



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

NOBLE COUNTY
TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund	14
Job and Family Services Fund	15
Motor Vehicle and Gasoline Tax Fund	16
Mental Retardation and Developmental Disabilities Fund	17
Statement of Fiduciary Assets and Liabilities	18
Notes to the Basic Financial Statements	19
Schedule of Federal Awards Expenditures	47
Notes to the Schedule of Federal Awards Expenditures	48
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	49
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	51
Schedule of Findings - <i>OMB Circular A-133, Section .505</i>	53
Corrective Action Plan - <i>OMB Circular A-133, Section .315 (c)</i>	55

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REPORT OF INDEPENDENT ACCOUNTANTS

Noble County
200 Courthouse Square
Caldwell, Ohio 43724

To the Board of County Commissioners

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Noble County, Ohio (the County), as of and for the year ended December 31, 2001, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Noble County, as of December 31, 2001, and the respective changes in financial position and the respective budgetary comparison for the General, Job and Family Service, Motor Vehicle and Gasoline Tax, Mental Retardation and Developmental Disabilities Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2001, the County implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statements 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, 33, 36, 37, and Interpretation 6.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2002, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by 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 basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

November 12, 2002

Noble County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2001
Unaudited

The discussion and analysis of Noble County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2001. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2001 are as follows:

- Net assets of governmental activities increased \$1,011,192 which represents a 4.08 percent increase from 2000.
- General revenues accounted for \$3,695,878 in revenue or 30 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,766,018 or 70 percent of total revenues of \$12,461,896.
- Total assets of governmental activities increased by \$801,498 primarily due to an increase in capital assets of \$1,379,566. In addition, annual depreciation on capital assets was less than new acquisitions resulting in the total value of capital assets increasing. Cash and cash equivalents, along with other governmental assets, increased from fiscal year 2000. Intergovernmental receivables decreased by \$1,198,137 from 2000 due primarily of the overpayment of advances associated with the Job and Family Services Special Revenue Fund.
- The County had \$11,450,704 in expenses related to governmental activities; \$8,766,018 of these expenses were offset by program specific charges for services and sales, grants, or contributions. General revenues, primarily taxes of \$2,339,801, were adequate to provide for these programs.

Using this Annual Financial Report

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column.

Noble County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2001
Unaudited

Reporting Noble County as a Whole

Statement of Net Assets and the Statement of Activities

While these documents contain the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2001?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all *assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. This is a major change from our previous annual financial reports.

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

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

Reporting Noble County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 7. Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds include the General, Motor Vehicle and Gasoline Tax, Job and Family Services, and Mental Retardation and Developmental Disabilities funds.

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

Noble County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2001
Unaudited

Noble County as a Whole

Recall that the Statement of Net Assets provides the perspective of the County as a whole.

Table 1 provides a summary of the County's net assets for fiscal year 2001 compared to fiscal year 2000:

(Table 1)
Net Assets

	Governmental Activities	
	2001	2000
Assets		
Current and Other Assets	\$8,375,339	\$8,953,407
Capital Assets	21,127,507	19,747,941
Total Assets	29,502,846	28,701,348
Liabilities		
Current and Other Liabilities	(1,926,088)	(1,955,029)
Long Term Liabilities:		
Due in One Year	(339,539)	(351,431)
Due in More than One Year	(1,447,608)	(1,616,469)
Total Liabilities	(3,713,235)	(3,922,929)
Net Assets		
Invested in Capital Assets Net of Debt	19,727,507	18,247,941
Restricted	5,219,306	5,649,192
Unrestricted	842,798	881,286
Total Net Assets	\$25,789,611	\$24,778,419

As shown in the above table net assets of the County's governmental activities remained fairly constant.

Even though current and other assets decreased from 2000 by \$578,068, capital assets (net of depreciation) increased at a level that resulted in an overall increase in total assets of \$801,498. Total liabilities decreased by \$209,694. Of this decrease, \$100,000 was attributable to the decrease in general obligation bonds outstanding at year end.

Total net assets of the County's governmental activities increased by \$1,011,192 while unrestricted net assets decreased by \$38,488 from 2000. The increase in Capital Assets during 2001 was due in part to road and bridge improvements in the infrastructure.

Table 2 shows the changes in net assets for fiscal year 2001. Since this is the first year the County has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2000 are not available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

Noble County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2001
Unaudited

Table 2
Change in Net Assets

	Governmental Activities <u>2001</u>
Revenues	
Program Revenues:	
Charges for Services	\$1,110,375
Operating Grants and Contributions	7,534,487
Capital Grants and Contributions	121,156
General Revenues:	
Property Taxes	2,339,801
Grants and Entitlements	450,074
Other	906,063
Total Revenues	<u>12,461,896</u>
Program Expenses:	
General Government	1,294,667
Public Safety	1,854,336
Public Works	1,758,407
Health	718,024
Human Services	3,424,899
Economic Development and Assistance	845,741
Other	131,655
Intergovernmental	1,342,000
Interest and Fiscal Charge	80,975
Total Expenses	<u>11,450,704</u>
Change in Net Assets	<u><u>\$1,011,192</u></u>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by the 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 were 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 was passed in the November 2001 election. Property and sales taxes made up 19 percent of revenues for governmental activities for Noble County in fiscal year 2001.

The largest Governmental Activities program expense is human services, which comprises 29.9 percent of expenses. Interest expense during fiscal year 2001 was \$80,975 and was attributable to the outstanding bonds for jail construction.

Noble County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2001
Unaudited

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. Comparisons between fiscal year 2000 and 2001 is not possible due to the unavailability of fiscal year 2000 information.

Table 3
Governmental Activities

	Total Cost of Services 2001	Net Cost of Services 2001
General Government	\$1,294,667	\$659,850
Public Safety	1,854,336	1,244,543
Public Works	1,758,407	(493,902)
Health	718,024	615,657
Human Services	3,424,899	(255,431)
Economic Development and Assistance	845,741	701,339
Other	131,655	131,655
Intergovernmental	1,342,000	0
Interest and Fiscal Charge	80,975	80,975
Total Expenses	<u>\$11,450,704</u>	<u>\$2,684,686</u>

The dependence upon tax revenues for governmental activities is apparent. For all governmental activities general revenue support is 32 percent. Restricted State entitlements are by far the primary support for Noble County operations.

The County's Funds

Information about the County's major funds starts on page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,535,574 and expenditures of \$12,957,998. The net change in fund balance for the year was most significant in the Job and Family Services Special Revenue Fund, an increase of \$388,812.

General Fund Budgeting Highlights

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

During the course of fiscal year 2001 the County amended its general fund budget numerous times, although none were significant.

For the general fund, final budget basis revenue estimates were \$118,791 above original budget estimates of \$2,343,389. Actual revenues were \$407,323 higher than final budgeted revenues. This difference was due to conservative sales tax, intergovernmental and charges for services estimates.

The County's general fund ending unobligated cash balance was \$538,114 above the final budgeted amount.

Noble County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2001
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2001, the County had \$28,360,653 invested in land, buildings and improvements, vehicles, machinery, equipment, furniture and fixtures, and infrastructure from governmental activities. Table 4 shows fiscal year 2001 balances compared to 2000 after accumulated depreciation of \$7,233,146 and \$6,395,375, respectively:

(Table 4)
Capital Assets at December 31

	2001	2000
Land	\$687,086	\$109,954
Buildings and Improvements	3,423,028	3,506,902
Machinery, Furniture and Equipment	769,450	847,812
Vehicles	455,003	511,310
Infrastructure	15,792,940	14,771,963
Totals	\$21,127,507	\$19,747,941

The primary increase occurred in infrastructure due to road and bridge improvements. See Note 11 for more detailed information of the County's capital assets.

Debt

At December 31, 2001 the County had \$1,400,000 in bonds outstanding, with \$100,000 due within one year. Table 5 summarizes this outstanding bond:

(Table 5)
Outstanding Debt, at Year End

	Governmental Activities 2001	Governmental Activities 2000
1996 Jail Construction General Obligation Bonds	\$1,400,000	\$1,500,000

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

Contacting the County's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Alice Warner, Auditor of Noble County, Courthouse, Caldwell, Ohio 43724.

Noble County, Ohio
Statement of Net Assets
December 31, 2001

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,358,096
Accrued Interest Receivable	9,757
Accounts Receivable	57,494
Sales Taxes Receivable	160,684
Intergovernmental Receivable	2,098,464
Materials and Supplies Inventory	109,787
Prepaid Items	32,983
Investments	15,725
Property Taxes Receivable	1,532,349
Nondepreciable Capital Assets	687,086
Depreciable Capital Assets, Net	20,440,421
Total Assets	29,502,846
 Liabilities	
Accounts Payable	104,508
Accrued Wages Payable	125,099
Contracts Payable	114,651
Intergovernmental Payable	141,790
Accrued Interest Payable	6,385
Deferred Revenue	1,433,655
Long-Term Liabilities:	
Due Within One Year	339,539
Due In More Than One Year	1,447,608
Total Liabilities	3,713,235
 Net Assets	
Invested in Capital Assets, Net of Related Debt	19,727,507
Restricted for:	
Capital Projects	180,307
Debt Service	124,492
Other Purposes	4,914,507
Unrestricted	842,798
Total Net Assets	\$25,789,611

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Activities
For the Year Ended December 31, 2001

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions	Governmental Activities
Governmental Activities					
General Government:					
Legislative and Executive	\$882,961	\$464,441	\$24,339	\$0	(\$394,181)
Judicial	411,706	131,226	14,811	0	(265,669)
Public Safety	1,854,336	391,710	217,757	326	(1,244,543)
Public Works	1,758,407	13,376	2,238,933	0	493,902
Health	718,024	25,828	76,539	0	(615,657)
Human Services	3,424,899	83,794	3,596,536	0	255,431
Economic Development and Assistance	845,741	0	23,572	120,830	(701,339)
Other	131,655	0	0	0	(131,655)
Intergovernmental	1,342,000	0	1,342,000	0	0
Interest and Fiscal Charges	80,975	0	0	0	(80,975)
Total Governmental Activities	<u>\$11,450,704</u>	<u>\$1,110,375</u>	<u>\$7,534,487</u>	<u>\$121,156</u>	<u>(2,684,686)</u>
General Revenues					
Property Taxes Levied for:					
					462,869
					176,436
					825,137
					875,359
					450,074
					3,800
					258,428
					643,775
					<u>3,695,878</u>
					1,011,192
					<u>24,778,419</u>
					<u>\$25,789,611</u>

See accompanying notes to the basic financial statements

Noble County, Ohio
Balance Sheet
Governmental Funds
December 31, 2001

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$602,112	\$1,104,672	\$688,741	\$562,613	\$1,399,958	\$4,358,096
Sales Tax Receivable	160,684	0	0	0	0	160,684
Materials and Supplies Inventory	22,563	4,150	80,971	200	1,903	109,787
Accounts Receivable	49,396	0	3,962	0	4,136	57,494
Intergovernmental Receivable	200,490	213,160	1,162,377	40,589	481,848	2,098,464
Due from Other Funds	48,028	0	0	0	0	48,028
Interfund Receivable	14,200	0	0	0	0	14,200
Prepaid Items	10,627	697	462	17,796	3,401	32,983
Accrued Interest Receivable	8,489	0	1,092	0	176	9,757
Investments	0	0	0	0	15,725	15,725
Property Taxes Receivable	496,293	0	0	302,501	733,555	1,532,349
Total Assets	<u>\$1,612,882</u>	<u>\$1,322,679</u>	<u>\$1,937,605</u>	<u>\$923,699</u>	<u>\$2,640,702</u>	<u>\$8,437,567</u>
Liabilities						
Accounts Payable	\$23,126	\$9,308	\$67,618	\$216	\$4,240	\$104,508
Accrued Wages Payable	44,206	23,125	36,142	7,527	14,099	125,099
Contracts Payable	2,413	70,323	0	1,298	40,617	114,651
Interfund Payable	0	0	0	0	14,200	14,200
Intergovernmental Payable	8,670	3,200	3,321	836	4,954	20,981
Due to Other Funds	0	38,682	0	0	9,346	48,028
Deferred Revenue	691,815	681,338	854,283	330,404	1,154,444	3,712,284
Total Liabilities	<u>770,230</u>	<u>825,976</u>	<u>961,364</u>	<u>340,281</u>	<u>1,241,900</u>	<u>4,139,751</u>
Fund Balances						
Reserved for Encumbrances	8,885	64,887	18,126	616	135,185	227,699
Reserved for Unclaimed Monies	9,962	0	0	0	0	9,962
Unreserved:						
Undesignated, Reported in:						
General Fund	823,805	0	0	0	0	823,805
Special Revenue Funds	0	431,816	958,115	582,802	975,654	2,948,387
Debt Service Fund	0	0	0	0	107,656	107,656
Capital Projects Funds	0	0	0	0	180,307	180,307
Total Fund Balances	<u>842,652</u>	<u>496,703</u>	<u>976,241</u>	<u>583,418</u>	<u>1,398,802</u>	<u>4,297,816</u>
Total Liabilities and Fund Balances	<u>\$1,612,882</u>	<u>\$1,322,679</u>	<u>\$1,937,605</u>	<u>\$923,699</u>	<u>\$2,640,702</u>	

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

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

21,127,507

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

Property Taxes	163,079	
Grants	2,115,550	
Total Other Long-Term Assets		<u>2,278,629</u>

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

General Obligation Bonds	(1,400,000)	
Tax Refund Payable	(59,129)	
Pension Obligation	(120,809)	
Compensated Absences	(328,018)	
Accrued Interest Payable	(6,385)	
Total Long-Term Liabilities		<u>(1,914,341)</u>

Net Assets of Governmental Activities

\$25,789,611

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, 2001

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$455,867	\$0	\$0	\$279,544	\$706,653	\$1,442,064
Sales Taxes	875,359	0	0	0	0	875,359
Intergovernmental	372,957	3,847,454	2,221,617	93,975	1,616,358	8,152,361
Interest	257,387	0	37,266	0	8,787	303,440
Licenses and Permits	1,090	0	0	0	0	1,090
Fines and Forfeitures	49,639	0	11,679	0	0	61,318
Rentals	8,200	0	0	0	0	8,200
Charges for Services	709,886	49,194	0	0	288,887	1,047,967
All Other Revenues	148,737	319,448	59,687	47,902	68,001	643,775
Total Revenues	<u>2,879,122</u>	<u>4,216,096</u>	<u>2,330,249</u>	<u>421,421</u>	<u>2,688,686</u>	<u>12,535,574</u>
Expenditures						
Governmental Activities:						
General Government:						
Legislative and Executive	1,250,540	0	0	0	195,958	1,446,498
Judicial	339,263	0	0	0	56,123	395,386
Public Safety	1,093,547	0	0	0	679,913	1,773,460
Public Works	1,000	0	2,354,410	0	52,311	2,407,721
Health	15,202	0	0	399,829	284,564	699,595
Human Services	86,445	2,510,118	0	0	803,125	3,399,688
Economic Development and Assistance	0	0	0	0	845,722	845,722
Other	5,155	0	0	0	126,500	131,655
Intergovernmental	0	1,342,000	0	0	0	1,342,000
Refund of Property Taxes	17,659	0	0	14,169	27,301	59,129
Capital Outlay	0	0	0	0	275,864	275,864
Debt Service:						
Principal Retirement	0	0	0	0	100,000	100,000
Interest and Fiscal Charges	0	0	0	0	81,280	81,280
Total Expenditures	<u>2,808,811</u>	<u>3,852,118</u>	<u>2,354,410</u>	<u>413,998</u>	<u>3,528,661</u>	<u>12,957,998</u>
Excess of Revenues Over (Under) Expenditures	<u>70,311</u>	<u>363,978</u>	<u>(24,161)</u>	<u>7,423</u>	<u>(839,975)</u>	<u>(422,424)</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	0	0	3,800	0	0	3,800
Transfers In	0	24,834	0	0	102,907	127,741
Transfers Out	(127,741)	0	0	0	0	(127,741)
Total Other Financing Sources (Uses)	<u>(127,741)</u>	<u>24,834</u>	<u>3,800</u>	<u>0</u>	<u>102,907</u>	<u>3,800</u>
Net Change in Fund Balances	(57,430)	388,812	(20,361)	7,423	(737,068)	(418,624)
Fund Balances Beginning of Year - Restated (See Note 3)	<u>900,082</u>	<u>107,891</u>	<u>996,602</u>	<u>575,995</u>	<u>2,135,870</u>	<u>4,716,440</u>
Fund Balances End of Year	<u>\$842,652</u>	<u>\$496,703</u>	<u>\$976,241</u>	<u>\$583,418</u>	<u>\$1,398,802</u>	<u>\$4,297,816</u>

See accompanying notes to the basic financial statements

Noble County, Ohio
 Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2001

Net Change in Fund Balances - Total Governmental Funds (\$418,624)

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

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

Fixed Asset Additions	2,241,841	
Current Year Depreciation	<u>(862,275)</u>	1,379,566

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

Grants	(99,856)	
Delinquent Property Taxes	<u>22,378</u>	(77,478)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 100,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 305

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	21,624	
Tax Refund	59,129	
Pension Obligation	<u>(53,330)</u>	<u>27,423</u>

Change in Net Assets of Governmental Activities \$1,011,192

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$446,381	\$446,381	\$442,442	(\$3,939)
Sales Tax	778,380	778,380	856,611	78,231
Intergovernmental	260,260	289,163	386,274	97,111
Interest	200,000	200,000	266,614	66,614
Licenses and Permits	1,580	1,580	1,090	(490)
Fines and Forfeitures	35,870	35,870	49,639	13,769
Rentals	8,750	8,750	8,200	(550)
Charges for Services	565,282	592,882	707,903	115,021
All Other Revenues	46,886	109,174	150,730	41,556
Total Revenues	2,343,389	2,462,180	2,869,503	407,323
Expenditures				
Current:				
General Government				
Legislative and Executive	1,306,917	1,324,160	1,275,216	48,944
Judicial	330,390	394,324	347,501	46,823
Public Safety	1,029,295	1,111,246	1,099,414	11,832
Public Works	1,000	1,000	1,000	0
Health	15,194	15,202	15,202	0
Human Services	164,841	90,161	86,163	3,998
Other	8,450	3,450	2,991	459
Total Expenditures	2,856,087	2,939,543	2,827,487	112,056
Excess of Revenues Over (Under) Expenditures	(512,698)	(477,363)	42,016	519,379
Other Financing Sources (Uses)				
Operating Transfers Out	(41,838)	(127,741)	(127,741)	0
Advances In	0	0	31,735	31,735
Advances Out	0	0	(13,000)	(13,000)
Total Other Financing Sources (Uses)	(41,838)	(127,741)	(109,006)	18,735
Net Change in Fund Balance	(554,536)	(605,104)	(66,990)	538,114
Fund Balance Beginning of Year	595,751	595,751	595,751	0
Prior Year Encumbrances Appropriated	24,671	24,671	24,671	0
Fund Balance End of Year	\$65,886	\$15,318	\$553,432	\$538,114

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Job and Family Services Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$3,757,915	\$4,381,598	\$4,307,510	(\$74,088)
Charges for Services	185,000	185,000	49,194	(135,806)
All Other Revenues	45,000	49,211	319,448	270,237
Total Revenues	3,987,915	4,615,809	4,676,152	60,343
Expenditures				
Current:				
Human Services	2,788,818	3,493,966	2,543,031	950,935
Intergovernmental	1,342,000	1,342,000	1,342,000	0
Total Expenditures	4,130,818	4,835,966	3,885,031	950,935
Excess of Revenues Over (Under) Expenditures	(142,903)	(220,157)	791,121	1,011,278
Other Financing Sources				
Transfers In	26,000	26,000	24,834	(1,166)
Net Change in Fund Balance	(116,903)	(194,157)	815,955	1,010,112
Fund Balance Beginning of Year	116,903	116,903	116,903	0
Prior Year Encumbrances Appropriated	77,524	77,524	77,524	0
Fund Balance End of Year	<u>\$77,524</u>	<u>\$270</u>	<u>\$1,010,382</u>	<u>\$1,010,112</u>

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$2,167,000	\$2,167,000	\$2,296,946	\$129,946
Interest	15,000	15,000	39,797	24,797
Fines and Forfeitures	10,000	10,000	10,897	897
All Other Revenues	<u>21,000</u>	<u>28,169</u>	<u>55,725</u>	<u>27,556</u>
Total Revenues	2,213,000	2,220,169	2,403,365	183,196
Expenditures				
Current:				
Public Works	<u>2,911,952</u>	<u>2,984,283</u>	<u>2,540,547</u>	<u>443,736</u>
Excess of Revenues Over (Under) Expenditures	(698,952)	(764,114)	(137,182)	626,932
Other Financing Source				
Proceeds from Sale of Fixed Assets	<u>0</u>	<u>0</u>	<u>3,800</u>	<u>3,800</u>
Net Change in Fund Balance	(698,952)	(764,114)	(133,382)	630,732
Fund Balance Beginning of Year	698,952	698,952	698,952	0
Prior Year Encumbrances Appropriated	<u>72,331</u>	<u>72,331</u>	<u>72,331</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$72,331</u></u>	<u><u>\$7,169</u></u>	<u><u>\$637,901</u></u>	<u><u>\$630,732</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) and Actual
Mental Retardation and Developmental Disabilities Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$269,094	\$269,094	\$268,733	(\$361)
Intergovernmental	67,237	67,237	94,261	27,024
All Other Revenues	<u>43,735</u>	<u>45,344</u>	<u>47,902</u>	<u>2,558</u>
Total Revenues	380,066	381,675	410,896	29,221
Expenditures				
Current:				
Health	<u>574,200</u>	<u>575,096</u>	<u>410,801</u>	<u>164,295</u>
Excess of Revenues Over (Under) Expenditures	(194,134)	(193,421)	95	193,516
Net Change in Fund Balance	(194,134)	(193,421)	95	193,516
Fund Balance Beginning of Year	551,127	551,127	551,127	0
Prior Year Encumbrances Appropriated	<u>896</u>	<u>896</u>	<u>896</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$357,889</u></u>	<u><u>\$358,602</u></u>	<u><u>\$552,118</u></u>	<u><u>\$193,516</u></u>

See accompanying notes to the basic financial statements

Noble County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2001

Assets

Equity in Pooled Cash and Cash Equivalents	\$1,781,804
Cash and Cash Equivalents in Segregated Accounts	45,074
Accounts Receivable	92,632
Intergovernmental Receivable	879,737
Property Taxes Receivable	<u>6,351,207</u>

Total Assets \$9,150,454

Liabilities

Intergovernmental Payable	\$7,368,533
Deposits Held and Due to Others	95,976
Undistributed Assets	<u>1,685,945</u>

Total Liabilities \$9,150,454

See accompanying notes to the basic financial statements

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 1 - Description of Noble County and Reporting Entity

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

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

Reporting Entity:

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

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

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

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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

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

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

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

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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

South East Ohio Joint Solid Waste Management District

Mental Health and Recovery Services Board

Noble County Family and Children First Council

Guernsey-Monroe-Noble Community Action Corporation (GMN)

Buckeye Hills-Hocking Valley Regional Development District

Southeast Ohio Juvenile Rehabilitation District (SOJRD)

Noble County Metropolitan Housing Authority

Noble County Airport Authority

Buckeye Joint-County Self Insurance Council

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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 County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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

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

B. Fund Accounting

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

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

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

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

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the sale occurs. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (see Note 8), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Process

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

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

F. Cash, Cash Equivalents, and Investments

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

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

During 2001, investments were limited to certificates of deposit and STAROhio.

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

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAROhio) during 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2001.

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 2001 amounted to \$257,387, which includes \$226,501 assigned from other County funds.

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

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, 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.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

I. Capital Assets

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

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

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

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

J. Interfund Balances

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

K. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end taking into consideration any limits in the County's termination policy.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and tax refunds payable are recognized as a liability in the fund financial statements when due.

M. Fund Balance Reserves

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Interfund Activity

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2001.

Q. Estimates

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 3 - Changes in Accounting Principles and Restatement of Fund Balances

Changes in Accounting Principles For 2001, the County has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements show the County's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2000, caused by the conversion to the accrual basis of accounting.

Restatement of Fund Balances The implementation of GASB Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the County as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General Fund	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	Nonmajor Funds	Total
Fund Balances, December 31, 2000	\$836,961	\$102,804	\$840,481	\$564,274	\$1,617,253	\$3,961,773
GASB 33 Adjustments	36,039	4,305	154,716	0	493,434	688,494
Agency Fund Cash Allocation	14,779	0	0	11,721	24,459	50,959
Interpretation 6	<u>12,303</u>	<u>782</u>	<u>1,405</u>	<u>0</u>	<u>724</u>	<u>15,214</u>
Adjusted Fund Balance December 31, 2000	<u>\$900,082</u>	<u>\$107,891</u>	<u>\$996,602</u>	<u>\$575,995</u>	<u>\$2,135,870</u>	\$4,716,440
GASB 34 Adjustments:						
Capital Assets						19,747,941
Accrued Interest Payable						(6,690)
Pension Obligation						(67,479)
Long-Term Liabilities						(1,967,900)
Long-Term (Deferred) Assets						2,356,107
Governmental Activities Net Assets, December 31, 2000						<u>\$24,778,419</u>

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 4 - Budgetary Basis of Accounting

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

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

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

	Net Change in Fund Balances			
	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities
GAAP Basis	(\$57,430)	\$388,812	(\$20,361)	\$7,423
Net Adjustment for Revenue Accruals	(24,520)	460,056	70,805	(13,881)
Unreported Cash	10,667	0	2,311	0
Agency Fund Tax Allocation	4,234	0	0	3,356
Advances – In	31,735	0	0	0
Net Adjustment for Expenditure Accruals	6,421	61,377	(136,437)	5,327
Advances –Out	(13,000)	0	0	0
Encumbrances	<u>(25,097)</u>	<u>(94,290)</u>	<u>(49,700)</u>	<u>(2,130)</u>
Budget Basis	<u>(\$66,990)</u>	<u>\$815,955</u>	<u>(\$133,382)</u>	<u>\$95</u>

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 5 - Accountability and Compliance

A. Accountability

The Recycle Ohio Grant Special Revenue Fund had deficit fund balance in the amount of \$6,897. These deficits are caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

B. Legal Compliance

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

	<u>Excess</u>
<u>General Fund</u>	
Public Safety	
Jail	
Materials and Supplies	\$1,288
<u>Subsidy Grant Special Revenue Fund</u>	
Public Safety	
Other Operating Expenses	604

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

Note 6 - Deposits and Investments

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

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

1. United States Treasury Notes, Bills, Bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality; including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Cash on Hand At year-end, the County had \$22,606 in undeposited cash on hand which is included on the balance sheet of the County as part of "equity in pooled cash and cash equivalents."

Deposits At year-end, the carrying amount of the County's deposits was \$4,608,343 and the bank balance, including the payroll account of \$40,634 was \$5,165,174. Of the bank balance \$504,975 was covered by federal depository insurance. The remaining amount of \$4,660,199 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the County's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

Investments The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. STAROhio is an unclassified investments since it is not evidenced by securities that exist in physical or book entry form. The fair value of the County's investment in STAROhio at year end was \$1,569,750.

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$6,184,974	\$15,725
Cash on Hand	(22,606)	0
Investments:		
Certificate of Deposit	15,725	(15,725)
STAROhio	(1,569,750)	1,569,750
GASB Statement 3	\$4,608,343	\$1,569,750

Note 7 - Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2001 for real and public utility property taxes represents collections of 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) are for 2001 taxes.

2001 real property taxes are levied after October 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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. 2001 public utility property taxes, which became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes. 2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all County operations for the year ended December 31, 2001, was \$10.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property	\$114,857,170
Public Utility Personal Property	38,817,290
Tangible Personal Property	<u>14,993,990</u>
Total Assessed Value	<u>\$168,668,450</u>

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

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

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001 and for which there is an enforceable legal claim. In the general, mental health, mental retardation and developmental disabilities, senior citizens, ambulance, cooperative extension service, and jail bond levy funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2001 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 8 - Permissive Sales and Use Tax

In 1967, in accordance with Section 5739.02 of the Revised Code, counties were authorized to levy an excise tax of 0.5% to 1-1/2%. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution of the County Commissioners sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax. The Tax Commissioner shall within forty-five days after the end of each month certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The Director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made. Effective November 1970, the County Commissioners adopted by resolution a 0.5% permissive sales tax as allowed by Section 5739.02 and 5741.02, Revised Code. In February 1985, an additional 0.5% was adopted and in 1994 an additional 0.5% was adopted. Proceeds of the tax are credited to the General Fund. Sales and use tax revenue in 2001 amounted to \$875,359.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2001. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred.

Note 9 – Receivables

Receivables at December 31, 2001, primarily consisted of taxes, interest, accounts (billings for user charged services, including unbilled utility services), and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables are fully collectible within one year.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$106,402
Local Government Revenue Assistance	43,463
Homestead and Rollback	73,923
Defense of Indigents	6,034
Estate Tax Fees	680
BMV Fees	363
School Service Program	893
Cost Allocation	8,671
Emergency Management Performance Grant	13,054
Emergency Management Township Receivable	356
Subsidy Grant	32,120
Hazard Mitigation	178,048
Motor Vehicle License Tax	495,210
Motor Vehicle Gas Tax	663,997
Permissive License Plate Tax	3,170
Recycle Ohio Grant	7,214
CSEA Reconciliation	26,861
Reconciliation – Children Services	60,495
ODFS 2820 Reimbursement	26,392
IV-E Reimbursement	49,508
Conference Reimbursement – Children Services	690
Help Me Grow Grant	80,534
Family Stability Grant	57,767
DJFS Expenditure Payment	74,859
Community Housing Improvement Program Grant	5,618
Inclusion Facilitator	12,248
C.A.F.S.	438
Targeted Case Management	9,031
GOAR Grant	15,020
PU Personal Gas and Electricity Deregulation	25,755
State Victims Advocate Grant	<u>19,650</u>
 Grand Total Intergovernmental Receivable	 <u>\$2,098,464</u>

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 10 - Federal Food Stamp Program

The County's Department of Job and Family Services distributed through contracting issuance centers, federal food stamps to entitled recipients within Noble County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. The County's Department of Job and Family Services had on hand for distribution \$18,429 of federal food stamps at December 31, 2001.

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2001, was as follows:

	<u>Balance</u> <u>12/31/2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2001</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	<u>\$109,954</u>	<u>\$577,132</u>	<u>\$0</u>	<u>\$687,086</u>
Capital Assets Being Depreciated:				
Building and Improvements	4,143,107	0	0	4,143,107
Machinery, Equipment, Furniture and Fixtures	1,499,251	18,567	12,461	1,505,357
Vehicles	926,608	16,164	12,043	930,729
Infrastructure	<u>19,464,396</u>	<u>1,629,978</u>	<u>0</u>	<u>21,094,374</u>
Total Capital Assets Being Depreciated	<u>26,033,362</u>	<u>1,664,709</u>	<u>24,504</u>	<u>27,673,567</u>
Less Accumulated Depreciation:				
Building and Improvements	(636,205)	(83,874)	0	(720,079)
Machinery, Equipment, Furniture and Fixtures	(651,439)	(96,929)	12,461	(735,907)
Vehicles	(415,298)	(72,471)	12,043	(475,726)
Infrastructure	<u>(4,692,433)</u>	<u>(609,001)</u>	<u>0</u>	<u>(5,301,434)</u>
Total Accumulated Depreciation	<u>(6,395,375)</u>	<u>(862,275)</u> *	<u>24,504</u>	<u>(7,233,146)</u>
Total Capital Assets Being Depreciated, Net	<u>19,637,987</u>	<u>802,434</u>	<u>0</u>	<u>20,440,421</u>
Governmental Activities Capital Assets, Net	<u>\$19,747,941</u>	<u>\$1,379,566</u>	<u>\$0</u>	<u>\$21,127,507</u>

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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

Governmental Activities

General Government:	
Legislative and Executive	\$8,875
Judicial	8,087
Public Safety	67,509
Public Works	748,154
Health	14,608
Human Services	<u>15,042</u>
 Total Depreciation Expense	 <u>\$862,275</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 2001, the County contracted with the Buckeye Joint-County Self-Insurance Council (a shared risk pool, see Note 18) for liability, auto, and crime insurance. This jointly governed organization is a cost-sharing pool. Coverage provided by the program is as follows:

<u>BASIC CONTRIBUTION</u>	<u>ANNUAL-AGGREGATE</u>	<u>DEDUCTIBLE</u>
General Liability	\$ 2,000,000 / \$4,000,000	\$ 1,000
Property Damage Liability	\$ 100,000 / \$ 100,000	\$ 1,000
Public Official Liability	\$ 2,000,000 / \$3,000,000	\$ 1,000
Employer Liability Ohio Stop Gap	\$ 2,000,000 / \$4,000,000	\$ 1,000
Employee Benefit Liability	\$ 1,000,000 / \$3,000,000	\$ 1,000
Law Enforcement	\$ 2,000,000 / \$3,000,000	\$ 1,000
Auto Liability	\$ 1,000,000 per occurrence	\$ 0
Uninsured Motorist Insurance	\$ 1,000,000 Per Occurrence	\$ 0
Pollution Liability	\$ 10,000	\$ 1,000
All Risk Blanket Property	Bldg. & Cont. Per Schedule	\$ 250
Extra Expense	\$ 1,000,000	\$ 250
Personal Property of Others	\$ 100,000	\$ 0
Flood (no coverage for Zone A)	\$10,000,000	\$ 5,000
Earthquake	\$10,000,000	\$25,000
Electronic Data Processing Equipment	\$ 500,000	\$ 250
Blanket Bond	\$ 250,000	\$ 0
Elected Officials Bond	Per. Bond schedule	\$ 0
Money & Securities Inc. food stamps	\$ 500,000	\$ 250
Boiler & Machinery Total for all members	\$25,000,000	\$ 250
Inland Marine	Per Schedule.activity	\$ 250
Auto Comprehensive	Per Schedule.activity	\$ 100
Auto Collision	Per Schedule.activity	\$ 250
Nurse Liability	\$ 2,000,000	\$ 1,000
EMT/EM-A / Parmed	\$ 2,000,000 / \$4,000,000	\$ 1,000

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

For 2001, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 18) The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program. The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

The County pays all elected official bonds by state statute.

Note 13 - Defined Benefit Retirement Plans

Public Employees Retirement System

All County full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 10.1 percent. For plan members other than those engaged in law enforcement, the County was required to contribute 9.25 percent of covered salary for 2001, an increase from 6.54 percent for 2000. The County contribution for law enforcement employees for 2001 was 12.4 percent, up from 11.4 percent for 2000. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$347,044, \$237,616, and \$294,318, respectively. The full amount has been contributed for 2000 and 1999. 75 percent has been contributed for 2001 with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 14 - Postemployment Benefits

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.3 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2001 was 16.70 percent and 4.3 percent was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

The number of active participants was 411,076. The County's actual contributions for 2001 which were used to fund postemployment benefits were \$157,792. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

For 2001, PERS elected to return an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

Note 15 - Compensated Absences

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

Employees earn sick leave at the rate of 1.25 days per month of service. Sick leave accumulation is limited to 120 days. Upon retirement or death, an employee can be paid from one-fourth to one-half percent of accumulated, unused sick leave. As of December 31, 2001 the liability for compensated absences was \$328,018 for the entire County.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

Note 16 - Long-Term Debt

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

	<u>Balance</u> <u>12/31/00</u>	<u>Adds</u>	<u>Deductions</u>	<u>Total L/T</u> <u>Liabilities</u> <u>12/31/01</u>	<u>Due in</u> <u>One Year</u>
General Obligation Bonds	\$1,500,000	\$0	\$100,000	\$1,400,000	\$100,000
Compensated Absences	349,642	211,465	233,089	328,018	180,410
Tax Refund	<u>118,258</u>	<u>0</u>	<u>59,129</u>	<u>59,129</u>	<u>59,129</u>
Totals	<u>\$1,967,900</u>	<u>\$211,465</u>	<u>\$392,218</u>	<u>\$1,787,147</u>	<u>\$339,539</u>

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

Annual debt service requirements to retire general obligation bonds, including interest of \$601,120, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$100,000	\$76,630	\$176,630
2003	100,000	71,880	171,880
2004	100,000	67,030	167,030
2005	100,000	62,080	162,080
2006	100,000	56,980	156,980
2007-2011	500,000	203,900	703,900
2012-2015	<u>400,000</u>	<u>62,620</u>	<u>462,620</u>
Total	<u>\$1,400,000</u>	<u>\$601,120</u>	<u>\$2,001,120</u>

The tax refund of \$59,129 is a long-term obligation for a repayment of taxes to Texas Eastern Transmission Corporation, a public utility company, for tax years 1991-1996. The Noble County Auditor will deduct the repayment of taxes over ten tax settlements. The liability will be paid from the General Fund, Mental Retardation Disability and Development, Mental Health, Senior Citizens, Coop Extension, Ambulance, Health District Funds, Special Revenue Fund types and the Jail Bond Debt Service Fund. Principal requirements to retire the tax refund outstanding at December 31, 2001 is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2002	\$59,129

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

The County's overall legal debt margin at December 31, 2001 was \$4,030,027.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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

Note 17 – Interfund Balances

As of December 31, 2001, the fund financial statements reflect an interfund receivable in the General Fund in the amount of \$14,200. This receivable is the result of short term advances made to the Recycling Ohio, State Victims Advocate, and Community Development and Block Grant Special Revenue Funds in the amounts of \$8,000, \$2,200, and \$4,000, respectively.

The fund and fiduciary financial statements present the following amounts as due to/from other funds:

	Due from Other Funds	Due to Other Funds
General Fund	<u>\$48,028</u>	<u>\$0</u>
Special Revenue Funds:		
Child Support Enforcement Agency	0	6,148
Noble County EMA	0	2,198
Subsidy Grant	0	1,000
Public Assistance	<u>0</u>	<u>38,682</u>
Total Special Revenue	<u>0</u>	<u>48,028</u>
 Total All Funds	 <u>\$48,028</u>	 <u>\$48,028</u>

Note 18- Public Entity Risk Pools

A. Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council is an insurance purchasing pool that serves Noble, Hocking, Jackson, Lawrence, Monroe, Morgan, Pike, Vinton and Washington Counties. The Council was formed as an Ohio nonprofit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Governing Board. The Governing Board, consisting of a commissioner from each county, annually elects officers which include a President, Vice President, Second Vice President and two Governing Board members. The expenditures and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

In the event of losses, the first \$250 to \$2,500 of any valid claim, depending on type of loss, will be paid by the member. The next payment, with a maximum pay out ranging from \$100,000 to \$1,000,000 per occurrence, will come from the self insurance pool based on the members percentage of contribution. If the aggregate claims paid by the pool exceeds the available resources, the pool may require the members to make additional supplementary payments. Noble County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination of the Council shall constitute a forfeiture of any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount that they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is therefore not possible. During 2001, Noble County paid \$59,927 to the Council for coverage.

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

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

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

Note 19 – Jointly Governed Organizations

A. Southeast Ohio Joint Solid Waste Management District

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

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

B. Mental Health and Recovery Services Board

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

During 2001, Noble County contributed \$105,835 in tax levy revenue money through a .70 mill levy. The remaining revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Muskingum County serves as fiscal agent for the Board. Continued existence of the Board is not dependent on the County's continued participation and no equity interest exists. The Board has no outstanding debt.

C. Noble County Family and Children First Council

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

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

The Guernsey-Monroe-Noble Community Action Corporation is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe and Noble counties. The agency is governed by an eighteen member board which consists of two commissioners or their appointees from each county, two business owners from each county, and two low income individuals elected by each county. The six business owners are nominated by other local business owners and the six low income individuals are nominated by local town council meetings. The agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The agency administers the operations of the Senior Citizens Center. During 2001, \$60,771, in Senior Citizens Levy money was received on behalf of the elderly residents of Noble County.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

E. Buckeye Hills - Hocking Valley Regional Developmental District

The Buckeye Hills - Hocking Valley Regional Development District serves as regional council of governments which is a jointly governed organization created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is governed by a fifteen member board of directors. The District serves Noble, Athens, Hocking, Meigs, Monroe, Morgan, Perry and Washington Counties. Each participating county appoints one member to the board of directors, the City of Marietta and the City of Athens each appoint one member and the remaining members are private citizens nominated and approved by their respective organizations. The board has total control over budgeting, personnel and all other financial matters. The District receives grant monies directly. The District is not dependent on the County's continued participation and no equity interest exists. The District has no outstanding debt. Noble County's annual cash contribution during 2001 was \$1,405.80. The local contribution is based on the County's formal resolution of cooperation with the district and the 2000 census.

F. Southeast Ohio Juvenile Rehabilitation District (SOJRD)

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

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

Note 20 - Related Organizations

A. Noble County Metropolitan Housing Authority

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

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

B. Noble County Airport Authority

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

Note 21 - Contingent Liabilities

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

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material effect on the financial statements.

Noble County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2001

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NOBLE COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
Food Distribution Program	N/A	10.550	\$ 540
National School Lunch Program	14178-LL-P1/P4-01	10.555	<u>4,494</u>
Total U.S. Department of Agriculture - Nutrition Cluster			5,034
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Small Cities Development Block Grant - Formula Allocation Program	B-F-00-056-01	14.228	70,940
Small Cities Development Block Grant - Appalachian Regional Commission Program	B-P-99-056-01	14.228	423,628
Small Cities Development Block Grant - Community Housing Improvement Program (CHIP)	B-C-99-056-01	14.228	<u>39,220</u>
Total Community Development Block Grant Program			533,788
Home Investment Partnership - Community Housing Improvement Program (CHIP)	B-C-99-056-02 B-C-01-056-01	14.239 14.239	255,604 <u>14,087</u>
Total Home Investment Partnership Program			<u>269,691</u>
Total U.S. Department of Housing and Urban Development			803,479
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct Program:</i>			
Community Oriented Policing Services (COPS) Grant	N/A	16.710	3,392
<i>Passed Through the Ohio Department of Justice:</i>			
Local Law Enforcement Block Grant	N/A	16.592	<u>2,377</u>
Total U.S. Department of Justice			5,769
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed Through Ohio Department of Jobs and Family Services:</i>			
Workforce Investment Act Program - Formula Grant	N/A	17.255	179,042
Workforce Investment Act Program - National Emergency Grant	N/A	17.260	<u>1,342,000</u>
Total U.S. Department of Labor			1,521,042
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Passed Through the Ohio Emergency Management Agency:</i>			
Hazard Mitigation Grant Program	FEMA-DR-1227OH	83.548	<u>452,485</u>
Total Federal Emergency Management Agency			452,485
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Targeted Case Management	N/A	93.778	28,203
Community Alternative Funding Systems	N/A	93.778	<u>368</u>
Total U.S. Department of Health and Human Services			<u>28,571</u>
Total Federal Awards Expenditures			<u>2,816,380</u>

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

NOBLE COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FEDERAL EMERGENCY MANAGEMENT AGENCY – HAZARD MITIGATION PROGRAM

Federal monies are commingled with state funds. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

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

NOTE D - SUBRECIPIENTS

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

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



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Noble County
200 Courthouse Square
Caldwell, Ohio 43724

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Noble County, Ohio (the County), as of and for the year ended December 31, 2001, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 12, 2002, wherein we noted the County adopted Governmental Accounting Standards Board Statements 33, 34, 36, 37, and Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated November 12, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the County in a separate letter dated November 12, 2002.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

November 12, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Noble County
200 Courthouse Square
Caldwell, Ohio 43724

To the Board of County Commissioners:

Compliance

We have audited the compliance of Noble County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2001-61061-001.

Internal Control over Compliance

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

Jim Petro
Auditor of State

November 12, 2002

NOBLE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Hazard Mitigation Grant Program - C.F.D.A. #83.538 and Workforce Investment Act - C.F.D.A #17.260
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

NOBLE COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2001
(Continued)**

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

None

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2001-61061-001
CFDA Title and Number	Hazard Mitigation Grant Program, CFDA # 83.548
Federal Award Number / Year	FEMA-DR-1227OH
Federal Agency	Federal Emergency Management Agency

Noncompliance Citation – Cash Management

44 C.F.R. Section 13.20 (b)(7), states 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. In addition, the State of Ohio Hazard Mitigation Grant Program/Federal Emergency Management Agency Program Guidance Handbook states that program advances must be expended within thirty days of receipt.

Our testing of Hazard Mitigation Grant Program Grant FEMA-DR-1227OH drawdowns indicated that 100% of the drawdowns we tested were not expended within thirty days of receipt, nor did the cash fund balance fall below \$5,000.

We recommend the County only request the amount of funding required for its most immediate needs. The County should implement procedures to assure funds are expended within thirty days of receipt.

NOBLE COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-61061-001	The County Auditor will implement procedures to monitor federal fund cash balances and only request advances of funding as needed for cash outlays.	December 31, 2002	Alice Warner, County Auditor



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OFFICE OF THE AUDITOR

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NOBLE COUNTY FINANCIAL CONDITION

NOBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 3, 2002