



Dave Yost • Auditor of State

NOBLE COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Noble County
200 Courthouse Square
Caldwell, Ohio 43724

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Noble County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Job and Family Services and Motor Vehicle and Gasoline Tax Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Federal Awards Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Robert R. Hinkle, CPA
Chief Deputy Auditor

Columbus, Ohio

September 15, 2014

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**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

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, 2013. 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 2013 are as follows:

- The assets of Noble County exceeded its liabilities at the close of the year ended December 31, 2013, by \$41,880,176 (net position). Of this amount, \$5,409,214 may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$3,018,146 from the total net position at the beginning of the year 2013.
- At the end of the current year, the County reported unrestricted net position for governmental activities of \$3,572,155.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$8,699,811, an increase of \$1,113,043 from the prior year. Of this amount, \$1,652,649 is available for spending (unassigned fund balance) on behalf of its citizens.
- At the end of the current year, unassigned fund balance for the General Fund was \$1,749,784, which represents 46 percent of total General Fund expenditures.

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 the 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 Position* and *Statement of Activities* provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. 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. Nonmajor funds are presented separately from major funds in total and in one column.

**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Statement of Net Position and Statement of Activities

While these documents contain information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer this question.

The Statement of Net Position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these reported as net position. The Statement of Activities presents information showing how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities:

Governmental Activities - Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, and economic development and assistance. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's sewer system is reported here.

Reporting Noble County's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 17. 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, and Motor Vehicle and Gasoline Tax Special Revenue Funds.

**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

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 Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Proprietary Funds - The County maintains one proprietary fund - enterprise. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for the Sewer Fund operations.

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 2013 compared to 2012:

**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$14,172,163	\$13,232,152	\$1,849,035	\$1,015,145	\$16,021,198	\$14,247,297
Capital Assets	24,174,790	23,774,490	5,587,534	5,125,079	29,762,324	28,899,569
Total Assets	<u>38,346,953</u>	<u>37,006,642</u>	<u>7,436,569</u>	<u>6,140,224</u>	<u>45,783,522</u>	<u>43,146,866</u>
Liabilities						
Long-Term Liabilities	(752,123)	(866,499)	(220,784)	(226,009)	(972,907)	(1,092,508)
Other Liabilities	(542,870)	(623,402)	(243,488)	(3,777)	(786,358)	(627,179)
Total Liabilities	<u>(1,294,993)</u>	<u>(1,489,901)</u>	<u>(464,272)</u>	<u>(229,786)</u>	<u>(1,759,265)</u>	<u>(1,719,687)</u>
Deferred Inflows of Resources						
Property Taxes not Levied to Finance						
Current Year Operations	<u>(2,144,081)</u>	<u>(2,565,149)</u>	<u>0</u>	<u>0</u>	<u>(2,144,081)</u>	<u>(2,565,149)</u>
Net Position						
Net Investment in						
Capital Assets	23,966,472	23,463,894	5,135,238	4,899,070	29,101,710	28,362,964
Restricted	7,369,252	7,169,155	0	0	7,369,252	7,169,155
Unrestricted	<u>3,572,155</u>	<u>2,318,543</u>	<u>1,837,059</u>	<u>1,011,368</u>	<u>5,409,214</u>	<u>3,329,911</u>
Total Net Position	<u>\$34,907,879</u>	<u>\$32,951,592</u>	<u>\$6,972,297</u>	<u>\$5,910,438</u>	<u>\$41,880,176</u>	<u>\$38,862,030</u>

As noted earlier, the County's net position, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$41,880,176 (\$34,907,879 in governmental activities and \$6,972,297 in business-type activities) as of December 31, 2013. The County's net position is reflected in three categories, Net Investment in Capital Assets, Restricted, and Unrestricted. The largest portion of the County's net position (69.5 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 investment 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 position (17.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted (12.9 percent) which may be used to meet the County's ongoing obligations to its citizens and creditors.

The County's total net position increased 7.8 percent or \$3,018,146 during 2013. However, the change in the separate components of net position is more prevalent in unrestricted net assets of governmental activities, an increase of \$1,253,612. This change is a result of an increase in cash and cash equivalents. The County has seen an increase sales tax and charges for services revenues due to the local oil and gas industry.

**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Table 2 shows the changes in net assets for 2013, compared to the changes in net assets for 2012:

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues						
Charges for Services	\$2,428,437	\$2,171,871	\$141,319	\$101,152	\$2,569,756	\$2,273,023
Operating Grants, Contributions and Interest	5,992,982	5,561,536	0	0	5,992,982	5,561,536
Capital Grants and Contributions	719,611	314,459	1,161,859	858,354	1,881,470	1,172,813
Total Program Revenues	9,141,030	8,047,866	1,303,178	959,506	10,444,208	9,007,372
General Revenues						
Property Taxes	2,159,639	2,487,936	0	0	2,159,639	2,487,936
Sales Taxes	2,242,557	1,390,954	0	0	2,242,557	1,390,954
Intergovernmental	514,608	456,059	0	0	514,608	456,059
Investment Earnings	59,216	113,890	0	0	59,216	113,890
Miscellaneous	543,509	725,963	2,013	0	545,522	725,963
Total General Revenues	5,519,529	5,174,802	2,013	0	5,521,542	5,174,802
Total Revenues	14,660,559	13,222,668	1,305,191	959,506	15,965,750	14,182,174
Program Expenses						
General Government						
Legislative and Executive	2,214,902	2,058,441	0	0	2,214,902	2,058,441
Judicial	466,973	509,564	0	0	466,973	509,564
Public Safety	1,666,368	1,703,894	0	0	1,666,368	1,703,894
Public Works	3,907,112	3,410,488	0	0	3,907,112	3,410,488
Health	1,130,133	1,212,473	0	0	1,130,133	1,212,473
Human Services	2,479,137	2,420,910	0	0	2,479,137	2,420,910
Economic Development and Assistance	534,760	408,199	0	0	534,760	408,199
Economic Development and Assistance - External Portion	280,874	280,061	0	0	280,874	280,061
Interest and Fiscal Charges	24,013	29,327	0	0	24,013	29,327
Sewer	0	0	243,332	272,356	243,332	272,356
Total Expenses	12,704,272	12,033,357	243,332	272,356	12,947,604	12,305,713
Change in Net Assets	1,956,287	1,189,311	1,061,859	687,150	3,018,146	1,876,461
Net Assets Beginning of Year	32,951,592	31,762,281	5,910,438	5,223,288	38,862,030	36,985,569
Net Assets End of Year	\$34,907,879	\$32,951,592	\$6,972,297	\$5,910,438	\$41,880,176	\$38,862,030

**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Governmental Activities

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 2009 election. Property and sales taxes made up 30 percent of revenues for governmental activities for Noble County in the year 2013.

The largest Governmental Activities program expenses are public works and human services, which comprises 31 percent and 20 percent, respectively, of expenses. Each program expense remained relatively consistent from the prior year showing the County is trying to maintain expenses within allowable resources. The largest change was in the public works program which showed an increase relating to the activities of the County highway department. Expenses increased in the amount of \$496,624. Interest expense during fiscal year 2013 was \$24,013 and was attributable to the outstanding bonds for jail construction and capital leases for the purchase of equipment.

Business-Type Activities

The net position for business-type activities increased \$1,061,859 during 2013. Capital grants and contributions from intergovernmental receivables increased from the prior year.

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 and interest.

Table 3

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
General Government				
Legislative and Executive	\$2,214,902	\$806,370	\$2,058,441	\$813,680
Judicial	466,973	255,107	509,564	256,494
Public Safety	1,666,368	1,105,591	1,703,894	1,158,270
Public Works	3,907,112	(96,437)	3,410,488	(216,694)
Health	1,130,133	845,479	1,212,473	894,687
Human Services	2,479,137	432,063	2,420,910	511,146
Economic Development and Assistance	815,634	191,056	688,260	538,581
Interest and Fiscal Charges	24,013	24,013	29,327	29,327
Total Expenses	<u>\$12,704,272</u>	<u>\$3,563,242</u>	<u>\$12,033,357</u>	<u>\$3,985,491</u>

**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Operating grants, contributions, and interest (65.6 percent) are the primary source of program revenues, whereas property and sales taxes (80 percent) are the primary sources of general revenues. The County's dependence upon tax revenues for the shortfall in program revenues is apparent. The net cost of \$806,370 in the legislative and executive program represents activities that serve the County's residents. As a result, this program relies on the general revenues of the County to support its activities. Other programs that have a large net cost are the public safety and health programs. To help reduce the tax burden and increase program revenues for public safety programs, the County has contracts for the housing of prisoners from other entities outside the County. Also, the voters have approved tax levies for the developmental disabilities program to provide general revenue for the implementation of this health program in the County.

The County's Funds

Governmental 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, unassigned fund balance of the General Fund was \$1,749,784 with a total fund balance of \$3,368,857. Unassigned fund balance represents 47 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$1,261,383. This is the result of the upswing in the local economy as a result of the oil and gas industry within in the County.

The Job and Family Services Special Revenue Fund balance decreased by \$66,178. This minimal change shows the County's success in keeping expenditures in line with current revenue streams.

The Motor Vehicle and Gasoline Tax Special Revenue Fund balance decreased by \$208,738 from 2012. This decrease is primarily the result of a decrease in shared revenues used in road and bridge maintenance.

Proprietary Fund - The County maintains one type of proprietary fund – enterprise. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for the Sewer Fund activities. As of December 31, 2013, the net position for the County's enterprise fund was \$6,972,297. Of that total, \$1,837,059 represents unrestricted net position that is available for spending at the County's discretion.

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. By State statute, the Board of County Commissioners adopts a permanent annual operating budget for the County prior to the first day of April.

During the course of 2013 the County's original budget was amended several times but not significant in total.

**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

For the General Fund, final budgeted revenue estimates were \$1,580,626 lower than actual results. This was due to the effect of oil and gas leases throughout the County and the associated transfer and conveyance revenue from this activity.

The County's General Fund ending unobligated cash balance was \$2,104,434 above the final budgeted amounts primarily due to conservative estimates for sales taxes, direct charges to users for services, and intergovernmental revenues.

Capital Assets and Debt Administration

Capital Assets

The County's capital assets for governmental and business-type activities as of December 31, 2013, were \$29,762,324 (net of accumulated depreciation). This includes land, construction in progress, buildings and improvements, machinery, equipment, furniture and fixtures, vehicles, and infrastructure. Table 4 shows fiscal year 2013 balances compared to 2012 after accumulated depreciation of \$10,724,907 and \$9,659,156, respectively:

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$794,086	\$794,086	\$12,500	\$12,500	\$806,586	\$806,586
Construction in Progress	0	0	577,717	0	577,717	0
Gravel Roads/Bases	12,530,356	12,530,356	0	0	12,530,356	12,530,356
Buildings and Improvements	3,013,684	2,905,644	0	0	3,013,684	2,905,644
Machinery, Equipment, Furniture and Fixtures	896,361	845,132	0	0	896,361	845,132
Vehicles	262,626	286,350	0	0	262,626	286,350
Infrastructure	6,677,677	6,412,922	4,997,317	5,112,579	11,674,994	11,525,501
Total Capital Assets	\$24,174,790	\$23,774,490	\$5,587,534	\$5,125,079	\$29,762,324	\$28,899,569

For governmental activities, major capital asset additions during 2013 included work on the County's roads and bridges. For business-type activities, the net decrease in book value amounts from the prior year results from current year depreciation. See Note 11 for more detailed information on the County's capital assets.

Debt

At December 31, 2013 the County had \$428,460 in outstanding long-term debt with \$114,622 due within one year. Table 5 outlines the long-term debt held by the County during 2013 and 2012.

**Financial Condition
Noble County
Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Table 5
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$200,000	\$300,000	\$0	\$0	\$200,000	\$300,000
Capital Leases	8,318	10,596	0	0	8,318	10,596
OWDA Loan	0	0	220,142	226,009	220,142	226,009
Total Long-Term Debt	\$208,318	\$310,596	\$220,142	\$226,009	\$428,460	\$536,605

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 capital lease was issued during 2012 in the amount of \$14,370 for the purchase of equipment to be used for emergency management purposes. The OWDA Loan was issued during 2009 through 2013 for the purpose of planning, designing, and construction of sanitary sewer lines. 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 Peggy Davis, Auditor of Noble County, Courthouse, Caldwell, Ohio 43724.

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Noble County, Ohio
Statement of Net Position
December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,090,036	\$116,685	\$8,206,721
Materials and Supplies Inventory	140,012	0	140,012
Accounts Receivable	13,018	67,967	80,985
Internal Balance	8,549	(8,549)	0
Prepaid Items	94,689	286	94,975
Sales Taxes Receivable	639,765	0	639,765
Property Taxes Receivable	2,406,944	0	2,406,944
Intergovernmental Receivable	2,750,722	1,672,646	4,423,368
Loans Receivable	28,428	0	28,428
Non-Depreciable Capital Assets	13,324,442	590,217	13,914,659
Depreciable Capital Assets, Net	10,850,348	4,997,317	15,847,665
<i>Total Assets</i>	<u>38,346,953</u>	<u>7,436,569</u>	<u>45,783,522</u>
Liabilities			
Accrued Wages and Benefits	154,524	1,280	155,804
Intergovernmental Payable	159,273	8,840	168,113
Accounts Payable	123,726	1,214	124,940
Contracts Payable	92,272	197,528	289,800
Retainage Payable	12,006	34,626	46,632
Accrued Interest Payable	1,069	0	1,069
Long-Term Liabilities:			
Due Within One Year	264,503	12,217	276,720
Due In More Than One Year	487,620	208,567	696,187
<i>Total Liabilities</i>	<u>1,294,993</u>	<u>464,272</u>	<u>1,759,265</u>
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	2,144,081	0	2,144,081
Net Assets			
Net Investment in Capital Assets	23,966,472	5,135,238	29,101,710
Restricted for:			
Debt Service	204,553	0	204,553
Public Assistance	163,667	0	163,667
Motor Vehicle Registration	2,332,533	0	2,332,533
Developmental Disabilities	921,696	0	921,696
Community Development	543,384	0	543,384
Real Estate Assessment	567,350	0	567,350
Court Corrections	388,505	0	388,505
Ambulance Services	972,443	0	972,443
Other Purposes	1,275,121	0	1,275,121
Unrestricted	3,572,155	1,837,059	5,409,214
<i>Total Net Position</i>	<u>\$34,907,879</u>	<u>\$6,972,297</u>	<u>\$41,880,176</u>

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government:							
Legislative and Executive	\$2,214,902	\$1,395,622	\$12,910	\$0	(\$806,370)	\$0	(\$806,370)
Judicial	466,973	199,409	12,457	0	(255,107)	0	(255,107)
Public Safety	1,666,368	313,416	247,361	0	(1,105,591)	0	(1,105,591)
Public Works	3,907,112	67,053	3,216,885	719,611	96,437	0	96,437
Health	1,130,133	34,649	250,005	0	(845,479)	0	(845,479)
Human Services	2,479,137	418,288	1,628,786	0	(432,063)	0	(432,063)
Economic Development and Assistance	534,760	0	595,800	0	61,040	0	61,040
Economic Development and Assistance - External Portion	280,874	0	28,778	0	(252,096)	0	(252,096)
Interest and Fiscal Charges	24,013	0	0	0	(24,013)	0	(24,013)
<i>Total Governmental Activities</i>	<u>12,704,272</u>	<u>2,428,437</u>	<u>5,992,982</u>	<u>719,611</u>	<u>(3,563,242)</u>	<u>0</u>	<u>(3,563,242)</u>
Business-Type Activities:							
Sewer	243,332	141,319	0	1,161,859	0	1,059,846	1,059,846
<i>Total Business-Type Activities</i>	<u>243,332</u>	<u>141,319</u>	<u>0</u>	<u>1,161,859</u>	<u>0</u>	<u>1,059,846</u>	<u>1,059,846</u>
<i>Total Primary Government</i>	<u>\$12,947,604</u>	<u>\$2,569,756</u>	<u>\$5,992,982</u>	<u>\$1,881,470</u>	<u>(3,563,242)</u>	<u>1,059,846</u>	<u>(2,503,396)</u>
General Revenues							
Property Taxes Levied for General Purposes					733,804	0	733,804
Property Taxes Levied for:							
Public Works					236,704	0	236,704
Health					734,864	0	734,864
Human Services					353,688	0	353,688
Debt Service					100,579	0	100,579
Sales Taxes Levied for General Purposes					2,242,557	0	2,242,557
Grants and Entitlements not Restricted to Specific Programs					514,608	0	514,608
Investment Earnings					59,216	0	59,216
Miscellaneous					543,509	2,013	545,522
<i>Total General Revenues</i>					<u>5,519,529</u>	<u>2,013</u>	<u>5,521,542</u>
<i>Change in Net Position</i>					1,956,287	1,061,859	3,018,146
Net Position Beginning of Year					<u>32,951,592</u>	<u>5,910,438</u>	<u>38,862,030</u>
<i>Net Position End of Year</i>					<u>\$34,907,879</u>	<u>\$6,972,297</u>	<u>\$41,880,176</u>

See accompanying notes to the basic financial statements

**Noble County, Ohio
Balance Sheet
Governmental Funds
December 31, 2013**

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,767,422	\$132,212	\$999,358	\$4,108,429	\$8,007,421
Sales Tax Receivable	639,765	0	0	0	639,765
Materials and Supplies Inventory	27,247	570	108,365	3,830	140,012
Accounts Receivable	8,097	0	0	4,921	13,018
Intergovernmental Receivable	289,747	50,008	1,548,442	862,525	2,750,722
Interfund Receivable	125,886	220,342	0	5,334	351,562
Prepaid Items	22,003	10,520	3,375	58,791	94,689
Property Taxes Receivable	868,913	0	0	1,538,031	2,406,944
Loans Receivable	0	0	0	28,428	28,428
Restricted Cash and Cash Equivalents	82,615	0	0	0	82,615
<i>Total Assets</i>	<u>\$4,831,695</u>	<u>\$413,652</u>	<u>\$2,659,540</u>	<u>\$6,610,289</u>	<u>\$14,515,176</u>

Liabilities and Fund Balances

Liabilities

Accounts Payable	\$38,985	\$10,520	\$44,485	\$29,736	\$123,726
Accrued Wages Payable	55,309	31,427	45,834	21,954	154,524
Contracts Payable	170	322	73,712	18,068	92,272
Retainage Payable	0	0	0	12,006	12,006
Interfund Payable	0	36,301	41	306,671	343,013
Intergovernmental Payable	52,208	21,216	29,664	56,185	159,273
<i>Total Liabilities</i>	<u>146,672</u>	<u>99,786</u>	<u>193,736</u>	<u>444,620</u>	<u>884,814</u>

Deferred Inflows of Resources

Property Taxes not Levied to Finance Current Year Operations	773,581	0	0	1,370,500	2,144,081
Unavailable Revenue	542,585	248,473	1,043,151	952,261	2,786,470
<i>Total Deferred Inflows of Resources</i>	<u>1,316,166</u>	<u>248,473</u>	<u>1,043,151</u>	<u>2,322,761</u>	<u>4,930,551</u>

Fund Balances

Nonspendable	131,865	11,090	111,740	91,049	345,744
Restricted	0	54,303	1,310,913	3,848,994	5,214,210
Assigned	1,487,208	0	0	0	1,487,208
Unassigned (Deficit)	1,749,784	0	0	(97,135)	1,652,649
<i>Total Fund Balances</i>	<u>3,368,857</u>	<u>65,393</u>	<u>1,422,653</u>	<u>3,842,908</u>	<u>8,699,811</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$4,831,695</u>	<u>\$413,652</u>	<u>\$2,659,540</u>	<u>\$6,610,289</u>	

Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. 24,174,790

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

Property Taxes Receivable	262,863	
Sales Tax Receivable	244,911	
Accounts Receivable	244,843	
Intergovernmental Receivables	2,033,853	
<i>Total Other Long-Term Assets</i>		2,786,470

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	(200,000)	
Compensated Absences	(543,805)	
Capital Leases Payable	(8,318)	
Accrued Interest Payable	(1,069)	
<i>Total Long-Term Liabilities</i>		(753,192)

Net Position of Governmental Activities \$34,907,879

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, 2013

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$763,233	\$0	\$0	\$1,491,666	\$2,254,899
Sales Taxes	2,165,602	0	0	0	2,165,602
Charges for Services	1,273,780	183,474	0	740,892	2,198,146
Licenses and Permits	3,303	0	0	40	3,343
Fines and Forfeitures	57,741	0	12,233	21,094	91,068
Intergovernmental	531,982	1,076,488	3,209,874	1,769,064	6,587,408
Interest	59,216	0	6,692	763	66,671
Rent	13,340	0	0	275	13,615
Contributions and Donations	618	0	0	34,314	34,932
Other	197,290	58,300	179,661	104,531	539,782
<i>Total Revenues</i>	<u>5,066,105</u>	<u>1,318,262</u>	<u>3,408,460</u>	<u>4,162,639</u>	<u>13,955,466</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	1,941,630	0	0	286,752	2,228,382
Judicial	428,426	0	0	41,972	470,398
Public Safety	1,160,682	0	0	431,484	1,592,166
Public Works	0	0	3,619,003	62,194	3,681,197
Health	45,560	0	0	1,073,539	1,119,099
Human Services	161,703	1,404,788	0	902,811	2,469,302
Economic Development and Assistance	0	0	0	534,760	534,760
Capital Outlay	0	0	0	342,611	342,611
Intergovernmental	0	0	0	280,874	280,874
Debt Service:					
Principal Retirement	0	0	0	120,373	120,373
Interest and Fiscal Charges	0	0	0	24,488	24,488
<i>Total Expenditures</i>	<u>3,738,001</u>	<u>1,404,788</u>	<u>3,619,003</u>	<u>4,101,858</u>	<u>12,863,650</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,328,104</u>	<u>(86,526)</u>	<u>(210,543)</u>	<u>60,781</u>	<u>1,091,816</u>
Other Financing Sources (Use)					
Proceeds from the Sale of Capital Assets	1,327	0	1,805	0	3,132
Proceeds of OWDA Loans	0	0	0	18,095	18,095
Transfers In	0	20,348	0	47,700	68,048
Transfers Out	(68,048)	0	0	0	(68,048)
<i>Total Other Financing Sources (Use)</i>	<u>(66,721)</u>	<u>20,348</u>	<u>1,805</u>	<u>65,795</u>	<u>21,227</u>
<i>Net Change in Fund Balances</i>	1,261,383	(66,178)	(208,738)	126,576	1,113,043
Fund Balances at Beginning of Year	<u>2,107,474</u>	<u>131,571</u>	<u>1,631,391</u>	<u>3,716,332</u>	<u>7,586,768</u>
<i>Fund Balances at End of Year</i>	<u>\$3,368,857</u>	<u>\$65,393</u>	<u>\$1,422,653</u>	<u>\$3,842,908</u>	<u>\$8,699,811</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, 2013

Net Change in Fund Balances - Governmental Funds \$1,113,043

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 and capital contributions exceeded depreciation in the current period:

Capital Asset Additions	1,100,447	
Capital Asset Additions - Capital Contributions	377,000	
Current Year Depreciation	<u>(1,000,565)</u>	
Total		476,882

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 proceeds and loss from the disposal of assets.

Proceeds from sale of of capital assets	(3,132)	
Loss on disposal capital assets	<u>(73,450)</u>	
Total		(76,582)

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

Property Taxes	(95,260)	
Sales Taxes	76,955	
Charges for Services	122,265	
Miscellaneous	3,727	
Intergovernmental	<u>220,406</u>	
Total		328,093

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

General Obligation Bonds	100,000	
Capital Leases	<u>2,278</u>	
Total		102,278

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. 475

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. 12,098

Change in Net Position of Governmental Activities \$1,956,287

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$722,000	\$722,000	\$786,099	\$64,099
Sales Taxes	1,100,000	1,100,000	1,987,506	887,506
Charges for Services	838,930	838,930	1,218,589	379,659
Licenses and Permits	2,750	2,750	3,303	553
Fines and Forfeitures	60,060	60,060	57,746	(2,314)
Intergovernmental	276,068	276,068	520,726	244,658
Interest	125,000	125,000	60,981	(64,019)
Rent	10,000	10,000	13,165	3,165
Contributions and Donations	0	0	306	306
Other	126,675	126,675	193,688	67,013
<i>Total Revenues</i>	<u>3,261,483</u>	<u>3,261,483</u>	<u>4,842,109</u>	<u>1,580,626</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,577,137	2,354,827	2,011,042	343,785
Judicial	520,155	575,034	448,314	126,720
Public Safety	1,043,422	1,198,231	1,157,811	40,420
Health	71,187	71,826	46,261	25,565
Human Services	140,292	169,954	164,808	5,146
<i>Total Expenditures</i>	<u>4,352,193</u>	<u>4,369,872</u>	<u>3,828,236</u>	<u>541,636</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,090,710)</u>	<u>(1,108,389)</u>	<u>1,013,873</u>	<u>2,122,262</u>
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	2,000	2,000	1,327	(673)
Advances In	0	0	48,835	48,835
Advances Out	(2,000)	(2,000)	(96,990)	(94,990)
Transfers Out	(117,048)	(97,048)	(68,048)	29,000
<i>Total Other Financing Sources (Uses)</i>	<u>(117,048)</u>	<u>(97,048)</u>	<u>(114,876)</u>	<u>(17,828)</u>
<i>Net Change in Fund Balance</i>	(1,207,758)	(1,205,437)	898,997	2,104,434
Fund Balance at Beginning of Year	1,705,328	1,705,328	1,705,328	0
Prior Year Encumbrances Appropriated	112,603	112,603	112,603	0
<i>Fund Balance at End of Year</i>	<u>\$610,173</u>	<u>\$612,494</u>	<u>\$2,716,928</u>	<u>\$2,104,434</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$520,000	\$567,000	\$209,989	(\$357,011)
Intergovernmental	1,215,085	1,301,619	1,072,318	(229,301)
Other	<u>65,000</u>	<u>65,000</u>	<u>58,281</u>	<u>(6,719)</u>
<i>Total Revenues</i>	1,800,085	1,933,619	1,340,588	(593,031)
Expenditures				
Current:				
Human Services	<u>1,797,170</u>	<u>1,933,404</u>	<u>1,480,334</u>	<u>453,070</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	2,915	215	(139,746)	(139,961)
Other Financing Source				
Transfers In	<u>23,376</u>	<u>23,376</u>	<u>20,348</u>	<u>(3,028)</u>
<i>Net Change in Fund Balance</i>	26,291	23,591	(119,398)	(142,989)
Fund Balance at Beginning of Year	226,261	226,261	226,261	0
Prior Year Encumbrances Appropriated	<u>2,670</u>	<u>2,670</u>	<u>2,670</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$255,222</u></u>	<u><u>\$252,522</u></u>	<u><u>\$109,533</u></u>	<u><u>(\$142,989)</u></u>

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$12,000	\$12,000	\$12,250	\$250
Intergovernmental	3,172,800	3,172,800	3,199,967	27,167
Interest	16,000	16,000	7,100	(8,900)
Other	101,600	101,600	180,487	78,887
<i>Total Revenues</i>	<u>3,302,400</u>	<u>3,302,400</u>	<u>3,399,804</u>	<u>97,404</u>
Expenditures				
Current:				
Public Works	4,395,883	4,395,883	3,599,855	796,028
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,093,483)	(1,093,483)	(200,051)	893,432
Other Financing Source				
Proceeds from Sale of Capital Assets	0	0	1,805	1,805
<i>Net Change in Fund Balance</i>	(1,093,483)	(1,093,483)	(198,246)	895,237
Fund Balance at Beginning of Year	751,742	751,742	751,742	0
Prior Year Encumbrances Appropriated	341,741	341,741	341,741	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$895,237</u>	<u>\$895,237</u>

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2013

	Business-Type Activity Sewer
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$116,685
Accounts Receivable	67,967
Intergovernmental Receivable	1,672,646
Interfund Receivable	41
Prepaid Items	286
<i>Total Current Assets</i>	1,857,625
Noncurrent Assets:	
Non-Depreciable Capital Assets	590,217
Depreciable Capital Assets, Net	4,997,317
<i>Total Noncurrent Assets</i>	5,587,534
<i>Total Assets</i>	7,445,159
Liabilities	
Current Liabilities:	
Accrued Wages and Benefits	1,280
Contracts Payable	197,528
Retainage Payable	34,626
Intergovernmental Payable	8,840
Interfund Payable	8,590
Accounts Payable	1,214
OWDA Loans Payable	12,217
<i>Total Current Liabilities</i>	264,295
Long-Term Liabilities (Net of Current Portion):	
Compensated Absences Payable	642
OWDA Loans Payable	207,925
<i>Total Noncurrent Liabilities</i>	208,567
<i>Total Liabilities</i>	472,862
Net Position	
Net Investment in Capital Assets	5,135,238
Unrestricted	1,837,059
<i>Total Net Position</i>	\$6,972,297

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2013

	Business-Type Activity
	Sewer
Operating Revenues	
Charges for Services	\$140,075
Other	2,013
<i>Total Operating Revenues</i>	<i>\$142,088</i>
Operating Expenses	
Personal Services	32,944
Contractual Services	86,581
Materials and Supplies	8,145
Depreciation	115,262
Other	400
<i>Total Operating Expenses</i>	<i>243,332</i>
<i>Operating Loss before Contributions</i>	<i>(101,244)</i>
Capital Contributions from Grants	1,161,859
Capital Contributions from Customers	1,244
<i>Change in Net Position</i>	<i>1,061,859</i>
Net Position Beginning of Year	5,910,438
<i>Net Position End of Year</i>	<i>\$6,972,297</i>

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2013

	Business-Type Activity
	Sewer
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$108,520
Cash Received from Other Operating Sources	2,013
Cash Payments for Employee Services and Benefits	(32,302)
Cash Payments for Goods and Services	(87,056)
Cash Payments for Other Operating Expenses	(400)
<i>Net Cash Used for Operating Activities</i>	<i>(9,225)</i>
Cash Flows from Noncapital Financing Activities	
Advances In	8,590
Cash Flows from Capital and Related Financing Activities	
Tap In Fees	12,860
Proceeds from Capital Grants	339,213
Proceeds from OWDA Loans	345,563
Payments for Capital Acquisitions	(345,563)
Principal Paid on OWDA Loans	(351,430)
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<i>643</i>
<i>Net Increase in Cash and Cash Equivalents</i>	8
Cash and Cash Equivalents Beginning of Year	116,677
<i>Cash and Cash Equivalents End of Year</i>	<i>\$116,685</i>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$101,244)
Adjustment:	
Depreciation	115,262
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(31,567)
Decrease in Interfund Receivable	12
Decrease in Prepaid Items	113
Increase in Accounts Payable	759
Increase in Compensated Absences Payable	642
Increase in Accrued Wages and Benefits	114
Increase in Intergovernmental Payable	6,684
<i>Net Cash Used for Operating Activities</i>	<i>(\$9,225)</i>

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2013

Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,222,722
Cash and Cash Equivalents in Segregated Accounts	134,058
Accounts Receivable	166,693
Property Taxes Receivable	9,822,291
Intergovernmental Receivable	<u>1,463,945</u>
<i>Total Assets</i>	<u><u>\$13,809,709</u></u>
 Liabilities	
Intergovernmental Payable	\$12,193,679
Deposits Held and Due to Others	195,711
Undistributed Monies	<u>1,420,319</u>
<i>Total Liabilities</i>	<u><u>\$13,809,709</u></u>

See accompanying notes to the basic financial statements

**Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

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 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 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, the issuance of debt, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government.

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

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 21, 22, and 23 to the basic financial statements. These organizations are:

Buckeye Joint-County Self-Insurance Council
County Commissioners Association of Ohio Workers' Compensation Group Rating Program
SouthEastern 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
Oakview Juvenile Residential Center
Ohio Valley Employment Resource (OVER)
Mid Eastern Ohio Regional Council of Governments (MEORC)
Noble County Metropolitan Housing Authority
Noble County Airport Authority

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 Position 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 Position 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 statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities 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. The policy of the County is to not allocate indirect expenses to functions in the Statement of Activities. 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 and enterprise 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. There are three categories of funds: governmental, proprietary, and fiduciary.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 deferred outflows of resources, and liabilities and deferred inflows of resources, 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 restricted 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.

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

Proprietary Fund Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The County only reports one enterprise fund.

Enterprise funds may be used to account for any activity for which a fee is charges to external users for goods or services. The County reports the following major proprietary fund:

Noble County Sanitary Sewer Fund (Sewer Fund) To account for sanitary sewer services provided to individuals and commercial users. The costs of providing these services are financed primarily through user charges.

Fiduciary Funds Fiduciary fund reporting focuses on net position. 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

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. Proprietary and 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, in the recording of deferred outflows/inflows of resources 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.

Non-exchange 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 taxable 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 non-exchange 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.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, and unearned revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the County unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous accounts receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. As of December 31, 2013, the County did not have amounts that meet the definition of unearned 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.

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 has been established by the County Commissioners at the fund, program, department, and object level. Budgetary modifications may only be made by resolution of the County Commissioners.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts 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 final amended certificate of estimated resources approved.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Cash balances of the County's funds, except cash held by a trustee, fiscal agent, or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2013, investments were limited to non-negotiable certificates of deposit. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost or amortized cost. 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.

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.

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 2013 amounted to \$59,216 which includes \$46,188 assigned from other County funds.

G. Restricted Assets

The governmental Balance Sheet is showing restricted cash and cash equivalents for unclaimed monies not available for appropriation.

H. Inventory of Supplies

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/expensed 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, collectability.

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.

**Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, 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 those assets not specifically related to activities reported in the proprietary funds. These assets 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 Position but are not reported in the fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level to deflate the cost to the acquisition year or estimated acquisition 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. 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. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

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

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives</u>
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, bridges, and sewer lines and includes infrastructure acquired prior to 1980.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “Interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

M. Compensated Absences

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 after ten 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. At December 31, 2013, the County had no amounts that met the definition of Matured Compensated Absences Payable. The non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

N. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, compensated absences, and special termination benefits 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, long-term loans and notes, and capital leases payable are recognized as a liability in the fund financial statements when due.

O. Capital Contributions

Contributions of capital arise from contributions of capital assets from governmental activities to business-type activities, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

P. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term amounts of loans receivable, prepaids, as well as inventory, unless the use of the proceeds from the collection of those receivables, or from the use of the inventory, is restricted, committed, or assigned.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the County Commissioners or a County official delegated that authority by resolution or by State Statute. State Statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners assigned fund balance to cover a gap between estimated revenue and appropriations in 2014’s appropriated budget.

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

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

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Q. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily include the net position from the Child Support Enforcement Agency, Court Computer, Delinquent Real Estate Tax and Collection and Senior Center Funds. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

R. Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Transfers between governmental and business-type activities are reported in the same manner as general revenues.

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

S. 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 2013.

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

U. 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.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 3 - Change in Accounting Principle

For 2013, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus". GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the County's financial statements; however, there was no effect on beginning net position/fund balance.

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 Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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 restricted, committed, or assigned fund balance (GAAP basis).
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.
6. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

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:

	General	Job and Family Services	Motor Vehicle and Gasoline Tax
GAAP Basis	\$1,261,383	(\$66,178)	(\$208,738)
Net Adjustment for Revenue Accruals	(245,017)	26,558	(9,080)
Beginning of the Year:			
Unrecorded Cash	68,762	0	958
Agency Fund Cash Allocation	40,697	0	0
Prepaid Items	7,706	8,193	3,219
End of the Year:			
Unrecorded Cash	(70,607)	(4,232)	(534)
Agency Fund Cash Allocation	(17,831)	0	0
Prepaid Items	(22,003)	(10,520)	(3,375)
Net Adjustment for Expenditure Accruals	(31,267)	(54,772)	122,891
Advances In	48,835	0	0
Advances Out	(96,990)	0	0
Encumbrances	(44,671)	(18,447)	(103,587)
Budget Basis	<u>\$898,997</u>	<u>(\$119,398)</u>	<u>(\$198,246)</u>

Note 5 - Accountability and Compliance

A. Accountability

The following funds had deficit fund balances as of December 31, 2013. These deficits are due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Fund Type/Fund	Deficit
Special Revenue Funds:	
Moving Ohio Forward	\$27,758
Recycling and Litter Prevention	1,459
Childrens Services	67,918

**Financial Condition
Noble County
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For the Year Ended December 31, 2013**

B. Compliance

The following accounts had expenses plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code:

Fund Type/Fund	Excess
General Fund:	
Legislative & Executive	
Commissioners	
Contractual Services	\$34,042
Other	82,564
Special Revenue Funds:	
Community Development Block Grant	
Debt Service	
Principle Retirement	18,095
Capital Projects Funds:	
Issue II	
Capital Outlay - Engineer's	30,331

The County will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

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.

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed 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 entered into 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;

Financial Condition
Noble County
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3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivision are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio may be in either of the following:
 - a. Commercial paper notes 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 may be 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. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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. Other than corporate notes, commercial paper, and bankers' acceptances, an investment 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.

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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, \$10,182,814 of the County’s bank balance of \$10,950,264 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.

Investments As of December 31, 2013, the County had no investments which were part of an internal investment pool.

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.

Note 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, were levied after October 1, 2013, and are collected in 2014 with real property taxes.

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Notes to the Basic Financial Statements
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The full tax rate for all County operations for the year ended December 31, 2013, was \$9.95 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real Property	\$202,477,280
Public Utility Personal Property	70,701,830
Total Assessed Value	\$273,179,110

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County’s tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2013, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources - unavailable 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.

Note 9 - Receivables

Receivables at December 31, 2013, primarily consisted of taxes, interfund, accounts (billings for user charged services, including unbilled utility services), loans, and intergovernmental receivables arising from grants, entitlements and shared revenues. A summary of the principal items of intergovernmental receivables follows:

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Noble County
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<u>Governmental Activities</u>	<u>Amount</u>
Property Tax Allocations	\$114,450
Casino Tax	\$88,122
Local Government Subsidies	117,582
Developmental Disabilities Grants and Subsidies	86,409
MVL Distribution	406,727
Gasoline Excise Tax	1,141,541
Juvenile Accountability Block Grant	5,000
Community Development Block Grants	469,000
Moving Ohio Forward	27,758
Sheriff Subsidy	1,790
Pre-Sentence Investigation Grant	4,500
Emergency Management	15,818
Homeland Security	21,204
Subsidy Grants and Allocations	10,763
Hazard Mitigation	15,300
State Victims Assistance	18,891
Cost Allocation	10,166
Public Assistance Grants and Subsidies	49,822
Child Support Enforcement Grants and Subsidies	76,241
Children Services Grants and Subsidies	29,610
Miscellaneous Intergovernmental Receivables	40,028
Total Governmental Activities	<u>2,750,722</u>
<u>Business - Type Activities</u>	
Sewer Grants	1,672,646
Total Intergovernmental Receivables	<u>\$4,423,368</u>

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. Loans Receivable, although ultimately collectible, will not be collected within one year. The County is reflecting a loan receivable in the amount of \$28,428 in the USDA Rural Business Enterprise Special Revenue Fund with \$9,706 to be received during 2014. This is the result of the issuance of several revolving loans that have been issued by the County in previous years.

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, 2013.

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Noble County
Notes to the Basic Financial Statements
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Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	<u>Balance 12/31/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2013</u>
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$794,086	\$0	\$0	\$794,086
Gravel Roads/Bases	<u>12,530,356</u>	<u>0</u>	<u>0</u>	<u>12,530,356</u>
Total Non-Depreciable Capital Assets	<u>13,324,442</u>	<u>0</u>	<u>0</u>	<u>13,324,442</u>
Depreciable Capital Assets:				
Buildings and Improvements	4,532,707	186,962	0	4,719,669
Machinery, Equipment, Furniture and Fixtures	2,611,568	155,500	0	2,767,068
Vehicles	1,239,758	85,192	(94,565)	1,230,385
Infrastructure	<u>11,494,647</u>	<u>1,049,793</u>	<u>(32,093)</u>	<u>12,512,347</u>
Total Depreciable Capital Assets	<u>19,878,680</u>	<u>1,477,447</u>	<u>(126,658)</u>	<u>21,229,469</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,627,063)	(78,922)	0	(1,705,985)
Machinery, Equipment, Furniture and Fixtures	(1,766,436)	(104,271)	0	(1,870,707)
Vehicles	(953,408)	(42,671)	28,320	(967,759)
Infrastructure	<u>(5,081,725)</u>	<u>(774,701)</u>	<u>21,756</u>	<u>(5,834,670)</u>
Total Accumulated Depreciation	<u>(9,428,632)</u>	<u>(1,000,565) *</u>	<u>50,076</u>	<u>(10,379,121)</u>
Total Depreciable Capital Assets, Net	<u>10,450,048</u>	<u>476,882</u>	<u>(76,582)</u>	<u>10,850,348</u>
Governmental Capital Assets, Net	<u>\$23,774,490</u>	<u>\$476,882</u>	<u>(\$76,582)</u>	<u>\$24,174,790</u>

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

General Government:	
Legislative and Executive	\$14,904
Judicial	2,644
Public Safety	71,573
Public Works	896,133
Health	9,980
Human Services	5,331
Total Depreciation Expense	<u>\$1,000,565</u>

Financial Condition
Noble County
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	Balance 12/31/2012	Additions	Reductions	Balance 12/31/2013
Business-Type Activities				
Non-Depreciable Capital Assets:				
Land	\$12,500	\$0	\$0	\$12,500
Construction in Progress	0	577,717	0	577,717
Total Non-Depreciable Assets	<u>12,500</u>	<u>577,717</u>	<u>0</u>	<u>590,217</u>
Depreciable Capital Assets:				
Infrastructure	5,343,103	0	0	5,343,103
Less Accumulated Depreciation:				
Infrastructure	(230,524)	(115,262)	0	(345,786)
Total Depreciable Capital Assets, Net	<u>5,112,579</u>	<u>(115,262)</u>	<u>0</u>	<u>4,997,317</u>
Governmental Capital Assets, Net	<u>\$5,125,079</u>	<u>\$462,455</u>	<u>\$0</u>	<u>\$5,587,534</u>

Note 12 - Risk Management

The County is exposed to various risks of loss related to torts; theft, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. During 2013 the County contracted with the Buckeye Joint-County Self-Insurance Council (a public entity risk pool - See Note 21) 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/Aggregate	Deductible
Blanket Buildings and Personal Property	\$17,183,586	\$1,000/\$10,000
Legal Liability Real Property	1,000,000	1,000
Business Income with Extra Expense	1,000,000	1,000
Boiler and Machinery	17,183,586	1,000/10,000
Inland Marine	2,062,817	1,000
Electronic Equipment Limit	500,000	1,000
Electronic Media and Extra Expense Limit	5,000	1,000
General Liability	2,000,000	0
Personal and Advertising Injury	2,000,000	0
Each Electronic Data Incident	50,000	0
General Aggregate	4,000,000	0
Medical Expense Limit – Per Person	10,000	0
Medical Expense Limit Annual Aggregate	50,000	0
Employers Liability - Ohio Stop Gap	2,000,000	0
Employees Benefits Liability	2,000,000/4,000,000	0
Public Official Liability	2,000,000/4,000,000	5,000
Law Enforcement Liability	2,000,000/4,000,000	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

Financial Condition
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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	100,000	0
Property Off Premises	10,000	0
Accounts Receivable	250,000	0
Builder Risk	500,000	0
Fine Arts	25,000	0
Fire Protection Devices	5,000	0
Ground Maintenance Equipment	50,000	0
Newly Acquired or Constructed Buildings	2,000,000	0
Newly Acquired Personal Property	1,000,000	0
Paved Surfaces	50,000	0
Underground Pipes, Flues or Drains	1,000,000	0
Unnamed Locations	250,000	0
Valuable Papers and Records	250,000	0
Utility Services	25,000	0
Property in Transit	100,000	0
Auto Liability	1,000,000	0
Auto Medical Payments	10,000	0

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 2013, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 21). 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 \$16,682 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.

Financial Condition
Noble County
Notes to the Basic Financial Statements
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Note 13 - Defined Benefit Pension Plans

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. The Ohio Revised Code authorizes OPERS to calculate employee contribution rates for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percentage not to exceed two percent. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rates law enforcement increased to 13 percent. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

The County's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$573,547, \$424,465, and \$451,766, respectively. For 2013, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$2,712 made by the County and \$1,937 made by plan members.

Financial Condition
Noble County
Notes to the Basic Financial Statements
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Note 14 - Postemployment Benefits

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 mandate, 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 visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

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

Financial Condition
Noble County
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For the Year Ended December 31, 2013

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$43,124, \$165,179, and \$175,801, respectively. For 2013, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Note 15 – Other Employee Benefits

A. *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, 2013 the liability for compensated absences was \$544,447 for the entire County.

B. *Health Insurance Option*

Some employees of the Motor Vehicle and Gasoline Tax Special Revenue Fund may wish to waive their insurance coverage after having this benefit provided elsewhere. In that event, a cash payment in lieu of a health benefit shall be made to the employee. The cash payment will be made once a year in December and shall not exceed twenty-five percent of the cost of premiums or payments that otherwise would be paid by the County for the employee under the single coverage.

Note 16 - Capital Leases - Lessee Disclosure

In prior years, the County has entered into a capitalized lease for a copier used by the emergency management department. This lease meets the criteria of a capital lease which is defined as transferring 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.

The asset acquired by a lease has been capitalized in the government-wide statements governmental activities in the amount of \$14,370, 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 \$9,337 at December 31, 2013. Principal payments for this capital lease during 2013 totaled \$2,278 for governmental activities.

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Future minimum lease payments through 2017 for governmental activities are as follows:

Year	Principal	Interest
2014	\$2,405	\$394
2015	2,540	259
2016	2,682	117
2017	691	6
Total	<u>\$8,318</u>	<u>\$776</u>

Note 17 – Significant Commitments

A. Encumbrances

Encumbrances are commitments to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<u>Governmental Funds</u>	
General Fund	\$44,671
Job and Family Services	18,447
Motor Vehicle and Gasoline Tax	103,587
Other Governmental Funds	<u>21,417</u>
Total Governmental Funds	<u>188,122</u>
<u>Proprietary Fund</u>	
Sewer	<u>252,651</u>
Total All Funds	<u>\$440,773</u>

B. Contractual Commitments

As of December 31, 2013, the County had a contractual purchase commitment for the following project:

Project	Fund	Purchase Commitments	Amounts Paid as of 12/31/2013	Amounts Remaining on Contracts
	Real Estate			
2014 Sexennial Reappraisal	Assesment	\$188,130	\$120,065	\$68,065
Belle Valley Sewer Project	Sewer	2,503,718	577,717	1,926,001

**Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

Note 18 - Long -Term Obligations

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

	Outstanding 12/31/2012	Additions	Deletions	Outstanding 12/31/2013	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$300,000	\$0	\$100,000	\$200,000	\$100,000
Capital Lease	10,596	0	2,278	8,318	2,405
Home Sewage Treatment	0	18,095	18,095	0	0
Compensated Absences	555,903	252,594	264,692	543,805	162,098
Total Governmental Activities	<u>866,499</u>	<u>270,689</u>	<u>385,065</u>	<u>752,123</u>	<u>264,503</u>
Business-Type Activities:					
Sewer Project Phase II					
OWDA Loan - 2009 - 0%	226,009	0	12,217	213,792	12,217
Belle Valley Project OWDA					
Loan - 2013 - 0%	0	345,563	339,213	6,350	0
Compensated Absences	0	642	0	642	0
Total Business-Type Activities	<u>226,009</u>	<u>346,205</u>	<u>351,430</u>	<u>220,784</u>	<u>12,217</u>
Total Long-Term Obligations	<u><u>\$1,092,508</u></u>	<u><u>\$616,894</u></u>	<u><u>\$736,495</u></u>	<u><u>\$972,907</u></u>	<u><u>\$276,720</u></u>

Governmental Activities

The County's general obligation bonds were issued February 14, 1996 in the original issue amount of \$2,000,000 at an 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, 2013 are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	\$100,000	\$12,830	\$112,830
2015	100,000	7,080	107,080
Total	<u><u>\$200,000</u></u>	<u><u>\$19,910</u></u>	<u><u>\$219,910</u></u>

During 2013, the County received an OWDA loan in the amount of \$18,095 for upgrades to home sewage treatment tanks for eligible recipients. The entire amount was retired during the year from grant monies in the Community Development Block Grant Special Revenue Fund.

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, Child Support Enforcement Agency, Developmental Disabilities, Motor Vehicle and Gasoline Tax, Miscellaneous Court Grants, Noble County Emergency Management Agency, State Victims Advocate, and Dog and Kennel Special Revenue Funds.

**Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

Business-Type Activities

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$220,142 in sewer system OWDA loans issued between 2009 and 2013. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from sewer customer net revenues and are payable through 2031. Annual principal and interest payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. Principal paid for the current year and total customer net revenues were \$351,430 and \$14,018, respectively.

The amortization schedule for the Belle Valley Project will not be available until the entire amount of the loan has been drawn down or the project is complete. Annual debt service requirements to maturity for the remaining OWDA loan is as follows:

Year Ending December 31,	Principal
2014	\$6,108
2015	12,217
2016	12,217
2017	12,217
2018	12,217
2019-2023	61,083
2024-2028	61,083
2029-2033	36,650
Total	<u>\$213,792</u>

The County's overall legal debt margin at December 31, 2013 was \$5,642,788.

Note 19 - Interfund Transactions

Interfund balances at December 31, 2013 consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable				Totals
	Major Funds			Other Nonmajor Governmental	
	General	Job and Family Services	Sewer		
Major Funds:					
Job and Family Services	\$35,584	\$0	\$0	\$717	\$36,301
Motor Vehicle and Gasoline Tax	0	0	41	0	41
Sewer	8,590	0	0	0	8,590
Other Nonmajor Governmental	81,712	220,342	0	4,617	306,671
Total All Funds	<u>\$125,886</u>	<u>\$220,342</u>	<u>\$41</u>	<u>\$5,334</u>	<u>\$351,603</u>

**Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

The above interfund receivables/payables are due to time lags between the dates interfund goods and services are provided, transactions recorded in the accounting system, and payments between funds were made. Also included in the above balances are short-term advances made from the General Fund to the Dog and Kennel, Litter Control, Moving Ohio Forward, and Community Development Block Grants Special Revenue Funds in the amounts of \$5,000, \$10,000, \$55,400, and \$6,000, respectively. A short-term advance was also made from the General Fund to the Sewer Enterprise Fund in the amount of \$8,590.

Interfund transfers for the year ended December 31, 2013 consisted of the following, as reported on the fund statements:

	Transfer to		
Transfer from	Major Fund	Other Nonmajor Governmental Funds	Totals
	Job and Family Services		
Major Fund:			
General Fund	\$20,348	\$47,700	\$68,048

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 authorizations.

Note 20 - Fund Balances

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

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Fund Balances	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$27,247	\$570	\$108,365	\$3,830	\$140,012
Prepays	22,003	10,520	3,375	58,791	94,689
Long-Term Receivables	0	0	0	28,428	28,428
Unclaimed Monies	82,615	0	0	0	82,615
Total Nonspendable	131,865	11,090	111,740	91,049	345,744
Restricted to:					
Court Corrections	0	0	0	410,835	410,835
Roads and Bridges	0	0	1,310,913	0	1,310,913
Human Services	0	54,303	0	1,232,824	1,287,127
Public Safety	0	0	0	129,018	129,018
Developmental Disabilities	0	0	0	812,480	812,480
Health	0	0	0	5,752	5,752
Mental Health	0	0	0	4,026	4,026
Community Development	0	0	0	87,765	87,765
Debt Service	0	0	0	205,189	205,189
Other Purposes	0	0	0	961,105	961,105
Total Restricted	0	54,303	1,310,913	3,848,994	5,214,210
Assigned to:					
Unpaid Obligations Subsequent Years' Appropriations	30,784	0	0	0	30,784
Total Assignend	1,456,424	0	0	0	1,456,424
Total Assignend	1,487,208	0	0	0	1,487,208
Unassigned (Deficit)	1,749,784	0	0	(97,135)	1,652,649
Total Fund Balances	\$3,368,857	\$65,393	\$1,422,653	\$3,842,908	\$8,699,811

Note 21 - 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 Governing Board, consisting of a commissioner from each county, annually elects officers which include a President, Vice President, Second Vice President and two Governing Board members.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

The Governing Board exercises total control over the operations of the Council including budgeting, contracting, appropriating, and designating management. The degree of control exercised by any participating government is limited to its representation on the Governing Board. 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.

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 2013, Noble County paid \$87,857 to the Council for coverage.

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

The County Commissioners Association of Ohio (CCAO) Workers Compensation Group Retrospective Rating Program (Program) is a shared risk pool among thirty counties in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the CCAO Group Executive Committee that consists of eleven members as follows: the president and the secretary/treasurer of County Commissioners' Association of Ohio Service Corporation, nine representatives elected from the participating counties.

CCAO, a Bureau of Workers' Compensation (BWC)-certified sponsor, established the Program based upon guidelines set forth by BWC. CCAO created a group of Counties that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating counties can receive either a premium refund or assessment. CCAO, with approval of the Group Executive Committee, retains the services of a third party administrator (TPA) that will assist CCAO staff in the day-to-day management of the plan, prepare and file necessary reports with the Ohio Bureau of Workers' Compensation and member counties, assist with loss control programs, and other duties, (excluding claims related matters, which will be the responsibility of each individual participating county). The cost of the TPA will be paid by each participating county to CCOA in proportion to its payroll to the total payroll of the group. The County's contribution to the pool for 2013 was \$87,608.

Note 22 - Jointly Governed Organizations

A. SouthEastern Ohio Joint Solid Waste Management District

The County is a member of the SouthEastern 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.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

The SouthEastern Ohio Joint Solid Waste Management District is governed and operated through three 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 County and the District. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The District's sole revenue source is a waste disposal fee for in-district waste. A forty-three member policy committee comprised of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Each participating County's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

B. Mental Health and Recovery Services Board

The Mental Health and Recovery Services Board is a jointly governed organization whose participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble 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 an eighteen member board of trustees; three appointed by the Muskingum County Commissioners, seven appointed by the commissioners of the other participating counties, four by the director of the State Department of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The Board exercises total control over the operations including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.

During 2013, Noble County contributed \$129,472 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 2013, \$89,390 in Senior Citizens Levy money was received on behalf of the elderly residents of Noble County.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

D. Buckeye Hills - Hocking Valley Regional Developmental District

The District serves as the Area Agency on Aging for Noble, Athens, Hocking, Meigs, Morgan, Monroe, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen-member Board of Directors. The Board is comprised of one County Commissioner from each county, one member from the City of Athens, one member from the City of Marietta, four at-large members appointed from the ten government members, and one member from the minority sector. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. Noble County's annual cash contribution during 2013 was \$1,965. The local contribution is based on the County's formal resolution of cooperation with the district and the 2010 census.

E. Oakview Juvenile Residential Center

The Oakview Juvenile Residential Center is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble Counties. The Center 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 Oakview Juvenile Residential Center. The participating entities created a Judicial Rehabilitation Board the members of which are made-up of the juvenile judges of each participating county. The Board exercises total control of the budgeting, appropriating, contracting, and designating management. Each County's degree of control is limited to its representation on the Board.

F. Ohio Valley Employment Resource (OVER)

The Ohio Valley Employment Resource is a jointly governed organization whereby the three county commissioners from Noble, Monroe, 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. The continued existence of the Ohio Valley Employment 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 East Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves seventeen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. MEORC is governed by a Council made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and state grants. MEORC has no outstanding debt. The Board exercises total control over the operations of the MEORC including budgeting, contracting, appropriating, and designating management. Each participant's degree of control is limited to its representation on the Board.

Financial Condition
Noble County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 23 - 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 24 - Contingent Liabilities

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

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NOBLE COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass-through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5407/G-1213-11-0092	10.561	<u>\$77,593</u>
Total U.S. Department of Agriculture			77,593
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Development Services Agency:</i>			
Community Development Block Grants - State's Program	B-C-11-1CD-1 B-C-13-1CD-1 B-F-10-1CD-1 B-F-12-1CD-1	14.228	93,966 666 70,293 <u>50,000</u>
Total Community Development Block Grants - State's Program			214,925
Home Investment Partnerships Program	B-C-11-1CD-2 B-C-13-1CD-2	14.239	232,363 <u>78</u>
Total Home Investment Partnerships Program			<u>232,441</u>
Total U.S. Department of Housing and Urban Development			447,366
U.S. DEPARTMENT OF INTERIOR			
<i>Passed Through Ohio Department of Natural Resources:</i>			
Payment in Lieu of Taxes	N/A	15.226	<u>2,051</u>
Total U.S. Department of Interior			2,051
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Workforce Investment Act Area 15:</i>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Programs	N/A	17.258	7,439
WIA Youth Activities	N/A	17.259	10,811
WIA Dislocated Worker Formula Grants	N/A	17.278	<u>15,049</u>
Total Workforce Investment Act Cluster			33,299
Workforce Investment Act (WIA) National Emergency Grants	N/A	17.277	<u>2,679</u>
Total U.S. Department of Labor			35,978
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	PID# 94587	20.205	<u>17,054</u>
Total U.S. Department of Transportation			17,054
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Jobs and Family Services:</i>			
Promoting Safe and Stable Families	G-1415-11-5407/G-1213-11-0092	93.556	27,340
Temporary Assistance for Needy Families	G-1415-11-5407/G-1213-11-0092	93.558	513,441
Child Support Enforcement	G-1415-11-5407/G-1213-11-0092	93.563	172,648
Child Care and Development Block Grant	G-1415-11-5407/G-1213-11-0092	93.575	18,194
Community-Based Child Abuse Prevention Grants	G-1415-11-5407/G-1213-11-0092	93.590	1,831
Stephanie Tubbs Jones Child Welfare Services Program	G-1415-11-5407/G-1213-11-0092	93.645	43,697
Foster Care - Title IV-E	G-1415-11-5407/G-1213-11-0092	93.658	7,320
Adoption Assistance	G-1415-11-5407/G-1213-11-0092	93.659	38,310
Social Services Block Grant	G-1415-11-5407/G-1213-11-0092	93.667	124,698
Medical Assistance Program	G-1415-11-5407/G-1213-11-0092	93.778	<u>138,707</u>
Total U.S. Department of Health and Human Services			1,086,186

NOBLE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass-through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Disaster Grants - Public Assistance	FEMA-4077-DR-121-012E7	97.036	\$36,723
Emergency Management Performance Grants	EMW-2012-EP-00004-S01	97.042	17,965
	EMW-2013-EP-00060-S01		<u>26,229</u>
Total Emergency Management Performance Grants			44,194
Homeland Security Grant Program	2010-SS-T0-0012	97.067	<u>52,037</u>
Total U.S. Department of Homeland Security			<u>132,954</u>
Total Federal Awards Expenditures			<u><u>\$1,799,182</u></u>

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

NOBLE COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County under the Rural Business Enterprise Grant Program (RBEG). The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the RBEG revolving loan fund during 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	\$40,083
Loans made	0
Loan principal repaid	<u>11,655</u>
Ending loans receivable balance as of December 31, 2013	\$28,428
Cash balance on hand in the revolving loan fund as of December 31, 2013	\$66,776
Administrative costs expended during 2013	0

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2013, the County estimates \$0 to be uncollectible.

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 met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE D - REIMBURSEMENT MONIES TO GRANTOR AGENCY

The County refunded unexpended grant funds, in the amount of \$7,306.77 for Community Development Block Grant program B-F-10-1CD-1, to the Ohio Development Services Agency on December 23, 2013 with check #13269. This amount is not reflected as a federal expenditure on the Schedule of Federal Awards Expenditures.

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INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 15, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert R. Hinkle, CPA
Chief Deputy Auditor

Columbus, Ohio

September 15, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Noble County
200 Courthouse Square
Caldwell, Ohio 43724

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Noble County's, Ohio (the County), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

Management's Responsibility

The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Community Development Block Grants – State's Program and Home Investment Partnerships Program

As described in Finding 2013-001 in the accompanying Schedule of Findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grants – State's Program and Home Investment Partnerships Program major federal programs. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

Qualified Opinion on Community Development Block Grants – State's Program and Home Investment Partnerships Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grants – State's Program and Home Investment Partnerships Program* paragraph, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grants – State's Program and Home Investment Partnerships Program major federal programs for the year ended December 31, 2013.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the County complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings for the year ended December 31, 2013.

Other Matter

The County's response to our noncompliance finding is described in the accompanying Schedule of Findings. We did not audit the County's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2013-001 to be a material weakness.

The County's response to our internal control over compliance finding is described in the accompanying Schedule of Findings. We did not audit the County's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Robert R. Hinkle, CPA
Chief Deputy Auditor

Columbus, Ohio

September 15, 2014

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NOBLE COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any 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?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion <ul style="list-style-type: none"> • Unmodified for the Temporary Assistance for Needy Families • Qualified for the Community Development Block Grants – State's Program and Home Investment Partnerships Program. 	
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Community Development Block Grant – State's Program – CFDA #14.228 • Home Investment Partnerships Program – CFDA #14.239 • Temporary Assistance for Needy Families – CFDA #93.558 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

NOBLE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

Noncompliance and Material Weakness – Cash Management

Finding Number	2013-001
CFDA Title and Number	Community Development Block Grant – State’s Program – CFDA #14.228 Home Investment Partnerships Program – CFDA #14.239
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Development Services Agency

24 C.F.R. 85.21(c) states grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

24 C.F.R. 85.20(b) states the financial management systems of other grantees and subgrantees must meet the following standards: (7) Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

Ohio Development Services Agency, Office of Housing and Community Partnerships' (OHCP) Financial Management Rules and Regulations, Section (A)(3)(f) states, in part, that grantees must develop a cash management system to ensure compliance with the 15-day rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of any funds.

The County did not always disburse Community Development Block Grant (CDBG) and Home Investment Partnerships funds within fifteen days. Of the twelve CDBG program requests for payments and of the fourteen Home Investment Partnerships program requests for payments made during fiscal year 2013, there were three instances in the CDBG program and seven instances in the Home Investment Partnerships program in which sufficient disbursements were not made within the 15 day period to reduce the balance on hand to less than \$5,000. The balances on hand for the three instances for the CDBG program found to be in noncompliance ranged from \$8,955 to \$18,953 and the balance on hand for the seven instances for the Home Investment Partnerships program found to be in noncompliance ranged from \$7,725 to \$40,000. This could result in program income being paid by the grantor.

We recommend the County ensure its compliance with the Fifteen Day Rule and disburse funds within fifteen days of receipt. We further recommend the County review the aforementioned section in the OHCP Financial Management Rules and Regulations handbook.

NOBLE COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-001	Ohio Revised Code Section 5705.41(D)(1) – Thirty-three percent of the expenditures tested were not properly certified for the availability of funds prior to purchase commitment.	No	Not Corrected, re-issued in the management letter.
2012-002	Cash Management – Community Development Block Grant – State’s Grant Cluster – the County did not always disburse CDBG funds within fifteen days.	No	Not Corrected, re-issued as Finding 2013-001
2012-003	Reporting – Community Development Block Grant – State’s Grant Cluster – Amounts reported on the October 31, 2012 quarterly status report for grant B-C-11-1CD-1 and B-F-10-1CD-1 did not agree to the actual expenditures in the County’s appropriations ledger.	No	Not Corrected, re-issued in the management letter.

NOBLE COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
DECEMBER 31, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	We are aware that Noble County held more than \$5,000 of Community Development Block Grant (CDBG) funds more than 15 days. Money for June and July must be ordered early due to the agency shutdown for summer months. We are also challenged depending on when money arrives. Sometimes it takes one week and other times it takes four weeks for the direct deposit to show. The CHIP office and I will work together to minimize the cash on hand. We will wait to send a DSS closer to completion by contractor. If the money is not here, the Commissioners can advance the money for payments.	9/30/14	Louise Smith, CHIP clerk Ruth Hayes, Commissioner Clerk



Dave Yost • Auditor of State

NOBLE 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, 2014