactions**

Interfund balances at December 31, 2007 consist of the following individual fund receivables and payables:

	Interfund Receivable
	Major Fund
Interfund Payable	General
Major Fund:	
Job and Family Services	\$77,563
Other Nonmajor Governmental	24,017
Total All Funds	\$101,580

As of December 31, 2007, the fund financial statements reflect an interfund receivable in the General Fund in the amount of \$9,210. This receivable is the result of short-term advances made to the Dog and Kennel and CDBG Special Revenue Funds in the amount of \$5,000 and \$4,210 respectively. In addition, the General Fund reflects \$92,370 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, 2007 consisted of the following, as reported on the fund statements:

	Transfer to		
Transfer from	Major Fund	Other Nonmajor	Totals
	Job and Family Services	Governmental Funds	
Major Fund:			
General Fund	\$36,897	\$5,000	\$41,897
Total All Funds	\$36,897	\$5,000	\$41,897

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 and to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**Note 20 - 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

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

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 exceed 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 2007, Noble County paid \$92,769 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. The County's contribution to the pool for 2007 was \$13,420.

**Note 21 - 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

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

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 2007, Noble County contributed \$108,012 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. 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 individuals from the private sector 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 at a public meeting of the local Neighborhood Service Center Policy Advisory Committee. 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 2007, \$65,244 in Senior Citizens Levy money was received on behalf of the elderly residents of Noble County.

***D. Buckeye Hills - Hocking Valley Regional Developmental District***

The Buckeye Hills - Hocking Valley Regional Development District serves as regional council of governments which is a jointly governed organization created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is governed by a fourteen 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

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

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 2007 was \$1,406. The local contribution is based on the County's formal resolution of cooperation with the district and the 2000 census.

***E. 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.

***F. Ohio Valley Employment Resource (OVER)***

The Ohio Valley Employment Resource is a jointly governed organization whereby the four county commissioners from Monroe, Noble, Morgan, 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, referred to as "the Act" or "WIA" and those Federal regulations and State legislative acts and regulations which implement the Act. 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.

***G. Mid Eastern Ohio Regional Council of Governments (MEORC)***

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves eighteen 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 2007, the County contributed \$7,673 to MEORC.

**Noble County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**Note 22 - 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 23 - Contingent Liabilities**

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

**NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<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's Program	B-F-06-056-1	14.228	\$57,000
	B-F-04-056-1	14.228	78,164
	B-C-05-056-1	14.228	64,983
	B-C-07-056-1	14.228	4,925
Total Community Development Block Grant			<u>205,072</u>
HOME Investment Partnerships Program			
Community Housing Improvement Program	B-C-05-056-2	14.239	190,727
	B-C-07-056-2	14.239	13,132
Total HOME Investment Partnerships Program			<u>203,859</u>
Total U.S. Department of Housing and Urban Development			<u>408,931</u>
<b>U. S. DEPARTMENT OF LABOR</b>			
<i>Passed Through Workforce Investment Act Area # 15:</i>			
WIA Cluster:			
Workforce Investment Act - Adult	N/A	17.258	30,974
Workforce Investment Act - Adult-Admin	N/A	17.258	46,394
Total Workforce Investment Act - Adult			<u>77,368</u>
Workforce Investment Act - Youth	N/A	17.259	23,965
Workforce Investment Act - Youth - Admin	N/A	17.259	8,061
Total Workforce Investment Act - Youth			<u>32,026</u>
Workforce Investment Act - Dislocated Worker	N/A	17.260	14,007
Workforce Investment Act - Dislocated Worker-Admin	N/A	17.260	5,453
Workforce Investment Act - Dislocated Worker - Veterans	N/A	17.260	1,104
Workforce Investment Act - NEG OH 14 Flood	N/A	17.260	160,367
Workforce Investment Act - NEG OH 14 - Rapid Response	N/A	17.260	48,099
Total Dislocated Worker			<u>229,030</u>
Total WIA Cluster			338,424
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Employment Services/Wagner-Peyser Funded Activities	N/A	17.207	<u>832</u>
Total U.S. Department of Labor			339,256
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Medical Assistance Program - Targeted Case Management	N/A	93.778	29,770
State Children's Insurance Program	N/A	93.767	10
Social Services Block Grant - Title XX	N/A	93.667	<u>6,516</u>
Total U.S. Department of Health and Human Services			36,296

NOBLE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)

FEDERAL GRANTOR <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>			
Homeland Security Cluster:			
Emergency Management Performance Grant	2007-EM E7 0024	97.042	\$16,516
State Homeland Security Program	2006-GE-T6-0051	97.073	<u>24,842</u>
Total Homeland Security Cluster			<u>41,358</u>
Total U.S. Department of Homeland Security			41,358
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct Program</i>			
Rural Business Enterprise Grants	N/A	10.769	<u>20,000</u>
Total U.S. Department of Agriculture			<u>20,000</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$845,841</u></u></b>

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

**NOBLE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**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.

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# Mary Taylor, CPA

Auditor of State

## 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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 10, 2008. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the County's management in a separate letter dated September 10, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the County's management in a separate letter dated September 10, 2008.

We intend this report solely for the information and use of the audit committee, management, the Board of County Commissioners, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

September 10, 2008



# Mary Taylor, CPA

## Auditor of State

### 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, 2007. 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, 2007.

In a separate letter to the County's management dated September 10, 2008, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

#### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that the County's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.



**Mary Taylor, CPA**  
Auditor of State

September 10, 2008

NOBLE COUNTY  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant – CFDA No. 14.228 HOME Investment Partnerships Program – CFDA No. 14.239
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.





**Mary Taylor, CPA**  
Auditor of State

**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  
SEPTEMBER 30, 2008**